

CONFIDENTIAL

Regional Policy

DSG

SUBJECT.

CF

file



cc: Mr. Ingham
Mr. Wajpan
Mr. Haskyrd.
HMT

10 DOWNING STREET

From the Private Secretary

7 July 1981

B F 10-7-81.
see x.

see Market act.

MERSEYSIDE

As you know, your Secretary of State called on the Prime Minister this morning to discuss the situation on Merseyside and any initiatives which the Government might take to improve the economic prospects of the area. Robin Ibbs was also present.

They had a general discussion, in the course of which Mr. Heseltine explained why it was taking so long to get the Urban Development Corporation established. The various Parliamentary and planning procedures had made it impossible to move any faster. He went on to say that the private sector, given the history of industrial relations in the area and now the riots in Liverpool, was unlikely to offer a solution to Merseyside's problems. If there was to be a revival, the Government would have to provide the lead. A number of worthwhile projects were already being undertaken - Mr. Heseltine cited the Prince's Boulevard Scheme as an example - but a very substantial increase in spending would be necessary if the situation was to be improved significantly. In order to have a major impact, additional spending rising to £100 million per annum within three years would be needed. This extra money was needed partly for the housing programme and partly for infra-structure projects. He was already examining the options for improving derelict land, and he hoped to let the Prime Minister have a note on this by the weekend. If the Prime Minister would like him to take a more substantial initiative, for example on the lines envisaged at the recent meeting on Merseyside, he would need both extra resources and some assurance that he would be able to influence other colleagues' spending decisions as they affected the area. If substantially more money were to be spent on improving derelict land and other projects, it was for serious consideration whether this work should be carried out by labour-intensive methods so as to maximise employment, even if this would be more expensive than doing it by normal methods.

I am sending copies of this letter to Robin Ibbs (CPRS) and David Wright (Cabinet Office).

T. P. LANKESTER

David Edmonds, Esq.,
Department of the Environment

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