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Prime Minister 2

The total cost of all
these measures were
adopted would be
£150m in 1986-87

My ref:

Your ref:

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Don Mitchell

PUBLIC EXPENDITURE WHITE PAPER

At Cabinet on 13 February I indicated my hope that you might find it possible to include in the Budget some modest cost-effective public expenditure measures which would nevertheless be highly attractive in political terms. The measures would be labour intensive, and would all be capable of implementation in 1986-87 without serious carry-over into later years.

There are a number of initiatives possible within the framework of our overall strategies and policies. Within my own responsibilities, I have given further thought to the sort of measures which I believe colleagues will find attractive, where we could bring forward necessary expenditure and make a visible impact on some of the problems which are increasingly coming to concern ordinary people.

The following measures concentrate primarily on leveraging in private sector finance, and on jobs. Together, they would make a coherent package;

i Crime Prevention

There is growing public anxiety about crime. Accordingly, I suggest we should support, through the UP, low-cost physical security measures - window locks, doors chains, etc - in the homes of vulnerable people in high-crime areas. This programme would follow directly from the Prime Minister's 8 January seminar on crime prevention. A scheme has been successfully piloted in Hammersmith and Fulham.

We could spend £20m in 1986-87 on a major attack on this problem and reach almost half a million homes. This might support about 1,000 jobs.

ii Improvement and Privatisation of Council Estates

We want to break up, as fast as possible, the monolithic housing estates, and give the people who live there more control over their own lives and a greater stake in their own surroundings. We should therefore build on the successful launch of my Urban Housing Renewal Unit to target local authority expenditure on turning round run-down council estates, improving their management, and getting the private sector in. I had allocated £50m of my Housing Programme for this purpose in the coming

year, but that figure is already substantially over-subscribed. We must not let slip the opportunity to exploit to the full the potential of this powerful catalyst to privatisation. We could spend up to an additional £50m in 1986-87. The work could support about 6,000 jobs.

iii Start-up Units for New Businesses

It is vital to get small businesses moving fast in the inner cities but also in areas of acute rural poverty. I propose therefore that we extend the UP and Development Commission programmes of providing managed workshops and start-up units in inner city and rural development areas where private providers have not yet moved in. These programmes have demonstrated their cost-effectiveness as a way of creating permanent jobs, and we could get up to 2,000 employment opportunities out of £20m in 1986-87.

iv Derelict Land Clearance

Our new strategy for derelict land clearance is proving very effective and popular. We concentrate very heavily on hard end uses, to provide sites for new industry and commerce with its associated job opportunities, and at the same time to take pressure off the Green Belts. The present programme is barely keeping pace with growing new dereliction. £50m in 1986-87 would make visible and tangible improvements in a very short space of time by clearing a further 800 hectares.

These seem to me the most attractive propositions. There are other measures I could bring forward if resources were available. The figures are a realistic estimate of what could be achieved within 1986-87, and we could control the programmes to stop any serious carry-over into 1987-88. The measures would, however, not just give short term results, but would also have useful longer-term benefits. They would encourage and promote self-help, and would stimulate initiative in those communities where they are most desperately needed, and where it is vital to change, by every means we can, the depressing and defeatist culture of total reliance on the public sector.

There would also be political attractions in increasing the Housing Corporation's allocation by, say, £10m to enable it to fund very deserving schemes in Shire areas in the south of England which have had to be put on ice because of my request to the Corporation to concentrate on stress areas. These include sheltered schemes for the elderly, the disabled and mentally handicapped, and other special needs groups, which will virtually stop next year. However, expenditure of at least an equal amount would have to be carried forward into the next year to complete the schemes.

I am copying this letter to the Prime Minister, and to Douglas Hurd, David Young, Paul Channon and Kenneth Clarke as the other Ministers directly involved.

Kenneth
KENNETH BAKER

The Rt Hon Nigel Lawson

