

cc BG



PRIME MINISTER

MINI UDCs

NRSD at present

I enclose with this minute a copy of a letter that I have today written to the Chief Secretary outlining my proposals for mini UDCs. In the light of our current discussions I thought I should explain briefly how these proposals relate to my other initiatives.

E(A) agreed in principle with my proposals to establish three or four mini UDCs, subject to agreement on detail with the Chief Secretary. I propose to establish mini UDCs in Bristol, Leeds, Central Manchester and the Lower Don Valley of Sheffield. I also propose to extend the area of the Black Country UDC into Wolverhampton. I would like also to keep open the possibility of establishing a mini UDC in St Helens. The establishment of the UDCs is subject to detailed feasibility studies and to my discussion with the Chief Secretary, but I would expect the UDCs to be in operation by next summer.

All six of these initiatives are in urban programme areas. Leeds, Wolverhampton and Manchester are possible locations for housing action trusts, but the UDCs and HATs would cover different areas. Where UDCs and HATs are located close together, I intend to ensure that they co-operate.

All the proposed mini UDCs are compatible with the possible areas of concentration identified in Annex F to E(UP)(87)6.

As I said on Monday I hope colleagues will discuss the relationship of the proposed mini UDCs to other initiatives in these areas, and that this can be put on the Agenda for E(UP).

I am copying this to the other members of E(UP) and to Sir Robert Armstrong.

NR

28 October 1987



2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

The Rt Hon John Major MP  
Chief Secretary  
HM Treasury  
Parliament Street  
LONDON  
SW1

28 October 1987

*Dear John*

E(A)(87)9th agreed in principle with my proposal to establish three or four low budget (or mini) UDCs subject to agreement in detail with you. Our manifesto commitment to establish mini UDCs was very well received and the agreement that we have reached on the Urban Block PES enables me to press ahead with four UDCs - in Leeds, Bristol, Central Manchester and the Lower Don Valley in Sheffield. It would also enable me to extend the area of the Black Country UDC to include sites in Wolverhampton. In addition, I wish to keep open the possibility of a mini UDC in St Helens which could also be accommodated in my PES. These proposals are subject to the results of detailed feasibility studies and costings.

The criteria used in the selection of these areas are that development potential is promising the sites are available; that the UDCs are likely to achieve more effective results than the local authorities; and that regeneration can be achieved with a comparatively modest injection of public funds. UDCs in these areas will be a comprehensive approach to redevelopment backed up by their planning and land assembly powers. I suggest our officials should discuss urgently the details in the light of the conclusions reached by E(A)(87)9th.

#### Areas

The areas concerned generally meet these criteria. Further information on them is at Annex A.

Leeds and Bristol have the best development prospects and the most obstructive local authorities. Central Manchester has good development prospects. The local authority is not at present obstructive, but has not adopted the single minded approach needed for the regeneration of this important area. The Lower Don Valley is a large area of dereliction that must be tackled. It would greatly benefit from a co-ordinated approach - a consultants study has indicated that we should achieve a public/private investment ratio of 1:3:4. All four of these local authorities are likely to be resistant, at least initially, to the UDC initiative. But the prospect of attracting both public and private resources to their area may well reconcile some of them to it, and it will certainly be welcome to the local business community and to investors. I

deliberately confined the area of the Black Country UDC to Sandwell and Walsall. Wolverhampton (where we have won control of the council) are now keen to be involved in our inner city initiatives. The development opportunities there are reasonable and the area concerned could be added to that of the BCDC for only a small extra cost. St Helens has substantial areas of derelict land and reasonable development prospects. Pilkingtons are currently working with the local authority on plans for regeneration of part of that land. If they seem unlikely to make rapid progress, I shall want to consider again the possibility of a mini UDC.

### Cost

The table at Annex B sets out my tentative estimates of the likely total costs of the four proposed mini UDCs, the extension of BCDC into Wolverhampton and a possible mini UDC in St Helens.

My PESC allocation over the survey period is £15m, £20m, £20m for mini UDCs. I can accommodate the UDC direct costs (ie land acquisition, infrastructure, administration) within that allocation. The UDCs' activities will, of course generate new development interest and attract bids for Urban Regeneration Grant etc, and we will have to accommodate those within the resources available. That will mean that less will be available for other areas but I am confident that we will get better value for money by operating through the UDCs in these areas than by spreading the resources more thinly or via the uncertain management of the local authorities.

In some cases, particularly Leeds, Bristol and Wolverhampton, I would expect net receipts to be generated within three years or so and for the corporations to have finished their job within five years. But the scale of the problems in Central Manchester and the Lower Don Valley is such that the UDCs will need to be financed over a rather longer period.

### Policy Evaluation and Targets

We will evaluate the performance of the mini UDCs in the same way as we are evaluating the performance of existing UDCs, namely, through the following indicators:

- land reclaimed for development or open space;
- number of houses provided;
- industrial and commercial floorspace provided;
- construction activity;
- permanent jobs created or retained;
- private investment levered..

Annex A gives some very tentative aggregate outputs for the six areas as a whole. Individual objectives and measures would be set for each UDC as it is established in the light of the findings of the detailed feasibility studies.

Next Steps

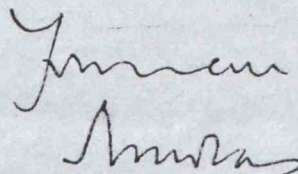
Before a final decision is taken to go ahead, feasibility studies are needed to assess market opportunities in detail, prepare land use proposals and define boundaries. I propose to appoint consultants shortly to study Leeds, Bristol, Central Manchester and Wolverhampton. In due course, I may also appoint consultants to study St Helens. A consultants study of the Lower Don Valley, jointly funded by public and private sources, is nearly complete and may provide most of what is needed.

I want to retain some flexibility in announcing my intentions so as to capitalise on private sector interest in the areas and to minimise the risk of petitioning from local authorities which could cause undue delay. In any event, the UDCs should come into being before next summer's recess.

I should be glad of an early indication that you are content for me to announce my intention to establish mini UDCs in accordance with the proposals set out in this letter, subject to the feasibility studies.

I am writing separately to the members of E(UP) outlining my proposals and setting out briefly how it fits in with other initiatives.

I am copying this letter to the Prime Minister, Willie Whitelaw, David Young, Kenneth Clarke and Norman Fowler.



NICHOLAS RIDLEY

## MINI-UDCs: DESCRIPTION OF PROPOSED LOCATIONS AND ASSESSMENT OF AGGREGATE OUTPUTS

## A. DESCRIPTION OF PROPOSED LOCATIONS

(1) Bristol

1. The proposed area comprises about 900 acres mostly along the Avon Valley east of Temple Meads Station. The area is mainly industrial in character, with a number of derelict/vacant sites.

2. The development potential of Bristol is excellent, but redevelopment has been hampered by the attitude of the local authority (particularly in the exercise of their planning powers). The main physical barrier to development is poor access, both in terms of its general layout, and also exits from the site.

3. Industrial and commercial development would be the priority for the area. Public sector costs would be low, and receipts substantial.

(2) Leeds

4. The proposed mini-UDC is based on a core area of vacant/underused sites in South/Central Leeds, and two outlying areas. The total area of land is about 1600 acres.

5. Although all identified sites require some infrastructure/land reclamation, the major barrier to development is the obstructive local authority. They have been reluctant to release their own land for development, and have obstructed development by the use of planning powers.

6. Leeds has excellent potential for a range of different developments, including housing, industry and commerce. UDC costs would be around £15m, but some grant (ie UDG, URG, DLG) will be required to secure redevelopment.

(3) Central Manchester

7. The proposed UDC includes sites in an area close to, but south of the City Centre. Their total area is less than 200 acres. Most were formerly in commercial use, but some were used by industry.

8. The local authority was obstructive to private sector development, but is now more cooperative. They will not however be able to adopt the single-minded approach necessary to secure the redevelopment of the area.

9. The development potential in Manchester is good, and the direct UDC costs should be around £15m. The area could be redeveloped for housing, commercial and leisure uses. Grant will however be required to secure redevelopment.

(4) Lower Don Valley

10. The proposed UDC area comprises about 2600 acres of land to the NE of Sheffield city centre. About  $\frac{1}{3}$  of the land is vacant/derelict, and the area contains over a million sq ft of vacant industrial buildings.

11. The local authority have been cooperating with the private sector in a consultants study of the prospects of the area. However, the scale of the problem and the single-minded approach required to secure regeneration necessitates a UDC.

12. Development prospects for the area are good, but the proposed mini-UDC is large and will be expensive. Direct UDC costs would be about £25m but substantial grant will be required to secure redevelopment. Expenditure would be spread over 7 years. The consultants suggest a wide range of developments for the area, with industry predominating and good public/private sector leverage.

(5) Wolverhampton

13. The proposed extension of the Black Country UDC would be based on a core area of around 550 acres about a mile east of the town centre, and a number of outlying sites. Most of the land is derelict/vacant, formerly used by industry.

14. The area has suffered in the past from an incompetent local authority, but the present administration are keen to cooperate with Government. The main physical barriers to development are the poor access to the largest sites, and the substantial land reclamation that is required.

15. The development potential in Wolverhampton is good: the town regards itself as a sub-regional centre. Economic and employment generating development would be the priority for the UDC, but there would also be some housing. Direct UDC costs would be low, but there may be a limited call on grants.

(6) St Helens

16. The proposed UDC has an area of around 6-700 acres. Most of the sites are in an area around the town centre and to the south towards the M62. Most were formerly glassworks or collieries.

17. The major problem in St Helens is the scale of dereliction: most of the sites would need to be reclaimed prior to redevelopment. They also need improved access, and the area needs an improved link to the M62. The local authority are financially weak, and politically volatile.

18. Development potential is reasonable, and a wide range of developments is envisaged. But the private sector are currently trying to set up a consortium to redevelop the area. If that seems unlikely to make rapid progress, a UDC should be considered. Direct UDC costs would be quite high, and grant would be required.

B. Aggregate Outputs

19. The total area of the 6 proposed mini-UDCs is about 7000 acres. Within these areas derelict/vacant sites of about 2300 acres have been identified. The aggregate outputs on these sites is estimated to be as follows:

- 6000 dwellings;
- 5 million sq ft industrial floorspace;
- 1 million sq ft retail floorspace;
- 2 million sq ft leisure developments;
- 2 million sq ft commercial floorspace;
- 200 acres of public open space;

and

- private investment in the region of £1bn.

20. The achievement of these targets will also result in the creation and retention of permanent and temporary jobs which cannot be quantified at this stage.



## MINI-UDC EXPENDITURE

Em

| EXPENDITURE/<br>RECEIPTS                       | YEAR | 88/9 | 89/90 | 90/91 | 91/2  | 92/3 | 93/4 | 94/5 | TOTAL |
|--|------|------|-------|-------|-------|------|------|------|-------|
| Direct Mini-UDC Expenditure                    |      | 15   | 22    | 27    | 22    | 16   | 4    | 1    | 107   |
| Receipts                                       |      | 0    | 2     | 7     | 10    | 12   | 6    | 4    | 41    |
| Net Mini-UDC Expenditure                       |      | 15   | 20    | 20    | 12    | 4    | -2   | -3   | 66    |
| Other Public Expenditure<br>(UDG/URG/DLG, etc) |      | 13   | 20    | 27    | ~~~~~ |      |      |      | 162   |
|  |      |      |       |       | 102   |      |      |      |       |

Figures relate to proposed mini-UDCs in Bristol, Leeds, Central Manchester, Lower Don Valley, Wolverhampton and St Helens.

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*ce B.G.*

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP  
Secretary of State for the Environment  
Department of the Environment  
2 Marsham Street  
London  
SW1P 3EB

*NGPN at this stage*

5 November 1987

*Dear Secretary of State,***MINI-UDCs**

Thank you for your letter of 28 October. I have also seen your minute of the same date to the Prime Minister.

It was helpful to have your views on the criteria for selection of these UDCs, their cost and how their performance would be evaluated. But your proposals still leave me with a number of concerns.

The proposed total cost of about £230 million, even after allowing for receipts, would absorb a significant proportion of your existing budget for urban regeneration and derelict land clearance. So if we are to proceed with these proposals we must clearly recognise that they will require a conscious switching of priorities for urban regeneration and derelict land clearance from other geographical areas and will not lead to increased pressure on these programmes. I should be grateful if you could assure me that this is your intention.

With the Prime Minister's agreement, the next meeting of E(UP) will consider the selection of areas where Government efforts on urban regeneration could be intensified. It is agreed that the emphasis in choosing these areas should be on places with potential for success. In my view all the mini-UDCs should be within those areas, in order to

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ensure that our funding of urban regeneration is adequately targeted. So it would be premature to come to any final decision in advance of that discussion and any announcement should wait for that. This means we cannot firmly decide where the UDCs should be until after E(UP) has met to consider the selection of areas for intensified urban regeneration. I propose therefore to send you a further reply to your letter after E(UP) has met to consider these areas, which means we should delay an announcement of the UDC areas until after that. This letter should therefore be regarded as an interim reaction.

Of the areas you have suggested, I have reservations about the wisdom of including the Lower Don Valley. This is much larger in area than your other proposed sites; would absorb the largest amount of expenditure (about £90 million of gross expenditure); would require on your own assumptions a longer period of life than most of the other UDCs; and would only generate small amounts of receipts. Nor is it within the tentative list of areas for concentration of resources for urban regeneration which some of us discussed the other day. I do have doubts therefore about whether this is appropriate for the mini-UDC concept. I hope therefore you could reconsider the case for inclusion of this area, which does not strike me as providing very good value for money. I am sure, incidentally, you are right not to make any firm decisions at this stage about St Helens: that is a classic example of a town with strong local business leadership which we want to encourage as an alternative to public funding. To avoid raising expectations I do not think any early announcement should mention the possibility of a UDC there.

Third, it is important that we establish from the outset that we expect each of these UDCs to have a clearly limited life. Our initial announcement should therefore set a target of years within which we would expect each UDC to have completed its work. We should also make it clear in the announcement that we have no present plans for further designations.

Finally, your proposed output targets, especially for private sector investment, look considerably more ambitious than those you have assumed for nearly all the existing UDCs. I realise that at this stage they can only be approximate measures; but I should be grateful if you could assure me that you are satisfied that they are broadly realistic.

Subject to your comments on these points, I hope to write again as soon as possible after our E(UP) discussion.

I am copying this letter to the Prime Minister, Willie Whitelaw, other members of E(UP) and Sir Robert Armstrong.

Yours sincerely,

*John Major*

PP JOHN MAJOR

(Approved by the Chief Secretary and signed in his absence).



CCBG

NB at this stage.

TO:

PRIME MINISTER

FROM:

KENNETH CLARKE

9 November 1987

MINI UDCs

Nicholas Ridley has put forward some sensible and welcome suggestions for his first round of mini-UDCs. I welcome also the suggestion that we should, through E(UP), ensure that the new UDCs are placed firmly in the context of the Government's overall effort in these areas.

2 All the towns involved in Nicholas' proposals (except Sheffield) have Government Inner City Task Forces and, when a public announcement is made, it would be sensible to mention this explicitly as well as any other relevant initiatives and policy targetting that colleagues propose. I would also hope that Regional Directors in my Department and in Norman Fowler's will be involved in the work of consultants, through the City Action teams or analogous co-ordination arrangements. When the

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Boards of the mini-UDCs are established, I hope too that their letters of appointment will stress the importance which the Government attaches to close working between UDCs and other Government initiatives and policies.

3 Copies of this go to members of E(UP) and to Sir Robert Armstrong.

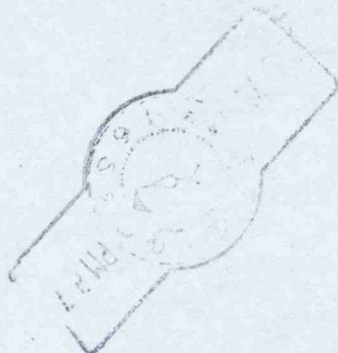
*L*

KENNETH CLARKE

REGIONAL POLICY

INNER CITIES

PT 11





The Rt Hon John Major MP  
 Chief Secretary  
 HM Treasury  
 Parliament Street  
 LONDON  
 SW1P 3AG

2 MARSHAM STREET  
 LONDON SW1P 3EB  
 01-212 3434

My ref:

Your ref:

19 November 1987

*Dear John*

MINI UDCs

Thank you for your letter of 5 November *at Hop* about my proposals for mini UDCs.

You asked me for an assurance that these proposals will not lead to increased pressure on other programmes. As I indicated in my letter, I recognise that the establishment of these UDCs will lead to a greater concentration of resources in these areas. On the estimates available I am confident that I can accommodate these requirements within my present budgets for UDCs, derelict land grant and urban regeneration grant. I cannot, of course, at this stage give you an assurance that there will not be pressure for more resources for these programmes for other reasons - including the increased emphasis we may put on these programmes as a result of the Prime Minister's review of Inner Cities.

I have noted your reservations about the Lower Don Valley. Whilst it was not on the tentative list of areas for concentration, it is certainly a strong candidate for inclusion in the final list. The Valley is a substantial area of dereliction, but its location close to the M1 is such that it has very good potential. There is substantial business interest in the area. With or without a UDC we shall be faced with a large demand for public sector expenditure especially on DLG and URG. A UDC will ensure that expenditure programmes are co-ordinated and properly phased and will boost the private sector's confidence in the area. It will also be a valuable instrument in helping to ensure co-ordination of Government initiatives in the area. The UDC would lever estimated private investment in the ratio of 1:3.36, which is about average for the mini UDC initiative. It also compares favourably with the leverage consultants anticipated would be achieved in the 4 new UDCs set up earlier this year.

I am anxious to press ahead with an early announcement so that I can appoint consultants on Leeds, Bristol, Central Manchester and Wolverhampton with a view to having the UDCs in place by the early summer. A consultants study on the Lower Don Valley is nearly complete so there is not the same urgency there. I hope therefore that, subject to the views of other colleagues, you will be able to agree at the meeting on 30 November that I should go ahead with the four areas, leaving our officials to discuss this case for the Lower Don Valley in the light of the consultants final report with a view to making a separate announcement on that area in January.



I would not propose to refer to St Helens in any announcement because the local authority/private sector initiative is currently progressing well - although it is not, as you suggest, an alternative to public funding since they will be looking to us for substantial support via URG.

I agree that we should state clearly at the outset that these UDCs will have a limited life. I would prefer not to make a statement about the possibility of any further UDCs whilst I am still keeping the position in St Helens under review.

The output targets for the mini UDCs are as realistic as we can make them at present, but they are of course subject to detailed scrutiny by consultants. As I said in my letter, we have deliberately selected areas where the potential is good and needs to be unlocked, so the fact that projected outputs are relatively high is not surprising.

I am copying this letter to the Prime Minister, Willie Whitelaw, other members of E(UP) and Sir Robert Armstrong.

NICHOLAS RIDLEY





CABINET OFFICE

pa please

R.T.J. Wilson

David Morgan - No 10

David

I fully agree about mini-VDCs.  
You may like to see my minutes  
of 2 November to Eric Sorenson (attached)  
about the work which we  
need to do for the next meeting  
of the P.M.'s group. I will  
let you see an agenda in  
draft well before the meeting  
(indeed you should probably send it out).

Rt Hon. 6/11

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P 02905

From: R T J Wilson  
2 November 1987

MR SORENSEN

cc Mr Langdon  
Mr Lean  
Mr Wells

INNER CITIES: WORK PROGRAMME

1. Thank you for your minute of 28 October which we discussed this morning.
2. We are agreed that we need to use the next meeting of the Prime Minister's Inner Cities Group to the very best advantage that we can: we do not know how many further meetings there will be, and it is important to press the work forward as much as we sensibly can while we have the chance.
3. This means making sure that the Group has before it a set of papers which are clear, to the point and helpful as a basis for taking decisions. My own inclination would be to put forward the following.
  4. First, an analytical paper which sets the scene on the lines described by the Prime Minister at the last meeting, in particular covering the following:
    - (a) the fifty-seven local authorities which are recipients of grant under the urban programme, set out in groups which reflect our best assessment of their "potential" as we discussed this morning;
    - (b) a broad picture of where Government effort, in particular discretionary grant, is going, what its level is likely to be over the next six months, and a forward look at any new developments likely over the next twelve months;
    - (c) some visual aids to support this.
5. Second, a paper which proposes that at this first meeting Ministers should concentrate on the group of areas which are judged to have the highest potential, and then sets out as much specific information as we can muster about the things which departments are already doing in these areas and how this effort can be better targeted. The paper would need also to bring into the picture Mr Ridley's latest minute about "mini-UDCs", and such information as we have about business leadership in the areas including anything which Business in the Community has in hand.

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6. Third, we need to put forward an outline for a new statement, perhaps a White Paper, about the Government's inner cities policy, building on "Action for Cities".

7. Finally, we need a list of Ministers' visits to inner city areas over the next three months. This might highlight those visits which will be taking place in the areas of potential which the Group will be considering in detail (see paragraph 5 above).

8. Our aim in putting these four pieces of work forward would be to concentrate Ministers' minds on a finite group of localities and getting them to agree that a special effort should be made by departments to produce measurable progress - however one measures it - in those areas. The follow-up action might include an invitation to the relevant CATs to involve other departments in their work in these areas and to report back on progress every 3(?) months. We would make it clear in the papers that at a future meeting Ministers would be invited to review progress in this first group of areas and then to consider the next group of inner city areas to see how far they would be suitable for similar treatment.

9. I recognise that this is still sketchy but hope that it is a helpful framework around which to work.

R.T.J.W.

R T J WILSON

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REG POLICY: Inver Cites pt 11



10 DOWNING STREET

Richard Wilson - Cabinet  
Office.

Richard

We shall need  
to put mini-UDC<sup>3</sup> on  
the agenda for the  
next meeting in urban  
policy (Ridley to P 7 of  
28 October and Chief  
Secretary to Ridley of  
5 November).

DRW

6/11