



A wonderful story
for you

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My ref:

Your ref:

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Pine Mustle

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29/10

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Colleagues will be aware that many of the housing estates on Merseyside are quite appalling. Minimal maintenance or street cleaning, a high level of vacancies arising from a continuing reduction in population and persistent vandalism of empty properties add up to often sub-human living conditions.

No more extreme example of this exists than Cantril Farm in the Metropolitan District of Knowsley.

Some months ago the Labour Leader told me that it was, as far as his authority was concerned, an "unmanageable estate". Built at a post-war cost of £16m the half empty estate with its rundown vandalised facilities represents a continuing public sector burden apparently without end. The cost of renovation is quite beyond his authority's capability.

I asked him if he would get his Labour colleagues' co-operation if I could produce a rescue plan that was based on a private sector solution restricting the public sector only to specific supporting action that is generally available under one or other public programmes and without the use of any national or local government subsidies. He agreed.

I think colleagues will be interested to know that on Friday of next week we shall be able to announce a proposed transfer of the Cantril Farm Estate of 3,300 houses and flats from the local authority to a private sector trust. The subsequent rescue plan will be financed jointly by the private and public sectors.

The scheme has important and wide general implications.

The District Valuer has valued the Estate at some £8m. The Estate will be sold for that to a private trust, "The Stockbridge Village Trust". The purchase price will be found thus:-

Abbey National Building Society	£3m
Barclays Bank	£2m
Residual short-term mortgage, Knowsley BC*	£3m
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(*The Abbey National will take this sum over within a year or so.)	£8m
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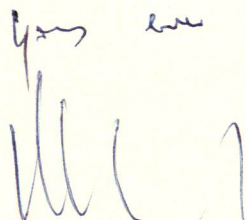
In addition Barclays will provide £2m working capital to fund the initial deficit on management, development and renovation work. Barratts are to buy one of the tower blocks for renovation and sale and will

begin a programme of new houses for sale. (This latter activity will be underpinned by a carefully devised system of "buy-in guarantees" by a housing association of a kind we have used elsewhere on Merseyside.) The Trust will draw revenue from land sales, sales of council houses and the rent income from existing tenants.

The Housing Corporation will finance housing associations who will build 375 new houses for shared ownership or for rent at £5½m and the urban programme will finance a new recreational and community facilities centre at a cost of £1½m.

The Chairman of the Trust will be a leading private sector builder, Mr Tom Baron. The Leader of the Council will be the Deputy Chairman. Mr Clive Thornton, Chief Executive of the Abbey National, a representative of Barclays Bank, and of the local community will all join the Trust. The Chief Executive is to be a committed official currently working for Knowsley and especially requested by Mr Tom Baron.

I am sending copies of this to all Cabinet colleagues and Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to read 'Michael Heseltine', with a stylized flourish at the end.

MICHAEL HESELTINE

Rt Hon Margaret Thatcher MP
Prime Minister, First Lord of the Treasury and Minister for the
Civil Service