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R 7/10

28 September 1979

DISPOSAL OF NEW TOWN ASSETS

You wrote to me on 15 August asking what contribution the five Scottish New Towns might make in 1979/80 to the programme for the disposal of public sector assets. I am assuming that this request relates to industrial and commercial holdings, since account has already been taken of the prospects in the housing field, and that you are considering disposals additional to those for which provision is already made in the Corporations' estimates.

I have now had discussions with the five Scottish New Town Development Corporations, as a result of which I propose to ask them to aim to place on the market this year assets totalling £5m, in addition to sales already planned: I would expect cash received within the current financial year to be over £1m.

I am satisfied that, given the limited time available for additional realisations within the current year, it would not be reasonable to expect the Corporations to achieve a higher figure than this without severe financial penalties in the way of forced sales (there is no pent-up backlog of demand in Scotland, where sales were not so severely restricted under the previous Administration as in England and Wales). In any comparison of these figures with those set by Michael Heseltine for the English New Towns, it is important to bear in mind the very great difference between the position north and south of the border. In England, a programme of dissolution for both Mark I and Mark II new towns is now well under way and the Commission for the New Towns, established as long ago as 1959, and which is to contribute some £40m of the £100m, has a completed and mature range of commercial and industrial assets to offer. A further £44m is, I understand,

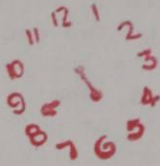
to be contributed by the Mark II towns of Stevenage, Bracknell and Harlow. In Scotland, we are nowhere near this stage of development, with only East Kilbride (expected to reach its target population in the late 1980s) being within sight of the end of its rapid growth period, and marketing will in any event be less easy than in the relatively prosperous South East of England. What I have offered is, in my view, an ambitious objective, more than proportionate to the contribution expected from New Towns in England which are in full process of development.

It is my intention to maintain pressure upon the New Town Corporations to achieve a maximum disposals programme. The Corporations are already aware of the Government's requirements in this respect and are going forward vigorously with their preparations for sales.

I am copying this letter to the recipients of yours.

George Younger

- 1 OCT 1979





With the Compliments

of the

Secretary of State

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