



10 DOWNING STREET

From the Private Secretary

Prime Minister

Mr Jenkin advises that it is not possible for MDC to take over the Festival site immediately without putting themselves in the wrong vis à vis the City Council. MDC and Mr Jenkin propose an announcement indicating a readiness for MDC to take over if Liverpool Council do not take up the existing agreement.

Agree, subject to Mr Jenkin and Mr Rees reaching an understanding on how the £2 million will be found?

AT

11/10



PRIME MINISTER

FUTURE OF THE LIVERPOOL GARDEN FESTIVAL SITE

1. During your visit to the Garden Festival in Liverpool last week, you voiced concern (which I share) about the uncertain future of the site. There are two issues; how many of the formal gardens might be retained, and who should manage the whole site in future.
2. The Merseyside Development Corporation (MDC) in November 1982 published their plans, after widespread consultation, on the use of the site after the Festival itself ends this Sunday. These provide for the development of about half the site for housing and high quality industry, and the retention of the Festival Hall, the Arena and some *45 acres of parkland and gardens as permanent public open space*. A legal agreement was signed with the then Liberal-run Liverpool City Council in December 1982, whereby the City Council would take over the retained parkland areas in January 1985 and convert the Festival Hall for sports use.
3. As you know, the outstanding success of the Festival has led to considerable pressure from Liverpudlians and visitors for the whole site to be retained intact. This is not possible, for a range of legal and practical reasons. The 45-acre parkland is, of course, secure. The only issue there is who should manage it (see paras 4 - 6 below). On the other issue, I discussed with Sir Leslie Young in July how far it might also be possible to retain many of the best gardens, national and international. We agreed that the first priority was to go ahead with planned development where a clear demand existed. It now appears that it will be possible, while meeting the immediate demand for housing sites: to retain most of the best gardens for next summer at least. With my encouragement, MDC have explored this possibility with the sponsors of those gardens, and I am pleased to say that they are



now ready to announce that, in addition to the 45 of acres parkland, large parts of the rest of the site will be open next year. I should add that this course of action is bound to involve MDC in up to £2m extra cost which, without extra resources, would mean cutting back on other high priority projects such as the Albert Dock development. I have a bid in for a small addition to the resources for the Urban Development Corporations next year and if this is accepted, MDC's proposal could be accommodated.

4. The other area of uncertainty has been caused by the attitude of the present administration of the Liverpool City Council. We have been trying for some time to find out whether they will honour their December 1982 agreement with the MDC. It became clear early last month that the Council intend to use the Garden Festival as a political bargaining counter; they say that if I meet in full the wildly unrealistic bids they have made for Rate Support Grant and capital allocations for 1985/86, then they will honour their agreement on the Garden Festival site, but that if I do not, their other and higher priorities would prevent them from taking on the Festival site. The City Council openly admit the difficulties which this stance is causing for MDC's efforts to plan the future of this part of the site, but have stated quite blatantly that they are not prepared to co-operate in any way to relieve those difficulties (having met the Council's leaders you will recognise their style!).

5. Faced with this attitude, I have considered carefully, with MDC, the options that are available. We would have dearly liked to end the uncertainty forthwith by removing the City Council from any involvement with the Festival site, but MDC advise me that they could not defend in court abrogating the legal agreement unilaterally, as the City Council have not yet defaulted on their obligations under it. Such action would also enable the City Council to claim that they



were being prevented from managing the site "on behalf of the people of Liverpool" (a phrase they are constantly parading). The only other way in which we could resolve the uncertainty now would be for me to accede to the City Council's budgetary demands; but these are clearly unacceptable. I therefore concluded that the best that could be done was to limit the damage being caused by the City Council, by setting a deadline at the end of December for them to decide whether or not they intend to honour their agreement with MDC. By that time the Council should know the 1985/86 RSG settlement and the bulk of their capital allocations, and will no longer be able to use that excuse to defer a decision on the Festival. Perhaps more importantly, that is also the time when the Council are due to take on their obligations, and MDC would therefore have a much stronger legal case if the Council continued to refuse to make a decision. I therefore issued a statement setting the end-December deadline when I visited Liverpool on 6 September (attached at A).

6. Liverpool City Council leaders publicly interpreted my statement as meaning that I was not going to meet their financial demands (which is of course quite correct). I think, and MDC agree, that this paves the way for MDC now to make a statement about what they would intend to do if the City Council withdrew from the agreement, while avoiding the impression of anticipating such a decision. As is already widely known the whole site has to be closed over the winter to enable some essential dismantling and conversion work to be carried out. Once this is completed, MDC would intend to open to the public the part of the site which the City Council were to take over, while at the same time marketing it for operation by a private sector firm, as a leisure and recreational facility for the longer term. This seems to me a very acceptable approach.

/ 7. I attach at B a draft of the statement which MDC intend to make,



covering both their intention to retain and open to the public next summer some of the gardens in areas scheduled for eventual development, and their intention to open to the public the permanent parkland areas if the City Council fail to honour their agreement. This statement will go a long way to reassure the people of Liverpool that they will continue to be able to enjoy the gardens that they have so taken to their hearts this year. That, I am certain, is the most important assurance that needs to be given if the respect of local people for this site, and the hope it has given them, is to be retained. It would be highly desirable for this statement to coincide with the closing of the Festival (The last day being Sunday, 14 October).

/ 8. I am copying this to Peter Rees and to Sir Robert Armstrong.

Att/Davis

for

P J

11 October 1984

Approved by the SAS and
signed in his absence