



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP  
Secretary of State for the Environment  
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*Patrick Jenkin*

22 July 1985

LDDC: ROYAL DOCKS

Thank you for your letter of 17 July.

I fully agree that, in order to protect public funds, we cannot agree to the lease negotiated between PLA and LDDC. The important point is that the net present value of the lease, computed in accordance with Treasury guidelines, is some £10.1 million compared with £3 million or just over for the alternative options of vesting or compulsory purchase. It is important to ensure that the LDDC does not pay an excessive price because we could not ensure that the extra benefit the PLA would receive would be matched by an offsetting reduction in public sector support to the PLA.

I am therefore content to proceed on the basis you suggest. We should be prepared to use the vesting procedure but in the hope that this will persuade the PLA to renegotiate the lease on acceptable terms. These would have to have a net present value (which should be computed in accordance with Treasury guidelines) broadly comparable to that of the vesting or CPO options.

I am copying this letter to the Prime Minister, to Nicholas Ridley and Sir Robert Armstrong.

*Peter Rees*

PETER REES