

CCBG



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

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

My ref:

Your ref:

26 March 1987

WBRN-

Dear Chief Secretary,

NEW UDCs

I propose to make the orders designating the Black Country and Tyne and Wear UDCs before the Easter recess and the Teesside UDC immediately after the recess.

Consultants are preparing reports on each of the three areas, and they will be available at the end of April. Their preliminary findings have, however, enabled me to decide the detailed boundaries and to conclude that within these boundaries each UDC could achieve a substantial measure of regeneration for a net public expenditure of about £130-150m over periods varying from 7-10 years.

My proposed timetable is to have the Black Country and Tyne and Wear UDCs established by the end of May and the Teesside UDC shortly thereafter, so that we will be able to cite the UDCs as evidence of our commitment to these areas, whenever an election may be called. The orders designating the UDCs are subject to affirmative and hybrid procedures. To meet the end May timetable, I have to sign the Black Country and Tyne and Wear orders by 2 April. Provided there are no petitions (and we have been working hard to persuade would-be objectors that petitions are a waste of time and money), my timetable can be met, and these UDCs will come into existence before the end of May. But if there is any delay in signing the orders, the Easter recess means it would be well into June before the UDCs could be established.

Our proposal to establish the new UDCs has been very widely welcomed. Chairmen designate have been appointed and are anxious to get to work. The consultants have generated a lot of interest from would-be investors. It is essential that we build on this momentum and formally establish the UDCs as soon as possible. Speedy action will bring us enormous credit.

So far as resources are concerned, I am confident I will be able to make sufficient provision in 1987/88 from within my existing OES resources to make a worthwhile start on the new UDCs. For future years, the four new UDCs are, according to the consultants' initial estimates, likely to spend approximately £50-80m in total in each year during the coming survey period above the base line for the new UDCs available in PES. You will recall that provision for the new UDCs was discussed by E(A) in September (E(A)(86)25th). It was then agreed that resources should be agreed

between us, within whatever level of provision was settled for the OES programme. I will be working towards the objective in the coming round, though before I have prepared my PES bid for this year I am not in a position to identify the savings which I would hope to find elsewhere in that block, and I cannot rule out the possibility of an additional bid. You will appreciate from our other discussions that the extent of this could depend on the outcome of the negotiations on Canary Wharf.

My officials are writing simultaneously to yours, with preliminary information from the consultants on the likely outputs from the new UDCs.

In order to meet my timetable, I must ask for replied from you and copy recipients by 31 March.

I am copying this to the Prime Minister, Paul Channon, David Young, Kenneth Clarke, Nicholas Edwards, Malcolm Rifkind, Tom King and Sir Robert Armstrong.

Yours sincerely

N. Ridley

Private Secretary

77

NICHOLAS RIDLEY

(Approved in draft by the Secretary of State and signed in his absence)

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG

R U Young Esq
 Private Secretary to the
 Secretary of State for the Environment
 2 Marsham Street
 London
 SW1P 3EB

7 April 1987

Dear Robin,

N BHM

NEW UDCS

The Chief Secretary has seen your letter to me of 6 April. *at trap*

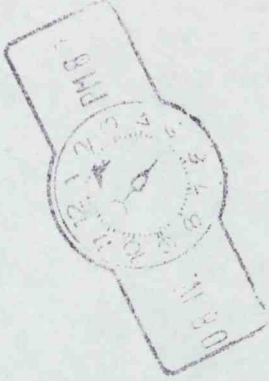
This is simply to put on record that the Chief Secretary's understanding also extends to any order your Secretary of State might sign during the recess to establish the Teesside UDC.

I am copying this to David Norgrove (No. 10), Tim Walker (DTI), John Turner (Employment), Chris Capella (Paymaster General's Office) Jon Shortridge (Welsh Office), Robert Gordon (Scottish Office), David Watkins (Northern Ireland Office) and to Trevor Woolley (Sir Robert Armstrong's Office).

Yours,

JILL RUTTER
 Private Secretary

REG. POE. Lower Cities PT9



CJBG

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

6 April 1987



Miss Jill Rutter
Private Secretary to
The Rt Hon John MacGregor OBE MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1P 3AG

Dear Jill,

NBM

NEW UDCS

This to record that our 2 Ministers discussed on Thursday my Secretary of State's letter of 1 April.

My Secretary of State agreed that he will find the resources for the 4 new UDCs proposed either by rationing their funds or from savings within DOE baselines, or both. He confirmed that he cannot at this stage say precisely what bids he will find inescapable in the forthcoming PES round and subsequently, but he made it clear that he did not intend to make any bids on account of the 2 new Orders for the Black Country and Tyne and Wear UDCs, which my Secretary of State has now signed. I understand that on that basis the Chief Secretary was content with my Secretary of State's proposals in his letter of 1 April.

I am copying this letter to David Norgrove at No 10, Tim Walker in Mr Channon's office, John Turner in Lord Young's office, Chris Capella in Mr Clarke's office, Jon Shortridge in Mr Edward's office, Robert Gordon in Mr Rifkind's office, David Watkins in Mr King's office and to Trevor Wodley in Sir Robert Armstrong's office.

Yours,

Robin

R U YOUNG
Private Secretary

REGIONAL POL : Lower Cities PT 9

CCB/6



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

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

My ref:

Your ref:

| April 1987

Prime Minister 2

Dear John

DHR
2/4

acknowledged

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NEW UDCS

We discussed today my letter to you of 26 March.

You were prepared to agree that I should sign now the Orders designating the new Urban Development Corporations for the Black Country and Tyne and Wear, and during the Recess for Teesside, subject to an assurance about their funding.

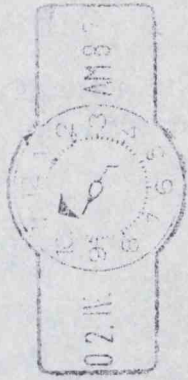
I confirm that for 1987/88 I will find the necessary public expenditure provision from within my OES resources. For 1988/89 and 1989/90, I have every hope of finding the resources for the four new UDCs either by rationing their funds or from savings within my baselines, or both. I cannot of course at this stage say precisely what bids I may find inescapable in the coming PES Round and in 1988.

I am copying this letter to the Prime Minister, Paul Channon, David Young, Kenneth Clarke, Nicholas Edwards, Malcolm Rifkind, Tom King and Sir Robert Armstrong.

Nicholas Ridley

NICHOLAS RIDLEY

RES. POLS Inner Cities
PL-9



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Oddi wrth Ysgrifennydd Gwladol Cymru

The Rt Hon Nicholas Edwards MP

From The Secretary of State for Wales

CONFIDENTIAL

31 March 1987

De Nees

NBM

NEW UDC'S

Thank you for copying to me your letter of 26 March to John MacGregor about your proposals to lay orders for three more UDCs

Whilst noting your concern about future resources for your OES programme, I see no reason why these orders should not be laid in the way you suggest.

/ Copies of this go to the Prime Minister, John MacGregor and the other recipients of your letter.

John
NBM

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

McGraw-Hill Policy

Annual Card

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cc BGL



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

27 March 1987

NBM

DAS - see dr

Sec Secretary of State,

NEW UDCs

Thank you for your letter of 26 March in which you propose making the orders designating two more UDCs before the Easter Recess.

It is not clear to me why you attach such urgency to making these orders when in two or three weeks time we will have the final consultants' reports and be able to give proper consideration to their proposals, the outputs which are likely to be achieved and how you will find the savings you need to fund the public sector inputs. You do not explain why the designation of the Black Country and Tyne and Wear UDCs is that much more urgent than Teesside which you are leaving until after Easter. When you made your announcement last year you said that the new UDCs would be phased over the next two years so a delay of a few weeks can hardly be critical.

I am also concerned that you are not able to say now how these three new UDCs are to be funded. E(A) agreement to the creation of four new UDCs which they gave at the meeting on 24 September 1986 was on the understanding that funding was found from within whatever we agreed in the Survey for your total PES block. Your Estimate of £50-£80 million a year in each of the Survey years after 1987-88 is considerably above the amount you set aside in the Survey for new UDCs and I will need to know how you intend to make the necessary offsetting savings.

From the preliminary assessment of outputs which your officials have just sent mine it is not at all obvious that, except perhaps in the case of the Black Country, public expenditure at the levels proposed is justified given the poor private investment leverage ratios. This and the other relevant output measures need careful study once the consultants' reports are available.

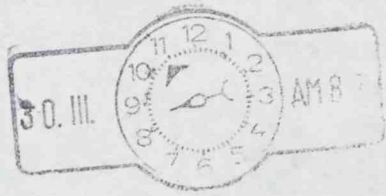
I am copying this letter to the Prime Minister, Paul Channon, David Young, Kenneth Clarke, Nick Edwards, Malcolm Rifkind, Tom King, and Sir Robert Armstrong.

Yours sincerely,

John Macgregor

PP JOHN MacGREGOR

(Approved by the CST and signed in his absence)



Rebromm & Co
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P 7 9