PRIME MINISTER

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LOW OR "~~NO~~ NIL" BUDGET URBAN DEVELOPMENT CORPORATIONS

DoE have not done their homework for Nicholas Ridley. Although the idea for low budget UDC has been about for some time, costings for the proposed low budget UDC's are far from complete and not surprisingly are opposed by Treasury. Moreover, one policy option which might well have Treasury approval namely 'No budget' (or administrative costs only) UDC is not proposed.

For the no budget option

You will recall the following are the strong points of UDCs:

1 They have power to bypass local authority muddle or political resistance to change.

2 They provide excellent vehicles for "site assembly".

3 They can, but not always, bring in high ratios of private to public money. (Public funding has included both designated UDC money as well as Urban Programme money and Derelict Land Grant).

4 (1), (2) and (3) focus attention on derelict or largely redundant urban 'industrial' areas (not so far residential areas).

We argue that points (1) and (2) could in some circumstances justify point (4) and could be highly successful. Moreover, a no budget option would still allow derelict land grant and other programme money to be spent. Finally, the power to create no budget UDCs could concentrate the minds of inefficient or bad councils.

Against the No budget option.

We would be criticised more heavily than before of Central Government dictat in these UDC areas. It would be UDCs with less sweetening money!

Technically, DoE will argue that some money is needed for site assembly. This may be so in some circumstances but there are two important instances that could cover most cases where no public funds are needed and whereby the "No budget" UDC can remain free of Government funds. Firstly, this can occur if the site assembly is done with immediate disposal for development. The second case is where site assembly is conducted with wholly private funding. Finally, Nicholas Ridley may object that simplified planning zones (SPZ's) are effectively No budget UDCs. This is not so - SPZs cannot perform site assembly.

Conclusion

We recommend great caution on low budget UDC and in any event that proposals for No budget UDCs be considered further because of their site assembly and council busting powers, but equally because they would provide a powerful "mind concentrator" in areas where obstructive councils resist progress. Finally, a full survey of precisely which areas would benefit from these options should be speedily carried out.

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