



FILE
821
CHB

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

6 August 1987

Dear Robin,

THE PHOENIX INITIATIVE

As I told you on the telephone this morning, the Prime Minister takes a close interest in the progress of the various private sector initiatives which aim to help the regeneration of the inner cities. One such enterprise is the Phoenix Initiative.

I believe that this Initiative was originally well received by your department; for example, in your Secretary of State's statement of 30 July 1986 and in his speech to the BMP lunch on 22 April 1987. However, I understand that certain difficulties have now arisen between the department and the Phoenix project and that those responsible for running the Initiative do not believe that they are receiving the degree of co-operation which they might expect for a project which is so clearly designed to carry through the Government's objectives.

I would like to be able to put a report to the Prime Minister on the department's involvement to date with this Initiative and on its plans for helping it carry forward its work. Please could I have this by 13 August.

I am sending a copy of this letter to Timothy Walker (Department of Trade and Industry).

Nigel Wicks

N. L. WICKS

Robin Young, Esq.,
Department of the Environment



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

Nigel Wicks Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

B/G Friday

B/G Tuesday

18 August 1987

discuss with MGA

Dear Nigel,

THE PHOENIX INITIATIVE

Thank you for your letter of 6 August. I am sorry to have missed your deadline, but I wanted to clear this letter in draft with my Secretary of State who is in Scotland.

The Phoenix initiative had its origin with a report commissioned by the Building Material Producers "The Phoenix Partnership - Urban Regeneration for the 21st Century", which drew on American experience of combining private and public resources in urban renewal. Sir Colin Corness brought together a group of people from the construction and institutional investment fields to promote these ideas. He discussed this with both Mr Kenneth Baker and Mr John Patten on a number of occasions and they warmly endorsed the need to encourage private sector investment in the inner cities, which of course was already a strong theme in this Department's urban programmes, including the Urban Development Grant and the Urban Development Corporations.

From the start, we encountered some difficulty in reconciling support for Phoenix as a private sector promotional body with the much wider role that Sir Colin Corness envisaged for Phoenix. He wanted it to act as a quasi-Government agency, and to be both the primary source of advice to Government on urban renewal and the principal channel for Government funding of renewal projects. Ministers made it clear that a single self-appointed private sector body could not properly have that role; but Sir Colin has never fully accepted this.

Despite these initial differences of perception, the Phoenix initiative was launched in July 1986 and I enclose copies of the Press Notices issued at that time both by DOE and by the Building Material Producers acting on behalf of Phoenix.

Ministers decided that we should not fund directly the Phoenix organisation, which was to remain a private-sector led and financed organisation. But we helped in three ways:

- (1) We seconded a Senior Executive Officer to act in effect as office manager (at present Phoenix has only 2 or 3 other staff, including the Chief Executive who is on secondment from Shell).
- (2) We agreed that two Under Secretaries (from the Inner Cities and Construction Industries Directorates) should attend meetings of the Phoenix Board, chaired by Sir Colin Corness, to help guide the new body in its early days.
- (3) We agreed to help fund the first feasibility study by consultants commissioned by Phoenix (of renewal opportunities in Manchester) with a grant of up to 40% of the cost, subject to a limit of £40,000.

The SEO is still on secondment to the Phoenix office and the two Under Secretaries have attended Board meetings regularly. There has been some difficulty in settling the contribution to the first feasibility study, and special authority has had to be sought from the Treasury. But my Secretary of State has assured Sir Colin that the promised contribution will be made (subject to the usual production of invoices etc).

More recently Phoenix suggested that the Department might take space on a display stand which Phoenix is proposing to mount, with the Prince of Wales' Inner Cities Trust, at the Interbuild Exhibition at Birmingham in November, and we have agreed. Phoenix has asked for £10,000 from us, and detailed arrangements are now being worked out.

Sir Colin Corness has, however, persisted in pressing his original conception of Phoenix's role as the Government's principal agent in urban renewal and in asking for special financial assistance or preferential treatment in its applications for Government grants.

Sir Colin met my Secretary of State and Mr Trippier on 15 July. Following that my Secretary of State wrote to Sir Colin to spell out what role Phoenix can and cannot fulfill and what kind of financial support the Department is and is not able to provide. I enclose a copy of that letter.

Both before and at the meeting on 15 July, and again following Mr Ridley's letter, Sir Colin has told Ministers that he will disband Phoenix unless they endorse the kind of role that he envisages and give Phoenix preferential treatment and funding. Mr Trippier and our Permanent Secretary have spoken to him in the past few days to urge him not to take precipitate action and to emphasise Ministers' continuing support for the positive role that Phoenix can have in promoting private sector interest in urban renewal.

These efforts appear to have been successful. We understand that, at a private Board meeting a few days ago, Phoenix decided to persevere with its work. Ministers are to meet Sir Colin in September. We shall use this opportunity to emphasise Government support for Phoenix, but to stress that it should operate in the private sector and finance its operations through private sector sources.

Yours sincerely,
Robin Young.

R U YOUNG
Private Secretary

ENVIRONMENT

NEWS RELEASE

415

30 July 1986

GOVERNMENT WELCOME FOR PHOENIX INITIATIVE

Nicholas Ridley, Secretary of State for the Environment, today welcomed the launching of the Phoenix initiative, which will promote private sector participation in urban regeneration.

He said: "John Patten and I strongly support this initiative by Sir Colin Corness and his colleagues. The positive involvement of the private sector in the task of regenerating and improving our cities is at the heart of the Government's policies to tackle these deep-seated problems.

"The policy instruments that we have developed over the last seven years - Enterprise Zones, Urban Development Grant, Urban Development Corporations, and the proposed Urban Regeneration Grant - have as their central purpose stimulating and supporting private sector investment in hard pressed urban areas.

"Much has been achieved. Much remains to be done. There is immense scope for Phoenix to draw together the practical aspects and promotion of private investment, working in partnership with local authorities and other local agencies. I wish Phoenix every success."

John Patten, Minister for Housing, Urban Affairs and Construction, will keep closely in touch with Phoenix. The Department will be represented at official level on the Steering Group.

Press Enquiries: 01 212 3492 or 4682/3/4
(out of hours: 01 212 7132)
Public Enquiries: 01 212 3434
(ask for Public Enquiries Unit)



Press Release

30th July 1986
1625/80

For immediate release

THE PHOENIX INITIATIVE

A Private Sector Initiative for the Inner Cities

A new initiative to stimulate urban regeneration is launched today. Called the Phoenix Initiative its aim will be to promote public and private enterprise in urban renewal and regeneration and to provide a focus of Private Sector advice to Ministers on Urban Regeneration.

The Initiative, with a Sponsoring Board under the Chairmanship of Sir Colin Corness and drawn from a broad spectrum of the public and private sectors, will promote activity and enthusiasm at a local level, help put together schemes and encourage initiatives. It will seek to advise and stimulate local authorities and developers. It will draw together and cooperate with the Private Sector initiatives already underway and will be a prime source of advice to the Department of the Environment on the practical aspects of the Private Sector's involvement in urban regeneration.

Phoenix will work closely with the Department of the Environment, which will be represented on the Sponsoring Board. The Initiative also has the enthusiastic support of a broad spectrum of the private sector as well as of public bodies. A Senior Executive from Shell UK, Christopher Ledger, is being seconded as Chief Executive.

Cont/....

Taking as one of its blueprints for action the report "The Phoenix Partnership - Urban Regeneration for the 21st Century" published by the National Council of Building Material Producers, The Phoenix Initiative will be looking to work with the full spectrum of national and local political parties and aim to bring together public and private resources for urban projects. There are already many exciting, effective schemes underway in the inner cities and The Initiative will not displace these - rather it will seek to support, advise and enhance them.

The Phoenix Initiative is non-party and will work with individual local authorities, economic and social groups of whatever political persuasion as well as with Government Departments. In particular, it will work in partnership with individual local authorities using their land assembly powers where required on specific projects.

It will promote the initiatives proposed under the new Housing and Planning Bill and use the existing and proposed grant system. In addition, it will study the present arrangements on funding, land assembly and other matters.

The Phoenix Initiative will be based at St Katherine's Dock, itself a prime example of what can be achieved by imaginative planning, co-operation and private sector finance.

Notes for Editors

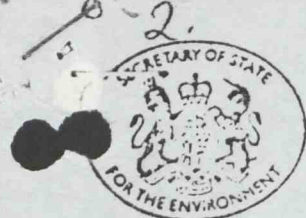
1. Further copies of 'The Phoenix Partnership - Urban Regeneration for the 21st Century' can be obtained from Sandra Brenner at BMP (01-222 5315)
2. For further information
Sandra Brenner - 01-222-5315
Chris Ledger - 01-257-3368

Attached is a list of the members of the Sponsoring Board.

THE PHOENIX INITIATIVE

THE SPONSORING BOARD

- Chairman: Sir Colin Corness - (President National Council of Building Material Producers) Chairman Redland PLC.
- Bryan Baker - (Vice President National Council of Building Material Producers) Group Managing Director Tarmac PLC.
- John Brown - (President British Property Federation) Managing Director Peachey Property Corporation.
- Patrick Dawmay - (Member Urban Investment Review Group) Director Morgan Grenfell & Co Ltd.
- Tim Melville-Ross - (Chairman Urban Investment Review Group) Chief Executive Nationwide Building Society.
- Tony Pelling - Under Secretary (Construction Industry) Department of the Environment.
- Eric Sorensen - Under Secretary (Inner Cities) Department of the Environment.
- Norman Wakefield - (Chairman Working Party of Building Employers Confederation) Chairman and Chief Executive Y J Lovell (Holdings) PLC.
- Chief Executive
- Christopher Ledger - Shell UK



Sir Colin Corness
Chairman
Redland Plc
Redland House
Reigate
Surrey
RH2 OSJ

- 1 ..PS/ Mr Walbridge
- 2 ..PS/ Mr Trippier
- 3 ..PS/ Sir T Heiser
- 4 ..Mr Delafons
- 5 ..Mr Fretter
- 6 ..Mr Pelling
- ..Mr Parker
- ..Mrs Farnsey

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

14375
23 July 1987

Dear Sir

I was grateful to you and Mr Ledger for coming to see David Trippier and I, with our officials last Wednesday. Following our meeting I think it is important that we should establish more clearly the role that Phoenix can usefully play and in particular the circumstances in which urban regeneration grant may be payable.

In the press notice that the Department issued a year ago, I said that I welcomed the launch of Phoenix as a means of promoting private sector participation in urban regeneration. I confirm that I endorse this promotional role which I am sure can help to mobilise private sector interest and resources in tackling the enormous task of urban renewal.

It is, however, essential that Phoenix should operate and be recognised as a private sector led initiative and not as an agency of Government. It is important that it should be seen to be funded at both national and local level by the private sector and not be dependent in any way on Government finance. If its efforts are successful it should help to open up new opportunities for profitable private sector investment, and I would hope that the development and investment industries will continue to support it because it is seen to be doing useful work.

Phoenix itself, of course, is not a developer and therefore will not be eligible for Urban Regeneration Grant which is payable direct to the developer or group of developers undertaking particular projects. Nor should Phoenix be represented in any way as the channel for such Government funding, although Phoenix may be able to help developers in working up their projects and grant applications and in stimulating further interest in the development of the area.

I have looked carefully at the question of funding of feasibility studies, which you raised with me at our meeting. We are able to take account of such preparatory costs in deciding the grant required for both URG and UDG. But since the grant is payable to the developer, it must relate to costs incurred by the developer. Insofar as Phoenix undertakes part of that work in relation to a specific project or group of projects, it will need to make arrangements with the developers to reimburse its costs.

Where Phoenix undertakes the more exploratory type of feasibility study, before any specific projects or developers have been identified, it will need to draw primarily on its own sources of funds. The Department may be able to make a contribution to such expenditure in one of two ways:

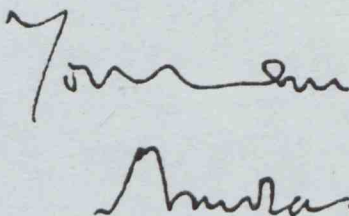
First, by taking account of that expenditure retrospectively if the work leads to a successful grant application and the developer meets part or all of the costs that Phoenix has incurred.

Second, exceptionally, by making a contribution direct to Phoenix in commissioning such work. But in that case it will be essential to agree beforehand the scope and objectives of the study and the estimated cost, before any work is undertaken or liabilities incurred: necessarily the normal requirements as to financial control, competitive selection of consultants and payment of accounts etc must be met.

As regards the commitment to contribute up to £40,000 to the initial feasibility study, there has never been any question of withdrawing from that agreement. It is, however, the first time that such a payment has been offered to a private sector body of this kind and there are no specific powers enabling such payments to be made. It has to be a charge to our Administration Vote as a 'consultancy' and for that purpose it has to be properly validated. This is what has caused the difficulty but I have given instructions for it to be settled as soon as possible.

I am sorry if you feel that these requirements are bureaucratic, but the fact is that there are strict rules about the use of public funds and accounting for monies voted by Parliament. We are subject to audit like anybody else.

However I hope this makes the position clear and that Phoenix will be able to continue its work of promoting redevelopment of the Cities.



NICHOLAS RIDLEY

REF POL: Inner Cities Pt 10



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File *SK*
MR. HARTLEY BOOTH

I have spoken to Mr. Ridley's Private Secretary, Mr. Robin Young, about the Phoenix Initiative. As a result, I think that the best way of progressing matters is for me to send the letter attached to the department, trying to smoke out from them what the position is. I have not, at this stage, sent them copies of the two Phoenix papers, headed "Progress to Date" and "Minimum Requirements" because I fear that anyone hostile to the Initiative in the DOE could find 'technical reasons' why the Initiative cannot have what it wants.

I have asked Mr. Addison, in my absence, to keep a close eye on this.

N. L. WICKS

6 August 1987

SL3AWZ

THE PHOENIX INITIATIVE
MINIMUM REQUIREMENTS

CF 10
Nigel W. has written
to Robin Younger. To
await RY's reply. MWA/JP

1. We need renewed, specific agreement to our terms of reference, ie. that the Department supports the setting up of local Phoenix organisations and that senior officials at regional level will be encouraged to actively participate in them.
2. A general attitude of support and a defined, preferential route to enable the Initiative to smoothe the path for government funding across the whole spectrum - not just from the Department of the Environment.
3. Agreement to local Phoenix organisations approaching local authorities for revenue support through the urban programme (the Department meets 75% of UP expenditure). Naturally it is accepted that most of the revenue costs of local organisations will be covered by private sector fund raising activities and secondments.
4. Exceptionally, that the Department will consider direct revenue support to local partnership organisations where the local authority refuses to co-operate, but only where the application is supported by the regional office.
5. Agreement to the inclusion of the costs of assembling URG packages in the URG application. Payment of such costs via the developer to be conditional inter alia on the success of the application, otherwise such costs to be met from the local Phoenix's private resources.

Most of the above may not be ruled out by Mr Ridley's letter, but we must have unambiguous agreement from Ministers.

THE PHOENIX INITIATIVE

PROGRESS TO DATE

Phoenix is a non-profit making company
limited by guarantee

Chairman - Sir Colin Corness (BMP & Redland)

Chief Executive - Christopher Ledger (Shell)

Founded 1.9.86

1	2	3	4	5	6
What was happening before	Phoenix areas	Present position	Contractors involved	What Phoenix needs from Government	Comments
<u>Manchester</u>					
G-Mex rehab. completed. Redevelopment of the Refuge building under consideration.	Whitworth St. Corridor (34 acres).	URG application submitted and under assessment by the DOE. £17.5m grant. £46m private investment - grant request for negotiation. This application and the re-establishment of confidence has led to other privately funded schemes coming forward.	12 developers / builders including Wimpey, Bellway & Norwest Holst (see annex).	Rapid processing of URG application.	The Whitworth St. scheme is the largest privately led area renewal scheme in the country. Manchester Phoenix has raised £95,000 from the private sector to date with more to follow. It awaits a further £40,000 promised from the DOE to fund its consultants and running costs.

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The Piccadilly village canal basin site (25 acres).

Provisional application is under discussion with the Department.

Balfour Beattie & AMEC amongst others have shown interest in the site. Discussions are continuing to obtain the best deal.

Gaythorne gasworks site (15 acres).

Owners brought together by Phoenix. Discussions with developers continuing.

Salford

Council-led renewal of Manchester docks (now Salford Quays) begun.

Nothing.

Lower Kersal (15 acres). Rehab. of 9 deck access blocks for students and others.

The Council strongly support Salford Phoenix's marketing role. They now wish to collaborate on area renewal schemes using URG.

The Lower Kersal scheme will involve approx. £6.5m of private sector investment.

Salford Phoenix has approached by all the major contractors including Wimpey, Laing and Tarmac who are very interested.

£300,000 government grant required to cover the cost of demolishing 3 wrecked deck access blocks.

The Salford Phoenix is concentrating on local contractors as far as possible.

Tremendous goodwill has been engendered locally.

Phoenix are using P.R.O.B.E. because the Initiative is housing-led.

Mr Trippier was briefed last Monday by the Chairman.

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Nothing.

Cawdor Street.
Acme Mill.
(7 acres
in total).
Both sites to
be used for
private
housing.

No grant
required at
this stage.

Nothing.

Managed
workshops,
Kent Street.

Potential
operator to
be interviewed
next week.

A major
charity (the
Mountbatten
Trust) has
now decided
to locate
in Salford as
a result of
Phoenix's
activities.

Bristol

Redevelopment
of Bristol
docks begun.

City docks,
Sth Bristol,
Templemeads,
Avonmouth
and Portbury.

Great local
interest. G
McWatters,
Chairman of
HTV has agreed
to serve as
chairman of
Bristol
Phoenix.
Consultants
comissioned
to provide
overview of
development
potential
in specified
areas. 1st
Board Meeting
in September.

ETPG are
acting as
our
consultants.
They have
been privately
funded.

BEC are
providing
accommodation
& secretarial
facilities.

Keen initial
support from
local banks
and building
societies.

Nothing as
yet. Bristol
may be able
to fund all
its
activities
through the
private
sector.

Bristol Council
when presented
with a united
front from
the private
sector, have
offered their
help.

Their officers
are currently
working with
our
consultants.

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The Wirral

Nothing.

Firstly New Brighton, then Birkenhead.

Strong support from Lynda Chalker, the Council and the Chamber of Commerce.

Alf Gibb,

of

Marconi UWS has agreed to serve as Chairman of the Wirral Phoenix.

The Merseyside Task Force are endeavouring to find a Chief Executive from the private sector.

L & R Leisure Consultants - the country's leading firm in this field has done preliminary work for Phoenix on tourism issues.

Nothing yet. Some grant may be necessary to cover the cost of feasibility studies.

Great enthusiasm has been generated locally in the press.

The Council and local firms like Marconi and Cammell Laird are keen to participate.

The Initiative will start by trying to revive tourism in the Wirral area - particularly - New Brighton.

In addition to these major areas, Phoenix has had discussions with local authorities and private sector interests throughout the country. There has been a considerable change in the attitude of left-wing councils towards participation with the private sector over the past few months, coupled with many declarations of trust and support in Phoenix and its independent, catalytic role. In Phoenix's view there is every chance of establishing effective public/private partnerships in many areas, the most promising so far being Wolverhampton, Coventry and Sheffield.

THE MANCHESTER PHOENIX

<u>Scheme No</u> <u>See Plan</u>	<u>Scheme Name</u>	<u>Developer</u>	<u>Outputs</u>	<u>Total£M</u> <u>Investment</u>	<u>Private</u>	<u>Public</u>	<u>Gearing</u>	<u>Remarks</u>
1.	Trafford Street	Moorhouses	*Public House & Wine Bar	Figures awaited				
2.	Albion Wharf	ICE	*8700 sq ft showroom/offices 11000 sq ft Restaurant/studios	1.56	1.1	.46	1:24	
3.	8-12 Chepstow St	Bellway Urban Renewals Ltd	*150 study bedrooms	2.6	1.73	.87	1:2	Assumes Licence Agreement with City for VAT
3.	Havelock Mill	Bellway Urban Renewals Ltd	*90 Flats, Public House 9700 sq ft commercial	3.7	2.45	1.25	1:1.96	
4.	101 Princess St	Fact Focus	*42000 sq ft refurbished offices to let	2.0	1.2	.80		[These two schemes essentially by [same developer "If we get help [with Princess St, will proceed [Palace" Hotel operator identified [(Novotel Group)
4.	Palace Hotel	Oakland House Developments	*136 bedrooms 3 Star Hotel + 3 shops	5.05	5.05	-	1:66	
5.	Refuge Centre (Commercial)	Scorefell (+ Partners)	*48800 sq ft offices, 16000 sq ft studios 9700 sq.ft. banqueting	4.78	3.18	1.6	1:98	
5.	The Refuge (Concert Hall)	Scorefell (+ Partners)	*2300 seat Concert Hall	22.39	13.39	9.0	1:1.48	
6.	Lancaster House	Norwest Holst	*81600 sq.ft. offices	4.55	3.06	1.49	1:2	
6.	Bridgewater House	Norwest Holst	*Refurbishment of remaining 50000 sq.ft.	.25	.25	-		
7.	Royal Bank 65/66 Whitworth St	Royal Bank of Scotland	*Refurbished Bank Hall *Ditto Three upper floors	1.00	1.00	-		
8.	Central House	Charles Topham Developments	*72 flats	2.17	1.58	.59	1:27	
9.	The Doge	Petros/CIS		Figures awaited				
10.	Granby Village	Wimpey Homes	*178 flats 44000 sq.ft. offices 11000 sq.ft. retail	16.52	11.29	5.23	1:2.15	
11.	Dominion House	Coralwood (+ Partners)	*26000 sq.ft. offices	1.00	.75	.25	1:3	
12.	Asia House	AMEC		Figures awaited				
				<u>67.57</u>	<u>46.03</u>	<u>21.54</u>	<u>1:2.14</u>	

The assistance is sought in the form of an outright Grant.

CASCO

EXTRACTS

FROM

SPEECH

FOR

SECRETARY OF STATE

FOR THE

BMP LUNCH

ON

22 APRIL 1987

... FOR
EXAMPLE, WHEN YOU TOOK THE LEADERSHIP OF
BMP'S PHOENIX INITIATIVE YOU DID NOT SEEK THE
EASY WAY OUT BY ASKING FOR MASSIVE GOVERNMENT
FUNDING, BUT ASSUMED THE FINANCIAL AND THE
LEADERSHIP ROLE YOURSELF. AS A RESULT, YOU
NOW HAVE AN EFFECTIVE AND LARGELY
SELF-RELIANT VENTURE. YOU KNOW THE
GOVERNMENT'S COMMITMENT TO URBAN RENEWAL, AND
I COMMEND YOU FOR YOUR PERCEPTION IN SEEING
THAT OUR URBAN DERELICTION IS NOT ONLY A
PROBLEM BUT ALSO AN OPPORTUNITY FOR THE
CONSTRUCTION INDUSTRY. . .

... THIS PATRONISING ATTITUDE ONLY RESULTS
IN A HIGH LEVEL OF USER DISSATISFACTION.
THAT IS ALSO WHY IT WAS SO RIGHT THAT PHOENIX
SHOULD HAVE BEEN A PRIVATE SECTOR INITIATIVE.

SO AS 'GREEN FIELDS' GO UP IN PRICE, 'BROWN FIELDS' BECOME MORE ATTRACTIVE. THAT MEANS THAT THE INCENTIVES TO INVEST ON THE 'BROWN FIELDS' ARE IMPROVING ALL THE TIME AND WILL CONTINUE TO IMPROVE. LAST YEAR 47% OF ALL DEVELOPMENT TOOK PLACE ON RECYCLED OR ERSTWHILE DERELICT LAND. I AM EXPECTING THIS YEAR'S FIGURES SHORTLY AND I HOPE THEY WILL BE AT LEAST AS ENCOURAGING, IF NOT MORE. . .

THAT IS WHY PHOENIX MAY HAVE MORE POTENTIAL THAN EVEN YOU THOUGHT, SIR COLIN, WHEN YOU UNDERTOOK TO LEAD IT.

SO I SALUTE SIR COLIN'S VERY SUCCESSFUL PERIOD AS PRESIDENT AND HIS PIONEERING ACHIEVEMENT IN LAUNCHING THE PHOENIX INITIATIVE.

30 JUL 1986

GOVERNMENT WELCOME FOR PHOENIX INITIATIVE

Nicholas Ridley today welcomed the launching of the Phoenix initiative, which will promote private sector participation in urban regeneration.

He said:

"John Patten and I strongly support this initiative by Sir Colin Corness and his colleagues. The positive involvement of the private sector in the task of regenerating and improving our cities is at the heart of the Government's policies to tackle these deep-seated problems.

The policy instruments that we have developed over the last 7 years - Enterprise Zones, Urban Development Grant, Urban Development Corporations, and the proposed Urban Regeneration Grant have as their central purpose stimulating and supporting private sector investment in hard pressed urban areas.

Much has been achieved. Much remains to be done. There is immense scope for Phoenix to draw together the practical aspects and promotion of private investment, working in partnership with local authorities and other local agencies. I wish Phoenix every success."

John Patten, Minister for Housing, Urban Affairs and Construction, will keep closely in touch with Phoenix. The Department will be represented at official level on a Steering Group.

Ka

Urban regeneration project launched

BY ROBIN PAULEY

THE Phoenix Initiative to stimulate urban regeneration was formally launched with Government moral but not financial support yesterday under the chairmanship of Sir Colin Corness, chairman of Redland and president of the National Council of Building Material Producers.

Sir Nigel Brookes, chairman of Trafalgar House, was involved in the planning of the project and was expected to be

its first chairman with Sir Colin as deputy chairman. The fact that neither Sir Nigel nor Trafalgar House now appear among the sponsoring board led to some speculation that he has withdrawn because of the refusal of the Government to inject any financial support.

The group has reverted to its planning title of Phoenix rather than the later idea of calling itself the National Task Force which would have confused it

with the Government's inner city task forces among the plethora of organisations now involved directly or indirectly with urban regeneration.

The Phoenix hopes to promote public and private enterprise in urban renewal and to be the focus of private sector advice to ministers on urban regeneration. It also hopes to become the vehicle for the Government's new urban regeneration grants.

FT 31/7/86

Urban Phoenix rises from the ashes

Phoenix, the much heralded private sector development body has finally been given life with the creation of a permanent body to promote private/public sector initiatives.

Chris Ledger, a senior executive at Shell UK, has been seconded as chief executive for the Initiative, which is based at St Katherine's Dock in London.

He will head a team that will advise local authorities, developers and the Department of the Environment, as well as draw together and co-operate with pri-

mate sector initiatives already underway.

The Initiative is a non party body which intends to work with local authorities using their land assembly powers on specific projects, promote initiatives under the new Housing and Planning Bill, and utilise the grant system.

Chairman of the Initiative's sponsoring board is Sir Colin Corness, chairman of Redland plc and president of the National Council of Building Material Producers, whose vice president Bryan Baker, the group

MD of Tarmac plc, is also a board member.

Other board members are John Brown, president of the British Property Federation and MD of Peachey Property Corporation and Norman Wakefield, chairman of the

working party of Building Employers Confederation and the Chairman and chief executive of Y.J. Lovell (Holdings) plc.

The creation of the new body has been welcomed by the Building Employers Confederation.

Action on city revival

By Christopher Warman
Property Correspondent

An initiative to stimulate the regeneration of Britain's cities by promoting public and private enterprise in urban renewal was launched yesterday with the full support of the Department of the Environment.

This private sector move, called the Phoenix Initiative, will also provide a focus of private sector advice to ministers on urban regeneration.

The announcement of the new venture came on a day when figures revealed that building firms in the South were reporting promising order books while firms in the North were at a low ebb.

The sponsoring board of the Phoenix Initiative, under the chairmanship of Sir Colin Corness, president of the National Council of Building Material Producers, aims to promote activity and enthusiasm at a local level, put together schemes and involve local authorities and developers. It will have a representative from the department and leaders from other fields.

It takes as one of its blueprints for action the report *The Phoenix Partnership - Urban regeneration for the 21st century*, published by the National Council of Building Material Producers, which advocates a partnership between public and private sectors, a nationwide programme of urban development action grants and the setting up of urban development corporations on the lines of the London Docklands Development Corporation where necessary.

TIMES 31/7/86

Phoenix takes off

A private sector initiative to stimulate urban regeneration was launched last week.

The announcement came from the National Council of Building Material Producers whose report *The Phoenix Partnership: Urban regeneration for the 21st century*, published last October, is one of the blueprints for action.

The aim is to promote activity

and enthusiasm at local level, help put together schemes and encourage initiatives and advise and stimulate local authorities and developers. It is intended to draw together private sector initiatives already underway and advise the Department of the Environment on the practical aspects of the private sector's involvement in urban regeneration.

Construction News 8/8/86

Press Release



30th July 1986
1625/80

For immediate release

THE PHOENIX INITIATIVE

A Private Sector Initiative for the Inner Cities

A new initiative to stimulate urban regeneration is launched today. Called the Phoenix Initiative its aim will be to promote public and private enterprise in urban renewal and regeneration and to provide a focus of Private Sector advice to Ministers on Urban Regeneration.

The Initiative, with a Sponsoring Board under the Chairmanship of Sir Colin Corness and drawn from a broad spectrum of the public and private sectors, will promote activity and enthusiasm at a local level, help put together schemes and encourage initiatives. It will seek to advise and stimulate local authorities and developers. It will draw together and cooperate with the Private Sector initiatives already underway and will be a prime source of advice to the Department of the Environment on the practical aspects of the Private Sector's involvement in urban regeneration.

Phoenix will work closely with the Department of the Environment, which will be represented on the Sponsoring Board. The Initiative also has the enthusiastic support of a broad spectrum of the private sector as well as of public bodies. A Senior Executive from Shell UK, Christopher Ledger, is being seconded as Chief Executive.

Taking as one of its blueprints for action the report "The Phoenix Partnership - Urban Regeneration for the 21st Century" published by the National Council of Building Material Producers, The Phoenix Initiative will be looking to work with the full spectrum of national and local political parties and aim to bring together public and private resources for urban projects. There are already many exciting, effective schemes underway in the inner cities and The Initiative will not displace these - rather it will seek to support, advise and enhance them.

The Phoenix Initiative is non-party and will work with individual local authorities, economic and social groups of whatever political persuasion as well as with Government Departments. In particular, it will work in partnership with individual local authorities using their land assembly powers where required on specific projects.

It will promote the initiatives proposed under the new Housing and Planning Bill and use the existing and proposed grant system. In addition, it will study the present arrangements on funding, land assembly and other matters.

The Phoenix Initiative will be based at St Katherine's Dock, itself a prime example of what can be achieved by imaginative planning, co-operation and private sector finance.

Notes for Editors

1. Further copies of 'The Phoenix Partnership - Urban Regeneration for the 21st Century' can be obtained from Sandra Brenner at BMP (01-222 5315)
2. For further information
Sandra Brenner - 01-222-5315
Chris Ledger - 01-257-3368

Attached is a list of the members of the Sponsoring Board.

THE PHOENIX INITIATIVE

THE SPONSORING BOARD

- Chairman: Sir Colin Corness - (President National Council of Building Material Producers) Chairman Redland PLC.
- Bryan Baker - (Vice President National Council of Building Material Producers) Group Managing Director Tarmac PLC.
- John Brown - (President British Property Federation) Managing Director Peachey Property Corporation.
- Patrick Dawney - (Member Urban Investment Review Group) Director Morgan Grenfell & Co Ltd.
- Tim Melville-Ross - (Chairman Urban Investment Review Group) Chief Executive Nationwide Building Society.
- Tony Pelling - Under Secretary (Construction Industry) Department of the Environment.
- Eric Sorensen - Under Secretary (Inner Cities) Department of the Environment.
- Norman Wakefield - (Chairman Working Party of Building Employers Confederation) Chairman and Chief Executive Y J Lovell (Holdings) PLC.
- Chief Executive
- Christopher Ledger - Shell UK

WIRRAL News

Wallasey Edition

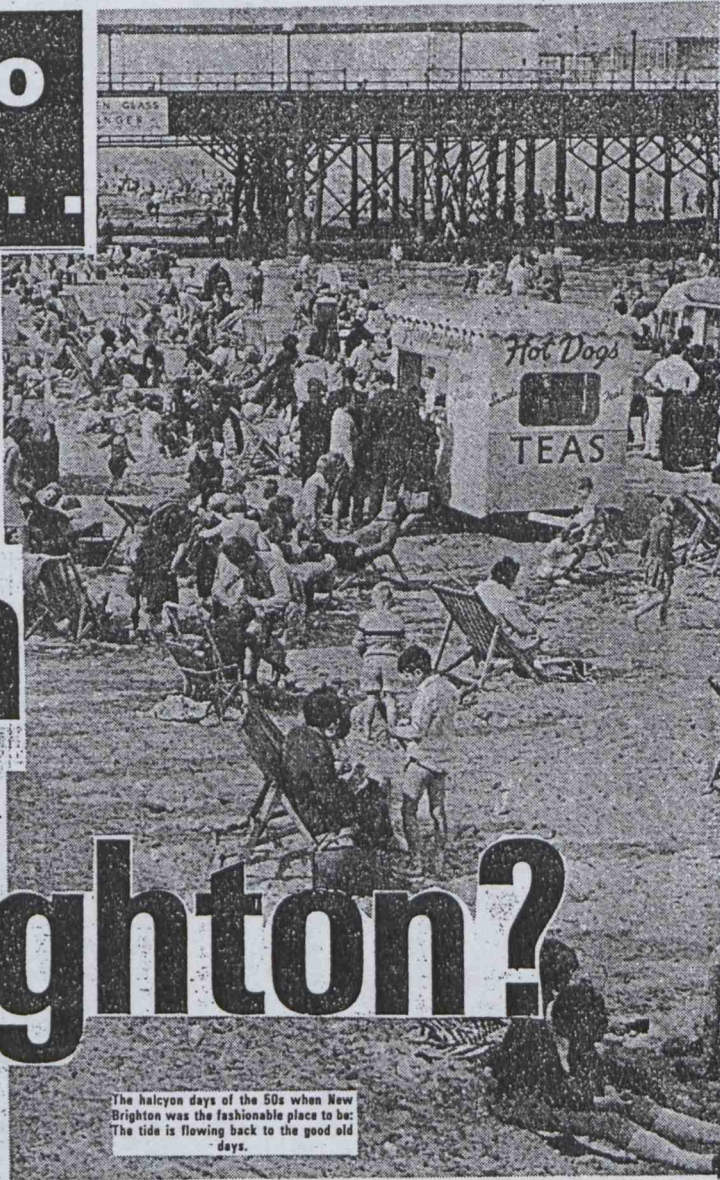
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Ashes of decay to spawn new life . . .

Phoenix to rise in New Brighton?



The halcyon days of the 50s when New Brighton was the fashionable place to be: The tide is flowing back to the good old days.

THE PHOENIX is set to rise from the ashes of New Brighton's decay. A dome on New Brighton pool, the return of the New Brighton ferry and a

steam train link with Seacombe are all being considered as part of one of the most far-reaching initiatives to boost the return of the New Brighton. With the Anton plan,

which proposed a multi-million-pound leisure complex on the seafont, being tipped as having bit the dust, Wallasey MP Lynda Chalker believes that a partnership of the council, businessmen and local people is the only way to bring back the halcyon days when thousands of trippers brought prosperity to the resort. She has persuaded the national Phoenix Association, which has been highly successful in boosting other areas of Britain, to set up a think tank. Continued on page 2



Photo: Creative Photography. The sand's coming back! Bill Wilkie relives Wallasey's heyday as the sand builds up in New Brighton.

See Grand Prix!

Fifteen lucky News readers and their partners will be going to the British Motorcycle Grand Prix — the top bike event in the country — courtesy of Wirral News.

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Turn to the first page of our motoring section to find out how you could be on your way to a fabulous free day out at the Grand Prix.

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06 JUL 1987

Times

Partnerships that build cities

by David Trippier

Nobody believes that there is an overnight solution to the problems of inner-urban areas. What is depressing for someone who comes from the north of what is erroneously described as the "north-south divide", is that all too often rhetoric gets in the way of co-operation, and genuine opportunities for growth and enterprise are rejected.

I do believe that the government has not been given sufficient credit for the policies of practical caring that have been put into effect over the past eight years. Since 1979 more than £3,500 million has been invested in urban areas through the inner-city programmes. This includes over £400 million in public expenditure in London and Merseyside docklands, leading to private investment commitments of £2,200 million. This is not just throwing money at the problem; it is directly creating jobs, improving the environment and rebuilding communities.

We have achieved what amounts to a revolution in housing since 1979. A dramatic increase in home ownership has created a sense of belonging and pride in local communities. And the Queen's Speech raised the curtain on further radical mea-

asures to restore tenant choice and improve urban housing.

There has also been a remarkable recovery by the construction industry from the difficult days of the early 1980s. Output has increased for five successive years and forecasters are now pointing to the growth continuing until at least the end of the decade.

We look to the private sector to play a major role in the regeneration of inner-cities. There is a particularly important part for the construction industry to play in helping to identify areas of potential, using its expertise in partnership with others to bring development to fruition.

Partnership is very much the key to success. I have been very encouraged by the co-operation with the building societies and other financial institutions typified by the Phoenix Initiative, led by Sir Colin Corness and the Building Materials Producers, which has the support of the Building Employers Confederation and is putting together some exciting development projects in the north-west and elsewhere.

Whitehall-watchers seem baffled by the fact that more than one

government department takes an interest in urban policy. This should not be so baffling to the residents of our inner-cities because for them it is all too evident that urban problems have to be tackled on a variety of fronts: housing, jobs, the environment, education, health and law and order are all vital components in the "inner-city problem".

Confrontation makes for good copy. But talk of by-passing local authorities can sometimes obscure the fact that behind the smoke-screen of rhetoric there is a great deal of co-operation between central and local government. Where local authorities are prepared to work with the grain of government policy there are exciting opportunities for joint projects. Through Urban Development Grant, for example, which involves a 25 per cent contribution by local authorities, capital development projects will create over 25,000 permanent jobs, involving 15,000 man-years of construction and the re-use of 1,000 acres of urban land.

The sad thing is that whereas authorities like Birmingham, Nottingham and Oldham have made excellent use of Urban Develop-

ment Grant other areas in which the same potential exists have slammed the door on the chance of bringing substantial prosperity to local residents. Those authorities should have it on their conscience that they have wilfully destroyed potential investment or diverted it elsewhere.

This year we have set up five new Urban Development Corporations, in Trafford Park, Tyne and Wear, the Black Country, Teesside and Cardiff Bay. These new UDCs will spend over £500 million in public money in the next six to seven years, renewing the infrastructure of their areas, reclaiming land, renovating buildings, creating new job opportunities and, most important of all, attracting private capital, to create self-sustaining growth.

None of the local authorities in these areas have opposed the creation of UDCs and most have welcomed them. Partly this is through the natural inclination not to look a gift-horse in the mouth, but it also represents a more significant development: the realization that the right culture has to be created for industry and commerce to flourish.

The author is Under-Secretary of State at the Department of the Environment.

EXTRACTS FROM

SPEECH FOR

DAVID TRIPPIER RD JP MP

PARLIAMENTARY UNDER SECRETARY OF STATE

AT THE

UK/USA CONFERENCE ON PARTNERSHIPS

IN URBAN REGENERATION

ON

30 JUNE 1987

ON ELECTION NIGHT THE PRIME MINISTER SINGLED OUT INNER CITIES AS A PRIORITY FOR ACTION DURING THE LIFE OF THIS PARLIAMENT. I WAS THEREFORE PARTICULARLY PLEASED TO INHERIT THE INVITATION TO OPEN THIS CONFERENCE FROM JOHN PATTEN. NO ONE CAN DOUBT THE URGENCY OF THE PROBLEM. THIS GOVERNMENT IS COMMITTED TO TACKLING IT. . .

WE CANNOT DO THIS ALONE. WE BELIEVE THAT THE PROPER ROLE OF CENTRAL AND LOCAL GOVERNMENT IS CREATING THE CONDITIONS WHERE THE PRIVATE SECTOR IS EAGER TO ENGAGE IN REGENERATION.

THE PRIVATE SECTOR HAS SHOWN ITS WILLINGNESS TO RESPOND. THE CONTRIBUTION OF THE CONSTRUCTION INDUSTRY HAS BEEN ESPECIALLY HEARTENING. OUTPUT HAS SEEN A REMARKABLE RECOVERY. IT HAS INCREASED FOR FIVE SUCCESSIVE YEARS AND THE TREND IS SET TO CONTINUE. THIS MUST IN PART REFLECT THE ENERGY WITH WHICH THE INDUSTRY HAS BEEN SEEKING OUT NEW OPPORTUNITIES IN THE INNER CITIES. I PARTICULARLY WELCOME THE ESTABLISHMENT BY MANY CONSTRUCTION FIRMS OF SPECIALIST URBAN RENEWAL SUBSIDIARIES.

THE TIMES TUESDAY APRIL 21 1987

Face-lifts for inner cities start this year

By Richard Evans
Political Correspondent

A multi-million pound American-style partnership between the Government and the private sector, aimed at tackling dereliction in Britain's inner cities, will begin work after the general election.

After two years of talks between ministers and leading construction firms, three consortia have been formed with the aim of regenerating the nation's most run down areas.

With the help of "pump-priming" grants, the trio are expected to start work this year on building thousands of homes, factories and retail

centres in Manchester, Sheffield, Nottingham, Leicester and the West Midlands.

The next phase of the Government's urban policy, mapped out by Mr John Patten, Minister for Housing, Urban Affairs and Construction, is based on the successful United States experiment which brought private companies and the government together to work closely on inner city projects.

British construction firms were initially cautious about becoming involved in developing some of the most run down sites, mainly because of doubts over the financial return. But those reservations

appear to have evaporated and the companies are hoping for substantial profits.

Ministers believe their attitude represents a growing indication of confidence in the state of the economy. Wood MacKenzie, the leading construction industry stockbrokers and forecasters, recently suggested a 5 per cent growth rate in the construction industry during the next year.

The three consortia formed to redevelop inner city sites are Phoenix Partnership, led by Sir Colin Corness, chairman of Redland; PROBE, led by Mr Norman Wakefield, chairman of Y J Lovell; and the Group of Eleven, which consists of Britain's biggest

construction companies with leading figures including Mr Clifford Chetwood, chairman of Wimpey, and Mr Philip Beck, chairman of Mowlem.

At least two of the consortia are known to have applied for urban regeneration cash which is expected to be granted shortly and work is likely to start by the end of the year.

Mr Patten said yesterday: "The Government is looking increasingly to the private sector to take a lead in the development of inner city areas with the Government providing the framework and pump-priming money.

"This is something I have been working on for the past 18 months, in order to try to

bring the construction industry and the Government Urban Policy much closer together".

A recent survey disclosed the only age group not moving out of the inner cities is the 18-24 category and ministers believe this will help bring economic success back to such areas.

Mr Patten added: "Housing-led regeneration of our inner cities is critical, and the young are going to play a vital role in their social and political regeneration.

"At the moment the inner cities are still losing their brightest and their best and we hope this partnership will turn the tide."

Re. PRIVATE SECTOR INVOLVEMENT

PRESS CUTTINGS

977
3451

Cities drive crosses Whitehall boundaries

THE INNER CITIES

By Helen Hague

THE GOVERNMENT'S drive to regenerate the inner-cities is a key part of its thrust to counter charges that Tory rule has divided Britain.

The task of tackling decay, encouraging investment and increasing employment and enterprise has been given high priority in the wake of the election victory. The declared aim is to achieve a wider partnership between the public and private sectors, and target spending more accurately on those needing help.

The heavily trailed strategy, outlined in the Queen's Speech, involves one of the most complex inter-departmental challenges to face Whitehall. Margaret Thatcher is chairing regular meetings of ministers charged with revitalising the inner cities.

Inter-departmental jockeying for taking the lead in the high profile drive has already surfaced. Lord Young, taking his crusade for "enterprise culture" from the Department of Employment to the Department of Trade and Industry, has been swift to champion self-help as the key for revival. The small-budget cross-department Task Forces, expanded to 16 before the election, and the enterprise and deregulation unit come within his remit.

But the Nicholas Ridley, Secretary of State for Environment, has by far the largest budget for urban renewal — around £500m a year. An increase in the number of urban development Corporations, to tackle severe dereliction and other disincentives to investment, is to be discussed. His department will shoulder responsibility for three key areas where planned legislation will have a major impact on the inner cities: housing; rates reform; and local government.

There is expected to be continued conflict between Mr Ridley and Kenneth Clarke, at the Department of Trade, who backs plans to have a fixed number of local people employed by firms given contracts in the inner cities. The Home Office, with one eye on the recent Leeds disturbances, pushing its crime prevention drive, is likely to support Mr Clarke.

One of the biggest tasks facing the Government will be bypassing Labour-controlled local authorities, which it claims have helped drive out businesses by setting high rates.

David Blunkett, Labour MP for Brightside, voiced local authority criticism yesterday, saying the Government's plans would fail "because they are based on the false premise that all the problems of the inner cities are the fault of local government".

Radical legislation, on housing, education, rates and local government, will help the Government enact its inner cities strategy. But, in the face of local authority opposition, ministerial co-ordination will be needed to attract enterpenuers and investors back into urban wastelands.

DoE cash may go to private schemes

By David Hencke

Mr Nicholas Ridley, the Environment Secretary, is preparing to redirect his department's £75 million a year council estate rehabilitation programme to homes which could be privatised, under new legislation to be introduced by the Government.

The scheme known as the Estates Action Programme, channels cash into the inner cities to rebuild and improve rundown estates where councils find it difficult to let homes to tenants.

The programme is backed up by cash from the ministry's urban programme and the Manpower Services Commission. It provides training for the unemployed, in improving the environment of the estates, as well as jobs for building contractors renovating the council homes.

Decisions to improve an estate are made by the Department of the Environment on the basis of bids submitted by local councils. So far this year exactly half the money has been allocated to councils, and the rest is not due to be allocated until next year.

It is understood that in future allocations of money will be directed to schemes where council tenants will be encouraged to choose private landlords to run their estates. In some cases, the estates could even be sold after redevelopment has taken place without reletting to tenants, as has occurred in the Conservative-controlled London borough of Wandsworth.

The move is in line with the latest government thinking of bringing back private enterprise into the inner cities and encouraging home ownership and a private rented sector alongside council houses.

The Department of the Environment has been advised that conditions on rundown estates are so appalling, and potential rents so low, that no private landlord would be interested unless the property were substantially renovated.

Since control of the Estates Action Programme is entirely in the hands of the D of E it would be an easy matter to redirect money to estates which could change hands once the new legislation is through the House of Commons next summer.

The new legislation will allow council tenants to opt of local authority control by voting to hand their estate over to a private landlord or turn it into a tenants co-operative.

INDEPENDENT

26 JUNE 1987

GUARDIAN

Maggie seeks big business allies to stop inner city rot

MRS THATCHER will chair a summit of Ministers this week to hammer out plans to win millions of pounds of private money to rescue Britain's decaying city centres.

The inner cities team, including Ministers for the Environment, Employment, Trade and the Home Office, will decide exactly how much the Government will chip in to stop the rot.

But business will be expected to contribute the lion's share — possibly up to four times the Government's slice.

Regenerating the urban wastelands is top of the Prime Minister's list for action over the next 18 months. Thursday's Queen's Speech will include a hefty programme of legislation aimed at turning the tide of dereliction.

Environment Minister David Trippier said during a visit to Liverpool yesterday that priorities would be to encourage small business to flourish and to provide incentives for bigger companies to stay in the inner cities. But he also indicated that the Government would be looking for a massive injection of cash from the private sector.

Public money had to be used to its best advantage, he said.

Environment Secretary Nicholas Ridley will spearhead the bid to revitalise the inner cities with a massive programme of new incentives.

A Bill is expected to stop city councils blocking tenants who want to take over the running of their own council estates. Legislation is also planned to open up the rented sector of the property market, while the Government will also push ahead with plans to scrap the rating system and replace it with a community charge.

Schools will be given the right to opt out of local education authority control and run themselves with direct help from the Government.

Mrs Thatcher is determined to push through the radical programme within the first couple of years of her new government. The aim is to show the largely Labour-dominated inner cities that a Tory Government is committed to reviving areas hit by the recession.

By NICK ASSINDER

INDEPENDENT
1 JULY 1987

Partnership plan for inner cities

By Our Labour Staff

MAJOR CHANGES in the fortunes of run-down urban areas can be expected in the lifetime of the new Parliament, David Trippier, the Department of Environment's minister for inner cities, predicted yesterday.

Creating the conditions in which enterprise can flourish is a government priority, he told a conference on Partnerships in Urban Regeneration.

In his first speech since taking office, Mr Trippier said: "We intend to sweep away the obstacles to development and give inner city residents the opportunity to enjoy the prosperity which is being created. Our vision is of towns and cities where those with enterprise and initiative wish to live."

He said the Government would seek direct partnership with the private sector to revitalise inner city areas where local authorities did not encourage such initiatives.

New and growing businesses had avoided areas of "high rates, drab public sector housing, poor schools and in far too many cases, incompetent and downright loony local governments."

He announced help for selected local authorities to get Urban Development Grant funds. Those eligible would be offered expert advice. Miniature Urban Development Corporations would also be set up.

DAILY MAIL
23 JUN 1987

FINANCIAL TIMES

Key role seen for private cash in inner cities

BY PETER RIDDELL, POLITICAL EDITOR

THE SPECIAL Cabinet committee co-ordinating Government efforts to help the inner cities agreed that a key objective would be maximising the amount of private money for every pound of public investment at its first meeting yesterday.

Mrs Thatcher is concerned to produce self-generating development involving local people and businesses and the private sector.

There is no present commitment to channel more money to the inner cities. Government officials argue it is mainly a matter of obtaining better value for money and to redistribute existing resources than spending more. However, some departmental ministers are pressing for more money for inner city projects.

The committee, chaired by the Prime Minister, will act as a steering and co-ordinating group setting overall priorities,

with specific decisions being taken by existing committees and groups of ministers and officials.

The intention is to provide a more specific look at the problems of inner cities than under the existing structure of Cabinet (E) committees.

The co-ordinating role will be performed by the Cabinet Office, as with European Community matters, and will report directly to Mrs Thatcher as chairman of the committee. The Cabinet Office secretariat is preparing another paper on possible solutions after yesterday's strategic look at the subject.

An indication of the Government's thinking was given last night by Mr Nicholas Ridley, the Environment Secretary, at a political dinner in London. He said that traditional ideas of a partnership between central and local government did

not work in some areas because of the leftward drift of the Labour Party.

More money for councils might be wasted and what was needed was "more direct and targeted initiatives", he said, citing urban development corporations and Housing Action Trusts. He said the aim was to give to "local private enterprise and local people both the tools to rebuild that prosperity in our inner cities which they created there in the first place, and the freedom to get on with the job".

The Department of Trade and Industry's function will be limited to its existing inter-departmental role of co-ordinating the City Action Teams and the 16 task forces, rather than any wider responsibilities.

The meeting was attended by ministers from the Home Office, the Scottish and Welsh Offices,



Margaret Thatcher: concern for self-generating development

the departments of Employment, Environment, Health and Social Security, and Education and Science, the two Cabinet ministers from the Department of Trade and Industry, the Chief Secretary to the Treasury, and the two parliamentary business managers, Lord Whitelaw and Mr John Wakeham.

GUARDIAN

Government plans to 'prime pump' for initiatives by industry and local communities

Tight rein on cash for inner cities

By John Carvel, Political Correspondent

Mrs Thatcher made it clear to Cabinet colleagues yesterday that she does not expect the inner cities policy, which is designed to be the showpiece of her third administration, to be a drain on the Exchequer.

The emphasis was on involving industry, commerce and local communities in urban regeneration. Government money would be used to prime the pump, but there would be no spending bonanza.

Mrs Thatcher was chairing the first meeting of her Cabinet's new committee on the inner cities. It is to be the focal point of the initiatives, and the Prime Minister's personal involvement is designed to prevent empire-building wars between the half-dozen ministries most closely involved.

A Cabinet Office unit has been set up, with staff seconded from Whitehall to dovetail the operation. The committee will

meet only as required. Mrs Thatcher told colleagues that she would not be starting her planned visits to inner city areas until the parliamentary recess, probably in September.

The big departments have yet to make their decisions about inner city spending bids to the Chief Secretary to the Treasury. Mr John Major, who is already warning that it will be a tough public expenditure round.

Mr Nicholas Ridley, the Environment Secretary, whose budget includes the lion's share of the present urban programme, will be looking for extra resources to fund new urban development corporations and housing initiatives, but he has yet to decide how far to absorb this by cuts elsewhere.

In the Commons, Mrs Thatcher and the Education Secretary, Mr Kenneth Baker, squashed Tory backbench calls for the Government to take over education funding from

local authorities to reduce the burden of the poll tax which ministers intend as a replacement for domestic rates.

Mrs Thatcher said: "I see no possibility of transferring the entire cost of a service to taxpayers and leaving its total administration to the local authorities. There is no way in which the Department of Education and Science can take over the administration of education. Nor, in fact, should it."

Mr Baker said: "I see massive difficulties in removing the costs of all, or a substantial part, of local education authority expenditure to my department."

If the cost of teachers' salaries were removed to his department from local authorities it would cost £3.9 billion. "It would distort the relationships between central and local government in education," he said. The money would have to be found from the national exchequer, causing an increase of 3p

on income tax or 3½ per cent on VAT.

The Labour leader, Mr Neil Kinnock, teased the Prime Minister about growing evidence of dissent over the poll tax within her own party. "In view of the strong hostility towards the poll tax from members of your own party in this House and diehard supporters outside, are you for turning?" he asked. Mrs Thatcher replied: "We have considered this matter very carefully. The present system is unfair and discredited."

© The inner cities minister, Mr David Trippier, announced in Leeds yesterday a government urban development grant of £343,000 to a project to convert a warehouse into a design centre of small workshops, studios and galleries in the Chapeltown area of the city, where there were disturbances last month.

Mr Trippier described the project, which is costing £362,000, as "imaginative and innovative." The centre brings

the total urban development grants in Leeds to £3,800,000, divided between 12 projects which have attracted another £12,800,000 of private or municipal investment.

Simon Beavis writes: Mr Michael Heseltine, the former Environment Secretary, yesterday welcomed the Government's new commitment to rebuilding the inner cities but warned it not to adopt a "minimalist" attitude.

Speaking to an audience of industrialists in London, he called for "public sector led, but private sector induced" incentives. Regeneration depended on creating an environment where people wanted to remain. "One thing that doesn't work in the inner cities is the idea that by helping individuals there to become self-employed, or to start their own businesses or to paint their houses, you somehow solve the problem," he said.

Leader comment, page 12

08 JUL 1987

DAILY TELEGRAPH

Key role for industry in inner cities

By Our Political Correspondent

THE ATTRACTION of private industry and investment back into the inner cities emerged yesterday as the central objective of the Prime Minister's new drive to end urban decay.

The first meeting of a special Cabinet committee on inner city renewal chaired by Mrs Thatcher, decided against ordering any massive new injection of State funds.

Ministers took the view that there is already substantial government assistance for the inner cities. The objective now was to maximise the involvement of private industry and commerce.

Top of agenda

The Cabinet committee was established after the election by Mrs Thatcher when she declared that inner city deprivation would be at the top of her agenda for her third term in power.

Its main members include Mr Fowler, Employment Secretary, Mr Ridley (Environment), Lord Young (Trade and Industry), Mr Baker (Education), Mr Moore (Health and Social Security), Mr Walker (Wales) and Mr Rifkind (Scotland).

Both the Department of the Environment and the Department of Trade and Industry already have substantial funds available for inner city projects. Officials said after the Cabinet committee meeting it was not a question of more money. "There is a lot of money going into the inner cities—we want better value for that."

INDEPENDENT

Search on for ways to help inner cities

By Colin Hughes, Political Correspondent

THE CABINET'S new inner cities committee yesterday agreed to launch a fresh Cabinet Office trawl for ideas on tackling urban decay which stretch beyond the Tories' manifesto strategy. Cabinet Office officials are being instructed by the Prime Minister, who is chairing the Cabinet committee herself, to search out new ways of maximising private sector investment in the inner cities, and to increase involvement by local and voluntary organisations.

Ministers are sensitive to the accusation that their proposed solutions are interventionist, and risk bypassing the people who live in the inner cities. One departmental official said last night that the aim was "to ensure that whatever we do sticks, after our people have pulled out". The study was pointedly intended not to report on the kind of approaches already being adopted under its urban programmes but to produce new proposals.

Margaret Thatcher is looking in particular to Lord Young, Secretary of State for Trade and Industry, to take proposals from the business community and encourage its participation.

Ministers argue that the Tory manifesto set out the legislative framework within which the inner cities initiative will work: they now need the meat.

At yesterday's Cabinet Committee, it was said the Government had attracted £4 of private sector investment for every £1 of Government spending in Liverpool and London Docklands. What ministers now seek is a target of six to one. Similarly, they are anxious to rebut accusations that bureaucrats and the private sector will step in to develop areas, and then pull out, "leaving the locals as bemused bystanders", one official said.

Ministers say that, since the Government has raised urban investment to the top of the political agenda, private companies and voluntary organisations such as the Prince of Wales's charities had started putting forward specific ideas. The Cabinet Office study is to collect and co-ordinate that flow of ideas. Mrs Thatcher is keen to have firm suggestions in time for her planned tour of inner cities in September.

Nicholas Ridley, the Secretary of State for the Environment, last night outlined the spirit of the approach in a speech to the Conservative Political Centre annual dinner in London. He said that "in too many of our inner cities, the philosophy of those who represent and defend the public sector cannot be reconciled with private enterprise."

The Government was not aiming "to take to Whitehall what should be done locally". It aimed "to give to local private enterprise and local people, both the tools to rebuild that prosperity in our inner cities which they created there in the first place, and the freedom to get on with the job."

■ Margaret Thatcher yesterday agreed with a Tory backbencher that "inflammatory" talk could hamper efforts for urban regeneration. John Butterfill, (Bournemouth W) had condemned the remark of Bernie Grant (Lab, Tottenham) on Monday, that the inner cities were a powder keg.

Sue Cameron reports on Whitehall feuds that are impeding action

Inner city in-fighting

Since the night of Mrs Thatcher's election victory, when she stood on the staircase of Conservative Central Office and announced that priority must be given to saving Britain's inner cities, the possibility of some particularly bitter feuding has loomed large in Whitehall.

At least half a dozen departments of state have an interest in the inner cities. They include the Home Office, the departments of Education, Health and Social Security, Employment, Trade and Industry and — pre-eminent among them in this particular field — Environment. Most are anxious to extend or, in the case of Environment, to defend their spheres of influence. The skirmishing has been going on for months.

The departmental sparring is underlaid by serious philosophical differences in the approach to be taken to the inner cities. The Prime Minister and her two Trade and Industry ministers, Lord Young and Kenneth Clarke, believe the solution to the decline of the inner cities lies in imbuing them with a spirit of enterprise to set up more small businesses and so create jobs. But others in Whitehall, notably at Environment, tend to the view that salvation lies in renewing the infrastructure of the inner cities — imposing a far greater strain on the public purse.

But what form, you may ask, does the skirmishing take? Angry phone calls? Rows at inter-departmental meetings? Desperate pleas to ministers to consider the honour of the department?

"Ministers and officials within a department nearly always close ranks when there's a fight on in Whitehall," remarked one senior civil servant. "More often than not you discuss with your minister how to do the other beggars down. They become the enemy."

"There's no question of having vulgar shouting matches. But if departments are meant to be working together, as they are in the inner cities, you suddenly find that inter-departmental meetings become very difficult to arrange. People start sending their opposite numbers notes saying: 'I am sorry to be so very late in replying to your minute but it raises a number of much wider considerations which will require considerable thought and consultation in this department...' Things simply stop happening."

Officials confirm privately that this is exactly what has been happening on the inner cities. Despite all the machinery for inter-departmental co-operation, departments have been showing a marked tendency to take a tunnel-vision approach to the pursuit of their own urban policies.

The lack of communication seems to extend to ministerial initiatives. The Department of the Environment, for example, was deeply irritated by the much publicized calls of the Trade and



Young and Clarke: hoping to spur the people

Industry Minister, Kenneth Clarke, for those actually living in inner cities to be employed on local renewal projects.

Now, laying down special conditions on whom firms may or may not employ is known in the trade as contract compliance. Loony left-wing councils used to do it all the time — insisting, for example, that companies tendering for council contracts should not have any connection with South Africa. Nicholas Ridley, the Environment Secretary, has been pushing through legislation to outlaw contract compliance.

Clarke, say Environment officials, has made it far harder to "persuade" contractors to use local labour on inner city projects by banging on about it.

Officially, of course, all is harmony in Whitehall. Even in private senior officials are loath to admit to dissension. The most that some will own up to is a difference of emphasis in the approach various departments have to the inner cities, be it on buildings, jobs, crime or schools. This, they say, is perfectly legitimate.

And if Environment officials occasionally point out that the Home Office does not fully appreciate the importance of rebuilding or refurbishing derelict city centres before worrying about the crime rate, they do so gently. They stress that there are already numerous inter-departmental committees working away to ensure a concerted approach.

"Of course they'll deny that there is any form of contest," said one senior official. "They have to keep up appearances, particularly under a Tory government. But in reality they will fight for their share of the ground. And the one thing you can be sure of is that the more sweetness and light emanating from the departments concerned, the more likely it is they

are shaping up for a struggle."

"Mind you, it's early days yet. At the moment it's small arms fire rather than artillery."

At the centre of the current jockeying for position are Environment plus whichever department happens to be housing Lord Young and Clarke — at present Trade and Industry. Young and Clarke took their city task force programme with them when they were jointly reshuffled from Employment to Trade and Industry after the election. The move — of the task forces as well as the ministers — was not calculated to smooth ruffled feathers at Environment.

Yet at first sight it is hard to see why Environment should feel in the least bothered. The entire city task force programme is worth less than £20 million a year, mere loose change in Whitehall's pocket. Environment, by comparison, spends well over £500 million a year on a whole range of urban programmes. Furthermore, responsibility for housing and local government — both key policy levers in any machinery for changing the inner cities — come within its aegis.

So why the angst, particularly when Ridley is almost as great a favourite with the Prime Minister as Lord Young?

The trouble is that Mrs Thatcher appears to be on the side of Young, Clarke, and the small spending battalions. What's more, Young and Clarke are far more skilled at the public relations of politics than the witty and aristocratic Ridley. The two Trade and Industry ministers may have only a paltry sum to spend but they have made far more political capital out of it than Ridley has with his hundreds of millions. And Environment officials fear their next move will be to demand a bigger role and more cash — money that could be raided from the Environment budget.



Ridley: budget at risk

The Treasury is certainly not keen to see any overall increase in public spending on the inner cities. And each publicity offensive by Young and Clarke engenders further jealousies and concern in other departments.

"Obviously it would be infinitely better for the inner cities if departments were properly co-ordinated," remarked one senior civil servant last week. "But that could be asking for the moon. Mind you," he added, perking up, "it does rather depend on Her."

But now She has spoken. Mrs Thatcher, who is rather good at conducting wars herself and is not the kind of general to tolerate hostilities among her own troops, has carried out what amounted to a major head-banging exercise. Chairing the first meeting of a new cabinet committee on the inner cities she made clear to key ministers such as Ridley, Young and Clarke that in future there must be a more co-ordinated approach from their departments.

She also told them, and this was of even greater interest to Whitehall, that she was ordering the establishment of a special civil service unit within the Cabinet office to advise her on the inner cities. Probably no more than six strong, it will include expert senior officials from Environment, Employment and Trade and Industry — the departments that have been doing most of the Whitehall warmongering so far.

Civil servants from Education, Social Security and the Home Office may also help to staff the unit, which will be answerable to a deputy secretary in the Cabinet office.

But now that the Prime Minister's attention has been drawn to the damaging undercurrents inside Whitehall itself over the inner cities, the message going out from Number 10 is clear: they can carry on fighting among themselves — if they dare.

Inner cities

Firm leadership demanded

By Martin Fletcher and Paul Eastham

Backbench Conservatives and members of the building industry are becoming increasingly anxious at the apparent lack of co-ordination and direction in the Government's inner cities regeneration programme.

One MP closely involved with the construction industry, Mr Michael Latham, has said that the whole programme is threatened by "fragmentation of leadership". Mr Roger Humber, director of the House Builders Federation, said the programme was "floundering around" and Mr Ted Wakeham, managing director of the development company, Lovells, said political confusion in Whitehall was giving local authorities an excuse to do nothing.

Meanwhile English Estates, a government agency responsible for building factory units and commercial premises, is understood to have submitted a heavily qualified report to the Department of Trade and Industry on its own ability to trigger private sector investment in the inner cities.

English Estates is believed to have said that given the necessary funds it could move into some of the 16 inner city task force areas and encourage the private sector to follow but in other areas the report doubts if the private sector would ever invest.

Five Whitehall departments have an interest in the inner cities programme, but the principal rivalry is between the Department of Trade, ostensibly the "lead" department, and the much bigger Department of the Environment.

Mrs Margaret Thatcher has acknowledged the need "to bang a few heads together" to achieve co-operation and Mr Kenneth Clarke, Minister of State for Trade and Industry, has admitted there is confusion about the host of measures on offer.

Writing in the construction industry magazine, *Building*, Mr Latham said "fragmenta-

tion of leadership" was the underlying problem and he suggested that Mr Michael Heseltine, former Secretary of State for the Environment, and architect of the Tories' inner cities policy, should be put in overall charge.

"Inner cities policy crosses a lot of departmental boundaries which is a sure recipe for bureaucratic log-rolling, delay, compromise, inaction and frustration", he wrote.

"If there was not one man clearly in charge "there's no clear bottom to kick or chest on which to pin medals of success".

What was needed was a clear plan and a single-minded determination to see it implemented.

"There's a man available who has the drive, the experience and flair to do this job. His talents are not being properly used at present. He is of course Michael Heseltine. The Westland affair is over. It's time to bring this talented and dynamic force in from the political cold."

The House Builders' Federation, representing 4,000 firms of all sizes, has been

lobbying Mr Nicholas Ridley, Secretary of State for the Environment, to increase the incentives to local authorities to co-operate with the private sector and to "really crunch" those that still refuse.

Mr Humber, the director, said many Labour councils had previously indulged in creative accountancy to generate revenue and stave off the private sector but were now accepting reality in the wake of the third Tory election victory. Mr Ridley should give them a last chance to co-operate by offering to ease spending controls and to let them spend capital receipts.

"It's not very clear what the Government wants at the moment and the whole inner cities policy is floundering around. Unless the Government is going to take on local government in the inner cities on a scale which it doesn't want to do it is going to have to work with them.

"We want the government to give them one one last very real chance by removing a number of financial penalties."

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Labour councils 'are ready to co-operate'

Labour-led local authorities are displaying a new attitude of co-operation towards the Government's inner city policies, it was disclosed yesterday.

Mr David Trippier, Under Secretary of State for the Environment, responsible for the inner cities, said the leaders of Liverpool and Manchester city councils have both asked to see the Government to discuss future projects.

He was speaking after announcing a £23.8 million project to boost employment and leisure facilities in the Manchester and Salford area.

Government investment in

the development at Salford quays, the former Manchester docks, is being multiplied six times by money from the private sector, and is typical of the style of project the Government is keen on.

Mr Trippier said: "We are now seeing a change of attitudes from some local authorities since the general election. In some cases they were in financial difficulties and thought a Labour Government might bail them out.

"I am now receiving letters from leaders of local authorities who want to see me. They want to see what can be done over the next four or five years. I welcome that."