

*Overseas Aid*



2 MARSHAM STREET  
LONDON SW1P 3EB

*WBM  
for*

My ref: H/PSO/17162/81

Your ref:

21 September 1981

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24/9*

*Dear Mike*

I attach a copy of a letter my Secretary of State has sent to the Secretary of State for Industry in response to Sir Keith Joseph's of 14 August about the Tate and Lyle site in Liverpool. This sets out the current situation.

Your letter of 19 August asked about the change of course announced by my Secretary of State. This followed a visit to the site and discussions with Tate and Lyle, the first and most important of which took place in the presence of Department of Industry officials. The precise mechanisms of David Young's discussions were not mentioned. No discourtesy was intended.

However, it would not have changed the thrust of the Secretary of State's views. He believes that here is a big opportunity (22 acres) to get the development quality on offer in the New Towns into an inner city site. The alternative would have been far less ambitious.

My Secretary of State believes that within a year no momentum will have been lost but the overall impact will be far better.

I am copying this to the Private Secretary to the Secretary of State for Industry.

*Yr. ever  
D A Edmonds*

D A EDMONDS  
Private Secretary



2 MARSHAM STREET  
LONDON SW1P 3EB

My ref:

Your ref:

21 September 1981

*De Seint*

I am replying to Keith Joseph's letter of 14 August about the Tate and Lyle site in Liverpool.

I would be the first to acknowledge that the arrangements agreed with Tate and Lyle on the future of their site were skillfully conceived given the basis on which we were proceeding. That is, making the best use of the existing buildings, attempting to get new jobs on the site and exploiting the offer of financial support from Tate and Lyle.

Given the remit for my Merseyside exercise, however, I had to consider whether those objectives were appropriate in the new circumstances. The basic choice is between whether we promote conversion and division of the existing buildings or whether we fully grasp the opportunities that the site offers in a comprehensive redevelopment scheme. In both cases the objective is getting jobs back on the site as quickly as possible.

I remain convinced that a new approach is necessary, exploiting the Tate and Lyle offer. I outlined my approach to the problem at a meeting with the Company on Merseyside at which DoI officials were present.

I fully share Keith's view that we must make maximum use of private sector resources and skills in exploiting the site and I am now considering the options; there is already interest being shown by the private sector. I am grateful for the authorisation in respect of the EIEC. I reviewed options with Mr Pender on 21 September and also discussed progress with Mr Tomlinson and Mr Greenway of Tate and Lyle. I am hopeful that we are now moving towards an early and satisfactory conclusion to those discussions.

*Yes*  
*Michael Heseltine*

MICHAEL HESELTINE

Rt Hon Patrick Jenkin MP  
Secretary of State, Industry

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**CONFIDENTIAL**

19 August 1981

The Prime Minister has seen a copy of the Secretary of State for Industry's letter to your Secretary of State dated 14 August about the Tate and Lyle project in Liverpool.

The Prime Minister would like to know whether your Secretary of State was aware of the stage which had been reached in David Young's detailed discussions with Tate and Lyle. She hopes that nothing will have been lost by the rapid change of approach.

I am sending a copy of this letter to Ian Ellison (Department of Industry).

MAP

David Edmonds, Esq.,  
Department of the Environment.

**CONFIDENTIAL**

Ed



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Secretary of State for Industry

14 August 1981

The Rt Hon Michael Heseltine MP  
 Secretary of State for the Environment  
 2 Marsham Street  
 London SW1P 3EB

*Dear Michael.*

I gather that you have told Tate & Lyle to give up their Liverpool project and, since this has now been publicly announced, there is little we can do about it.

It seems a pity that you did not consult me first. We had made substantial progress with Tate & Lyle and only 10 days ago David Young had secured their agreement to the million pounds being regarded as soft costs and only spent on job creation: that the substantial costs of property conversion (including £400,000 on in-filling the canal) would be capitalised by them and regarded as being outside our agreement: that in order to save time they would only apply for a 50% Derelict Land Grant and not co-operate with the County for the 100% grant: and finally that they were prepared to lead an initiative with other Industrialists in Liverpool to follow their example.

Since Tate & Lyle have told us that they require some 12-18 months to remove their refining plant from the site, the course of action we had agreed with them offered the most immediate chance of providing fresh industrial accommodation and job opportunities in the area. It is a pity that we have apparently given encouragement to public - as opposed to private - sector initiative - since in the long run public sector initiatives do not appear to have provided an answer to the problems of the Assisted Areas.

Having said all that, I am authorising EIEC to proceed with the re-development of the site if that is your wish.

I am copying this letter to the Prime Minister.

*Yours,*

*Kear*