



PRIME MINISTER

GOOD NEWS

Yesterday I met the American bankers and developers who want to build a huge new financial centre in London's Docklands. The scheme, on Canary Wharf in the Isle of Dogs Enterprise Zone, would cost £1.5bn or more at current prices - its size is 10m sq ft. At its full scale, the development, over 10 years, would provide 45,000 jobs, some 36,000 of them new, and at least as many again in supporting service activities. The Consortium chose Docklands because existing City accommodation cannot satisfy the operational needs of large clear floor spaces for dealing rooms with advanced communications technology of the new financial groupings that are fast developing. They are confident that a number of other financial institutions would join them in the first phase of between 2m and 3m sq ft; they expect this to be confirmed in a matter of weeks.

The Consortium first met signs of scepticism, even some hostility, in City circles; but now the City recognises that Canary Wharf will be a boost for the City rather than a damaging competitor, particularly if the Dockland Light Railway is extended to Stolport. I believe they are right about that.

The scheme has been developed in negotiation with the LDDC - the major landowner - who are currently considering an outline proposal from the Consortium. If everything were to go well, formal agreements between the two bodies could be concluded before the end of this year. If that were to happen a start on site could be made next Spring.

The road and rail links are key. The Consortium want to extend the Light Railway westwards to the Bank. They will finance this themselves. A Bill to permit this is in preparation by LRT for the current session, though much work is required to keep to the timetable for private Bills, which must be laid by 20 November. Nicholas Ridley has before him an application for his consent to lay the Bill. The attitude of the City to the Bill will be a touchstone of their attitude to the scheme as a whole.



The Consortium attach almost as much importance to the early upgrading of road access to the Isle of Dogs, particularly early construction of the Docklands Northern Relief Road which will provide an alternative to a congested section of the A13. Officials are in discussion about both rail and road matters.

Development on the scale proposed would require additional works to local roads, sewers and main services. It is too early to say whether the cost of this infrastructure can be met from LDDC's currently proposed resources, though for a scheme of such importance, I should not willingly permit this to be an obstacle.

Finally, certain parts of the proposals could come formally before me under planning procedures. Because of that, and the other points that I have mentioned, we can't yet publicly register our wholehearted support for what is clearly an enormous catch for Docklands and indeed for London.

I think you would find a presentation of the scheme fascinating. It is visually stunning.

I am copying this to Nigel Lawson, John McGregor, Nicholas Ridley, Leon Brittan, David Young and Norman Tebbit.

K.B.

K B

3 October 1985



10 DOWNING STREET

Prime Minister

Good news - but the
small of extra bids for
public expenditure.

Agree that this is good
news, and that the
private developers should
provide the maximum
possible ^{private} finance for the
infrastructure that will be
needed?

Yes

SHS
4/10.



10 DOWNING STREET

From the Private Secretary

4 October 1985

GOOD NEWS

The Prime Minister was very grateful for your Secretary of State's minute of 3 October about the new financial centre proposed for London's Docklands. She agrees that this is indeed good news, with the big increase in employment which it would provide and the boost which it would give to the area generally. She has noted that a great deal of new infrastructure would need to be constructed, and she believes that the developers should be encouraged to provide the maximum possible finance for this. The Consortium's willingness to finance the extension of the Light Railway to the Bank is encouraging, though no doubt the terms will need to be watched.

I am copying this letter to Tony Kuczys (HM Treasury), Paul Pegler (Chief Secretary's Office), Ben Glatt (Department of Transport), Michael Gilbertson (Department of Trade and Industry), Chris Snell (Department of Employment) and Joanne Barnes (Chancellor of the Duchy of Lancaster's Office).

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