



PRIME MINISTER


In advance of our discussion in EA Committee next Monday of Nick Ridley's proposals for further Urban Development Corporations in England it may be helpful for me to inform colleagues of a possible opportunity for very substantial private sector development in a largely derelict maritime environment in South Cardiff whose progress could substantially be expedited by the use of UDC powers.

With Urban Development Grant support a promising start has already been made on the redevelopment of the area by Tarmac. The key to exploiting its enormous potential however lies in the construction of a barrage across the harbour mouth. This would create a very large area of fresh water in place of the present mud flats and stimulate housing, commercial and leisure developments on a scale likely to be paralleled in few other parts of the country. Initial consultancy reports, including an assessment by Jones Lang Wootton, have brought a most positive response from developers and financial institutions. Discussions with ABP (the principal land owner) and other developers and institutions encourage me to think that the greater part of the expenditure on the barrage and other essential infrastructure works (up to £100 million over a period of a few years) could be raised from the private sector. This however would be conditional upon such investors having confidence in the capacity of the authorities concerned to plan and carry through the project. The local authorities are committed to the redevelopment of South Cardiff but neither I, nor the developers to whom I have talked, are yet persuaded that they could carry through this major and exciting scheme. It is against that background that I have been considering the possibility of establishing a small-scale UDC operating with the agreement of and in conjunction with the local authorities, the Land Authority for Wales and the Welsh Development Agency (neither of these last two statutory bodies, individually or jointly, has the powers to do all that would be needed, especially in the planning field).

The discussions I have had with the various bodies make me think that we are very close to obtaining both substantial private sector backing and broad political support for what would be a unique and exciting project that would create a new and first class maritime quarter in this country. The economic and social prizes would be very great and the political credit for the Government substantial. I may want to seek my colleagues' agreement to the establishment of a modest and time-limited UDC if my further discussions with potential investors and others over the coming weeks lead me to conclude that that would be an essential catalyst.

/ I am copying this to members of EA and to Sir Robert Armstrong.

16 July 1986

  
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