



CEB

BIF 20/n

Prime Minister

SOUTH CARDIFF URBAN RENEWAL

attap

In a minute to you on 16 July I informed you of studies that I had commissioned into the feasibility of constructing a barrage across the Cardiff harbour mouth and the associated private sector development in South Cardiff that might be brought forward as a result. Mark Robinson also referred to these proposals at EA on 22 September.

... These studies have now been completed and the results are very encouraging: I would, therefore, like to move forward quickly to capitalise on the significant interest being shown by the private sector in the opportunities which are emerging. In the attached note I set out the background to the proposals including the reasons why I have concluded that the construction of a barrage is the key to unlocking the enormous potential that exists and why I would like to seek the necessary powers to set up an Urban Development Corporation to bring this development forward.

Despite the pressure that will be put on the remainder of my spending programmes, I would be prepared to find the public expenditure element of the total cost of the barrage and UDC from within my block. I shall, nevertheless, be seeking to ensure that a significant proportion of the infrastructure costs will be met by the private sector thus reducing the public sector input and this will be a prime objective.

As I mentioned in my earlier minute there is an opportunity here for a unique and exciting project which has broad political credit for the Government. I should be grateful to receive colleagues' agreement to announcing that I have accepted that a barrage should be built and that a UDC is the appropriate mechanism to bring this exciting development to fruition - and thereafter to proceeding with the establishment of the UDC and with preparation of the necessary legislation. I would propose to make this announcement on 5 December in a speech which I shall be making at a seminar in Cardiff arranged by the Welsh Development Agency.

/ I am copying this to members of EA, John Wakeham, Richard Luce and Sir Robert Armstrong.

13 November 1986

RNE
R N E

SOUTH CARDIFF URBAN RENEWAL



The background and the problem

1. South Cardiff is a dockland area badly affected by the decline of the coal trade. It combines terraced housing with run down commercial properties, some of high architectural quality. Operating docks facilities are now all concentrated into a small area and there is a very substantial amount of land ripe for redevelopment around the estuaries of the Taff and Ely Rivers. Those estuaries themselves are at present unattractive mud flats other than at high tide. The area offers enormous potential for maritime-related development which could transform its present neglected and deprived character. A start has been made by Tarmac, which, with Urban Development Grant (UDG) support, is undertaking a £42m housing, commercial and leisure project. South Glamorgan County Council are building their new headquarters nearby and a new road is helping to open up the area. In my opinion however the key to capturing its full potential lies in a barrage across the harbour mouth, enclosing the two river estuaries. This would create a very large area of fresh water and stimulate housing, commercial and leisure developments on a scale of national, if not international, significance. Consultancy reports commissioned by my Department have brought a very encouraging response from developers and financial institutions.

2. The envisaged barrage (not to be confused with a Severn tidal barrage which is an entirely separate concept) could cost up to £50m. Significant direct financial return to the constructing body is unlikely. Property values around the estuary can however confidently be expected to appreciate very substantially (an assessment by Jones Lang Wootton (JLW) points to a figure approaching £200 million for identified developable sites alone and in the longer term there would undoubtedly be substantial additional investment in areas not immediately available for development). There would also be very considerable employment and income benefits. The studies undertaken by JLW, and intense discussions I have had in recent months with a variety of bodies, lead me to think that, given confidence in the planning and land assembly machinery, the private sector would participate in this major project on a financial basis broadly comparable with the present UDG or prospective Urban Regeneration Grant arrangements. (The Annex to this note gives an indication of the range and intensity of the consultations and discussions which have informed my consideration of this project.)



Possible use of Urban Development Corporation powers

3. The studies and discussions have also produced a remarkable degree of unanimity that a single purpose organisation would be needed to carry forward and realise these exciting development opportunities. South Glamorgan County and Cardiff City Councils are committed to the redevelopment of South Cardiff but it is unlikely that these authorities could themselves - even with UDG support - carry through so large a redevelopment project and the private sector also seems to lack confidence in their ability to do so. The Welsh Development Agency (WDA) could play an important part in land reclamation as could the Land Authority for Wales (LAW) in assembling and making available land for private sector development. Even in collaboration, however, these bodies could not provide an adequate catalyst nor provide the single-purpose vehicle which would command the confidence of the major institutions and property developers whose backing would be essential. In any case, they each have an important and demanding all-Wales role and it would not be sensible to focus their energies sharply on a single project of this magnitude.

4. It is against that background, and drawing on my wide consultation about experience elsewhere, that I have reached the view that a barrage related redevelopment scheme will best be taken forward by means of a UDC to be called Cardiff Bay Development Corporation. This could be done within the powers of the Local Government Planning and Land Act 1980. The County Council accept a UDC as the arrangement best calculated to expedite this desirable project. They will almost certainly agree to collaborate with a Corporation even to the point of seconding support staff. Similar collaboration would, I believe, be forthcoming from the City Council and from existing statutory agencies, with substantial commonality of membership and of staffing. The corporation would operate with the agreement of and in full consultation with local authority and private sector partners and its executive arm would be a small dynamic unit, not an additional tier of bureaucracy. Its tasks would be to identify possibilities and work up a development framework within which a largely private sector led development could take place. It could be wound up when such a framework has been established and the financing and construction of a development is well advanced. I would envisage that the additional public sector staff requirement would be very small, probably no more than about twenty, including the Chief Executive, but they would have to be highly motivated, with remuneration levels sufficient to attract people of the highest calibre.



Objectives

5. Whilst this project would undoubtedly bring about the rejuvenation of a run-down urban area, its primary purpose is to exploit an outstanding potential for maritime related development. Measures of achievement would be private sector investment; floor space of housing, commercial, leisure and other premises; marina traffic; the appreciation of land values; and employment and income gains.

Financial Implications

6. The direct running costs of the Corporation are likely to be of the order of £1m per annum. Initially the main expenditure would be on land acquisition. Work on construction of the barrage would start around the middle of 1988 and take about three years to complete. I shall expect the Corporation to secure as much private sector funding of capital developments as possible but my belief in this enterprise is so strong that I shall find resources from within my public expenditure block to cover the costs the Corporation has to bear, though this will be at the price of deferring other pressing demands. In addition there will be land reclamation work and private sector development activity aided by Urban Development Grant or Urban Regeneration Grant which will be treated as priority claims on the provision I make for those programmes generally.

Barrage Legislation

7. The barrage itself will require legislative powers and it will be necessary for me to bring a hybrid Bill before Parliament or accept a proposal from the South Glamorgan County Council that they should seek powers through the Private Bill machinery. There is likely to be some opposition to these proposals from the conservation lobby because the area in question is a Site of Special Scientific Interest and is part of the Severn Estuary which is a candidate for designation as a 'wetland of international importance' under the Ramsar Convention and as a Special Protection Area (SPA) under the EC Birds Directive. A Study undertaken by the Institute of Terrestrial Ecology on my behalf suggests that a full height barrage (as proposed) is likely to result in the loss of most of the existing feeding areas in the mouth of the Taff and that it is unlikely that the wading birds displaced could be fully absorbed elsewhere. However, the report suggests that it could be possible to create



alternative feeding grounds through the eradication of Spartina grass in other estuaries and further studies will therefore be commissioned into this possibility. We are also looking at the feasibility of engineering new mud flats close to the Taff Estuary. The results of these studies will give us a better indication of the extent to which the effect on migratory birds can be minimised and compensatory measures offered to objectors. I believe that the benefits that this project will bring to Cardiff, and to the wider area of South Wales, are so vast that we should not be deflected from it by reason of objections from conservationists. I feel it right, however, to mention to my colleagues the possible relevance of the 1979 EEC Birds Directive. It is not certain that the Severn Estuary will be designated an SPA, still less that the impact of the barrage on feeding grounds in the small constituent Taff Estuary would be significant. A challenge from the European Commission based on the terms of the 1979 Directive is thus no more than a contingent possibility. And my proposals of course reflect existing stated policy on developments in SPAs which is that the Directive allows economic and other considerations to be weighed against the conservation arguments. I am aware that the Law Officers have been considering various questions relating to the extent of Ministerial discretion under the Directive and that this may, in due course, necessitate a review of our position. At the risk of anticipating a wider discussion of general policy in relation to the Directive I would say now that it would seem to be politically impossible for Ministers to be deprived of all discretion in this matter. I would hope that my colleagues would share this view to the point of agreeing that I should press ahead with the South Cardiff project and withstand vigorously any challenge from the European Commission in the unlikely event of that materialising.

Summary and conclusion

8. Discussions with potential investors and the local authorities are continuing, the latter covering the question of legislation needed to enable the barrage to be constructed and the area for which a UDC would have responsibility. We are very close to obtaining both substantial private sector backing and broad political support from the local authorities. There is here a unique and exciting opportunity for a first class new maritime quarter in this country, on the style of Baltimore with an impact far exceeding that of any Enterprise Zone. The economic and social prizes are great and it is now our wish to move towards their attainment in the ways described in this note.

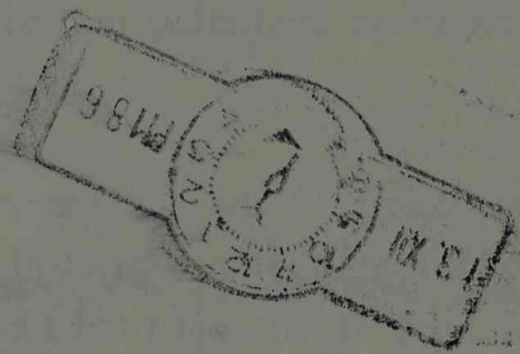


ANNEX

STUDIES AND CONSULTATIONS

1. I commissioned studies some 12 months ago on the feasibility of constructing a barrage across the Cardiff Harbour Mouth and of the investment potential in the area. These reports were encouraging but needed further testing, in particular of the investment potential. The studies commissioned this summer have now been completed including one on the conservation implications.
2. Jones Lang Wootton have consulted the Chairmen/senior management of over 50 of of the leading financial institutions, property developers and other major UK Companies about the opportunities in South Cardiff.
3. I have had discussions with other leading UK companies and senior management in organisations in North America that have been involved with similar types of developments to those that I envisage in Cardiff to gauge their reaction to the feasibility and prospects of these developments taking place, and have visited several of the most successful projects of this kind in the United States.
4. Deep and prolonged discussions have been held with local authorities and public bodies in the Cardiff area and I have their support.

Rec. Power Line Co. ATB



CC 321

Y SWYDDFA GYMREIG

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel. 01-233 3000 (Switsfwrdd)
01-233 4794 (Llinell Union)

Oddi wrth Ysgrifennydd Gwladol Cymru



WELSH OFFICE

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel. 01-233 3000 (Switchboard)
01-233 4794 (Direct Line)

From The Secretary of State for Wales

*cf please
amend accordingly.*

14 November 1986

Dear Mr. Wicks,

*DRS
17/11*

SOUTH CARDIFF URBAN RENEWAL

Yesterday, I circulated a minute from my Secretary of State to the Prime Minister attaching a note setting out the background to the proposals on South Cardiff Urban Renewal. Paragraph 4 of the attached note may have been incomplete on some of the copies and the last sentence of that paragraph should end "..... people of the highest calibre." I apologise for any inconvenience caused.

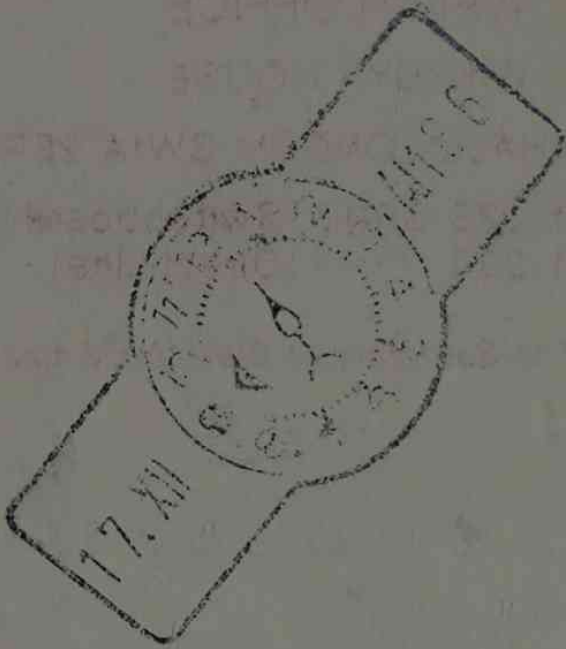
/ I am copying this letter to members of EA, John Wakeham, Richard Luce and Sir Robert Armstrong.

Yours sincerely,
T. D. Evans

T D EVANS

Nigel Wicks Esq
PPS/Prime Minister
10 Downing Street
London
SW1

Rec. Power Inner Codes P78



SWITZERLAND
BERNE
17.11.11
11.17.11

17.11.11
11.17.11

CONFIDENTIAL



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

19 November 1986

Dear Colin,

SOUTH CARDIFF URBAN RENEWAL

The Prime Minister has seen your Secretary of State's minute of 13 November about South Cardiff urban renewal, and the Chief Secretary's minute of 17 November. The Lord Privy Seal has minuted subsequently about the legislative implications.

The Prime Minister believes a meeting is likely to be needed to discuss your Secretary of State's proposals. However before such a meeting can be held further discussion between the Welsh Office and the Treasury will clearly be needed on the points raised by the Chief Secretary.

I am copying this letter to the Private Secretaries to members of E(A), Murdo Maclean (Chief Whip's Office), Michael Stark (Office of the Minister for the Arts) and Trevor Woolley (Cabinet Office).

David

David

(David Norgrove)

Colin Williams, Esq.,
Welsh Office.

CONFIDENTIAL