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cc BG

Secretary of State for Trade and Industry

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PS/

11 July 1986

Joanne Barnes
Assistant Private Secretary to the
Chancellor of the Duchy of Lancaster
Cabinet Office
70 Whitehall
LONDON
SW1A 2AS

Dear Joanne,

Thank you for your letter of 2 July asking for briefing for the Chancellor of the Duchy of Lancaster's intended visit to Chatham Dockyard on Friday, 18 July.

... I attach a background note, and a publicity leaflet covering the Chatham development.

Yours sincerely

C Bradley

CATHERINE BRADLEY
Private Secretary

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BACKGROUND NOTE

The history behind English Estates involvement at Chatham began in early 1984 when English Estates were given responsibility for the comprehensive re-development of the site of Chatham Naval Dockyards following its closure with the loss of 7,000 jobs. English Estates were asked to undertake this development because no private developer would undertake the task.

English Estates produced an imaginative plan that needs about £15m to £20m investment in the infrastructure at the site. This in turn is expected to attract up to £300m of private investment.

English Estates does not have the funds available for a large scale investment in Chatham without reducing their factory development programme in the Assisted Areas. They have been authorised to spend a further £2.25m on infrastructure making some £5m in all but no further Government money will be made available. However they have been told they can use the proceeds from the lease or sale of land on the Chatham site to fund further investment in the infrastructure necessary to open it up for private development. They will have to raise about £15m more in this way to take the development forward to completion. The Secretary of State and his Ministers have placed great emphasis on the need to continue the re-development of the dockyard with maximum possible level of private sector funding.

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English Estates are confident that they will still be able to complete the development, though more slowly than they would if they were able to inject a large amount of public money into the site at the initial phase.

The £2.25m public investment in the infrastructure will provide a spine road for the site and build a bridge to open up land for housing near the river. This and the fact that 60 acres on the site has been declared an Enterprise Zone should attract private sector investment, generating income for English Estates, which they will be able to re-invest.

The Overseas Development Agency (ODA) have been persuaded to relocate the Tropical Development Research Institute (TDRI) and the Land Resources Development Centre (LRDC) laboratories on the site. They will occupy converted Edwardian barrack blocks at a cost of £12m, which they hope to raise in the city by selling the freehold on the development, once the ODA has agreed the terms for a long lease.

The two main representatives of English Estates expected to be present are Mr Ian Parker, the Regional Director; and Mr Tony Pender, the Chief Executive.

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