



Regional Pol.

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P.0681

PRIME MINISTER

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Medway Towns and Chatham Dockyard Closure

(E(82)28 and 30)

BACKGROUND

In E(82)28 the Secretary of State for the Environment invites the Committee to agree in principle to the establishment of an Urban Development Corporation (UDC) to deal with the problems of the Medway Towns, Rochester and Gillingham. In E(82)30 the Central Policy Review Staff endorse the need for action to help this area but recommend against the setting up of a UDC.

2. This issue comes to the Committee for discussion because the Secretary of State for the Environment has failed to win any support in correspondence for his proposal. There is no dispute over the need to take action to develop a strategy for this area in which unemployment could rise to over 20 per cent by 1984 following the closure of the Chatham Dockyard. The difference is over the arrangements. Should the local authorities be asked if they want a UDC? Or would it be better to encourage an informal grouping of the local authorities under an outside chairman?
3. The Secretary of State for the Environment is not convinced that an informal joint committee would effectively override the differences between the priorities of the various local authorities concerned. He thinks <sup>a</sup>UDC would provide a strong coordinating authority with oversight over the deployment of central government funds made available to the area (the level of those funds is a separate matter). It would be on the model of the two UDCs recently set up for the London Dockland and in Merseyside. As explained in paragraph 10 of E(82)28, a two-clause Bill would be necessary and, subsequently, a hybrid statutory instrument.
4. The Secretary of State for Industry has argued, most recently in his letter of 2 March to the Secretary of State for the Environment, that the





CONFIDENTIAL

right course is for the local authorities to be encouraged to work together; and he is trying to persuade Mr Robin Leigh Pemberton to take a leading role in coordinating local initiatives in the Medway Towns. The Secretary of State for Industry has also suggested the setting up of an inter-departmental task force to ensure that the various government departments concerned are working in concert to help to support the local effort and to give the local authorities a focal point within Whitehall for discussion of their problems. He would like his Department to take the lead in this. In correspondence both the Chief Secretary, Treasury and the Secretary of State for Employment have supported the Secretary of State for Industry in arguing against the setting up of a UDC.

#### MAIN ISSUES

5. Since there is already a long list of Bills which cannot be accommodated in the 1982-83 Session the Committee will need to be convinced that there is a very powerful policy case for asking QL Committee to try to find room for the necessary Bill to set up a UDC for Medway Towns. The Chancellor of the Duchy of Lancaster has commented in correspondence that the London Docklands and Merseyside Orders involved considerable hybrid instrument procedures which placed a substantial burden on the resources of the House of Lords; she would want the earliest possible warning if the proposed UDC had the same sort of implications.

6. Apart from the problems of finding time in the legislative programme, the main objections to a new UDC, which the Committee will need to consider, are:

(i) A number of other areas, which have high unemployment and are also affected by direct or indirect Government action (eg. steel and shipbuilding areas) would want UDCs;

(ii) the success, or otherwise, of the first two UDCs has still to be established;

(iii) a UDC for Medway Towns could weaken the initiative of the local authorities and cause re-entry problems later.



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7. If the Committee were persuaded that the particular circumstances of the Medway Towns justified a UDC, and that the repercussions could be contained, it would then be for QL Committee to consider, and advise the Cabinet on the consequences of accommodating the proposed Bill in the 1982-83 programme.

8. If, on the other hand, the Committee decide that it is better to follow the course proposed by the Secretary of State for Industry, they will need to decide whether he should take the lead at Ministerial level and his Department at official level. Since the Department of Industry is responsible both for regional policy and for the main programmes of industrial assistance, this would seem appropriate. The official group would consider, among other things, the questions raised by the CPRS in paragraph 10 of E(82)30.

9. The CPRS suggest, in their paragraph 9, that the Government should channel some extra resources into the area. The case for additional resources - allocated either from the Contingency Reserve or re-allocated from existing programmes - is something which the Ministers concerned can best consider on the basis of specific proposals which would need to be put to the Chief Secretary, Treasury.

HANDLING

10. After the Secretary of State for the Environment has introduced his paper the Committee will wish to hear the advice of the Secretary of State for Industry. You might then call on Mr Ibbs, the Chief Secretary and the Secretaries of State for Defence and for Employment to comment on the policy issues; the Secretary of State for Wales and Mr Fletcher (representing the Secretary of State for Scotland) are primarily concerned with possible repercussions on regional policy generally. The Home Secretary, the Lord President of the Council and the Chancellor of the Duchy of Lancaster will have views on the problems of legislation.

CONCLUSIONS

11. If the Committee were to support the proposal for a UDC for the Medway Towns you will wish:-





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(i) To invite the Home Secretary to arrange for QL to advise on the possibilities for accommodating the necessary Bill in the 1982-83 Session and the consequences of doing so.

(ii) To invite the Secretary of State for the Environment to consult the local authorities concerned, after it has been established whether legislation is practicable, on their views on the desirability of a UDC and the area to be covered.

12. If the Committee decide against a UDC you will wish to invite the Secretary of State for Industry (or another Minister if the Committee so decide) to take the lead in further work at Ministerial level and to arrange for his Department to lead at official level.

13. Whatever the institutional arrangements approved, you will wish to instruct that questions of additional resources, and re-allocation of present resources, should be settled by the Ministers concerned in consultation with the Chief Secretary, Treasury.

*PLG*

P L GREGSON  
Cabinet Office  
15 March, 1982





Prime Minister

TOP COPY ON  
Post + Telecomms  
file: future of Post  
Office, finances  
Pt 3. (12 para 1)

I regret that because of unavoidable commitments in Northern Ireland on Tuesday 16 March I shall not be able to attend our meeting of 'E' Committee. I am therefore writing to let you know my comments on the two items for discussion.

2. On the question of Future Policy on Telecommunications, I agree with the proposals made by the Secretary of State for Industry with regard to the conversion of BT into a Companies Act company (BT Ltd) and for the sale of new shares as a step towards privatisation; the licensing of local cable systems run by the private sector in partnership with BT carrying both telecommunications and television services; and the associated proposals relating to Giro. I do, however, feel that careful consideration needs to be given to the CPRS argument on the best way to achieve full and fair competition. In general, therefore, I agree with the CPRS recommendations although I am anxious that the procedure put forward by CPRS should not be allowed to become too protracted. It seems to me absolutely vital that over the next year or so, we should keep up the momentum which we have now established as a Government clearly committed to encouraging actively the introduction and application of new information technology. Necessary legislation should be drafted.

3. On the question of the Medway Towns and Chatham Dockyard Closure, I agree with the the Secretary of State for the Environment that the establishment of an Urban Development Corporation would be the best way to proceed. I share his scepticism about the effectiveness of a joint committee of the local authorities. The CPRS emphasise the seriousness of the economic problems in the West Midlands and other assisted areas where we do not propose that UDCs should be established, and also point out the severe and intractable problems over many decades of the two





existing UDC areas, the London and Liverpool docklands. But I do not believe that we should underestimate the problems of the Medway Towns and the key fact that these will now be exacerbated as a direct result of a decision by the Government. In considering how best we can help the Medway Towns in an effective way, we need to bear in mind our responsibility as a major employer and also clearly recognise the very important role which the naval dockyard has played in the local economy of the area for generations. Both on grounds of effectiveness and also as a clear recognition of our special responsibility in this area, I therefore feel that the establishment of a new UDC is warranted.

4. I am copying this minute to other members of 'E' Committee and to Sir Robert Armstrong.

*Mr. Stephens*

PP

J P

15 March 1982

(Signed on behalf of  
of the Secretary of  
State in his absence)