

13.4.84.



10 DOWNING STREET

From the Private Secretary

Prime Minister

You have seen most of this briefing
before.

The new parts (immediately below) are

- Note on media arrangements
- Brief on Docklands Railway
- Brief for the short meeting
with Sir George Jefferson (1220 pm).

Dms
12/4

PRIME MINISTER

VISIT TO LONDON DOCKLANDS, FRIDAY 13 APRIL

Your visit to Docklands will be busy - naturally the London Docklands Development Corporation want to take the opportunity of showing you as much as possible. We have identified in the diary three points at which the media will certainly be present - Surrey Docks, Heron Quays and the British Telecom Installation.

It is also possible that a film crew will record your arrival by boat at Cherry Garden Pier, at 10.45am.

On your arrival at Surrey Docks at 10.50am you will be met by Mr Richard England, Director of Civil Engineering Works for Taylor Woodrow. He will introduce Trevor Llewellyn, Divisional Director, and John Shaw, site agent. You will be invited to view the land preparation works from a 'mound' of solidly packed earth which will provide a good vantage point. The press will be to your right. On your left will be a mechanical digger. You will be invited to climb in and operate this. A hard hat (unadorned with advertising slogans) will be to hand, and a sensible set of steps will be placed at the side of the digger.

At this point it would be wise to stress that much of what you see will need a leap of the imagination to envisage anything other than the building sites you will visit. Sensible shoes and comfortable clothing are recommended. (You will no doubt wish to slip a pair of high heels onto the bus to change into at lunch time.)

On your arrival at Heron Quays at 11.25am Mr Broackes will introduce you to Bryan Baker, Managing Director of Tarmac plc, who will in turn introduce Tony Collins, Chief Executive; Chris Collins, Managing Director Tarmac Brookglade, and George Stones, Director Tarmac Cubitts.

The party will enter a marquee where a model of the development will be on display. The press will be allowed in to hear your speech and will sharply move out to photograph you operating a pile driver. Mr Baker plans to present you with a silver gavel.

/On arrival

On arrival at British Telecom at 12.20 you will be met by Sir George Jefferson, Chairman, who will explain the workings, with assistance from Anthony Booth, Managing Director ~~British Telecom International~~ and Alan Jefferis, Chief Executive, Satellite Systems. There will be a marquee on site with display materials. You will be invited into a control cabin to view satellite broadcasts under way.

Weather permitting, Sir George will ask you to walk to the perimeter of the site to see the aerial dishes. This is the likely place for a photocall. 'Specialist magazine' journalists may attend this part of the programme.

The LDDC will have their own film crew and photographer in attendance throughout the visit for their house newspaper.

On your arrival for lunch at Ledger House at 1.05pm you may notice pockets of people moving items into offices. These will be LDDC staff, currently housed at West India House, Millwall Dock but in the process of transferring to Ledger House. You may wish to stop off for a few words.

In the event of bad weather, a very large umbrella will be at hand on the bus. You will be walking on hard ground.



ANDREA MACLEAN
11 April 1984

KEY PERSONALITIES

LDDC Board

(* = involved on tour)

- * Mr Nigel Broackes (Chairman) Chairman, Trafalgar House PLC
- * Rt Hon Bob Mellish (Deputy Chairman) Former MP for Bermondsey, Minister, and Labour Chief Whip
- * Mr Lewis Moss (Chairman, Property Committee) Senior Partner, Moss and Partners. Member and former Chairman, Berkshire County Council. Member Association of County Councils. He is interested in the Rates Bill (opposed) and policing costs at Greenham Common, but is unlikely to mention these.
- * Sir Hugh Wilson (Chairman, Planning Committee) Partner, architectural practice. Chairman, former Docklands Joint Cttee
- * Mrs Mary Baker Recently appointed. Ex-Chairman London Tourist Board. Married to Kenneth Baker MP
- Mr Dennis Stevenson CBE Chairman, market research company. Former Chairman, Newton Aycliffe and Peterlee new towns.
- Sir John Garlick KCB Former Permanent Secretary, DOE
- Mr Wyndham Thomas CBE Chairman and Chief Executive, Inner City Enterprises PLC. Former General Manager, Peterborough new town.
- * Cllr Paul Beasley Leader, LB Tower Hamlets
- * Cllr Jack Hart MBE Leader, LB Newham
- * Cllr John O'Grady Member and former Leader LB Southwar
- * Mr Reg Ward (Chief Executive)

Taylor Woodrow (Surrey Docks site)

- Mr Richard England Director of Civil Engineering
- Mr Trevor Llewellyn Divisional Director
- Mr John Shaw Site agent

At West India Dock Pier

- Mr John Lenanton Director, John Lenanton & Son - a thriving timber firm established on the Isle of Dogs since 1837.
- (continued over)!!

Mr John Lennanton
(Cont'd)

Initially an ardent opponent of the Enterprise Zone (his firm was excluded), he is to become first Chairman of the new Docklands Business Club to be launched next month. Incidentally his firm has traditionally supplied timber products to the Falklands.

Tarmac (Heron Quays ceremony)

Mr Eric Pountain

Chairman, Tarmac PLC

Mr Bryan Baker

Managing Director, Tarmac PLC

Mr Graham Westwood

Finance Director, Tarmac Constructio

Mr Tony Collins

Chief Executive, Tarmac Properties

Mr Chris Collins

Managing Director, Tarmac Brookglade Properties Ltd

Mr George Stones

Director, Tarmac Cubitts

Limehouse Studios

Mr Jeremy Wallington

Managing Director, Limehouse Productions

British Telecom

Sir George Jefferson

Chairman

Mr Anthony Booth

Managing Director, B.Tel International

Mr Alan Jefferies

Chief Executive, B.Tel Satellite Systems

PRIME MINISTER'S VISIT TO DOCKLANDS

SUPPLEMENTARY BRIEFING NOTE - DOCKLANDS RAILWAY

1. The London Docklands Railway Bill is due to receive Royal Assent today (12 April). This gives London Transport powers to construct the first phase of the light railway - from Minories in the City to Island Gardens on the Isle of Dogs - on behalf of its joint clients GLC and LDDC. It is hoped that the railway will become operational by late 1986.

2. Two other Bills are before Parliament: the No.2 Bill for the extension from the Isle of Dogs to Stratford, and the No.3 Bill for works at Tower Hill.

GLC Involvement

3. Although GLC are contributing half the capital cost of £77m, the Government (and LDDC) should take most of the credit for getting the railway to its current state because:

(i) GLC previously held out for extending the Jubilee Line which, at £450m, was far too expensive. It was LDDC's initiative to reduce costs by utilising existing structures (used and disused railway viaduct) for most of the route from the City to the Isle of Dogs.

(ii) Government is meeting roughly $\frac{3}{4}$ of the cost of the project - all of LDDC's share (paid from 100% DOE grant) and a substantial part of GLC's share which is eligible for Transport Supplementary Grant. (As TSG is a block grant no actual figure can be attributed to the railway itself).

4. Once the London Regional Transport Bill is enacted the new organisation will take over GLC's role in the project.

5. There had recently been problems between the two clients over the contract arrangements, but a satisfactory accommodation has been reached which will uphold LDDC's preference for a turnkey approach - considered most likely to produce an economic railway quickly. (GLC preferred a traditional multi-contract approach with separate contractors meeting detailed specifications for civil engineering, mechanical elements, electrical equipment etc).

DOE

12 April 1984



CONFIDENTIAL

PRIME MINISTER'S VISIT TO DOCKLANDS: MEETING WITH SIR GEORGE JEFFERSON

Sir George Jefferson might bring up the following topics in conversation with the Prime Minister:

- a) BT Privatisation: Sir George is giving strong support to the Government's plans to sell BT shares in the autumn, but negotiating toughly on outstanding points affecting BT PLC's interests (see (b)-(d) below). The Prime Minister might reaffirm the importance she attaches to achieving a successful flotation, but indicate that the Government has important interests which have to be safeguarded too (e.g. RPI-X).
- b) Capital Structure: negotiations have to be completed before Easter on settling a suitable capital structure for BT PLC. The decisive meeting between Sir George and Mr Kenneth Baker is arranged for next Wednesday 18 April. Following discussions with the Chancellor, there is some limited scope on the Government side to strengthen the balance-sheet in ways which BT will find helpful, but Sir George may be inclined to expect too much. The Prime Minister might say that the Government intend to provide BT PLC with a capital structure that financial markets will regard as satisfactory for a company of BT's strength and future growth prospects: Mr Baker will try to be helpful at next week's meeting, but the amount of flexibility in the Government's position is strictly limited.
- c) RPI-X: the key feature of the regulatory regime to which BT PLC will be subject is the RPI-X formula (i.e. the increase in BT's average prices for a specified basket of services will not be allowed to exceed the RPI increase minus a margin, which has yet to be settled). Agreement on this issue, too, must be reached at the meeting on 18 April. The Government's final position will be that the formula should cover trunk as well as local services and that X must be at least 3 percentage points (so that if inflation is reduced to below 4 per cent, average BT prices will hardly increase at all, though some tariffs, e.g. domestic rentals, may go up while others fall). Sir George will find it difficult to accept such an outcome, and it would be helpful if the Prime Minister could express her concern that a satisfactory result should be achieved, so that BT's customers will be given adequate reassurance that they will not suffer from BT's monopoly power.
- d) BT Licence and competition: from 1 July BT will for the first time be operating under a Licence granted by the Secretary of State. The Licence will in effect establish the detailed competitive regime within which BT and its rivals will have to operate. BT continue to argue for certain detailed concessions (e.g. on rules for interconnection with Mercury) which would limit or delay competition. The Prime Minister might reaffirm the overriding importance which the Government attaches to achieving



CONFIDENTIAL

a fully competitive telecommunications regime in the UK.

e) Computer purchase: the Prime Minister knows that BT have been threatening to place a major new order for computer equipment with IBM and not with their established suppliers ICL. After protracted discussions with the Secretary of State, Sir George indicated earlier this week that he intended to split the order, roughly in half, between IBM and ICL. This is a welcome outcome and the Prime Minister might express appreciation of the efforts Sir George personally has made on this issue to reconcile BT's commercial interests with the wider national interest.

Department of Trade and Industry
12 April 1984

VISIT OF PRIME MINISTER TO LONDON DOCKLANDS

LONDON DOCKLANDS RAILWAY

Brief by Department of Transport

Points to make if raised

- Responsibility for tendering arrangements rests with LDDC, GLC and LT. I am pleased that bids will be invited on a turnkey basis.

- I understand that LDDC and GLC are considering the possibility of an eastward extension to Beckton. Government cannot give any view on that until it has received and examined a fully worked-up proposal.

- The possibility of an unmanned railway is for LDDC and GLC to consider. Government has said that the railway should be novel and exciting, incorporating the best available technology. Obviously Railway Inspectorate will have to ensure that whatever system is used is safe but they have not ruled out any unmanned system which meets that criterion.

Background

The railway, scheduled for completion in 1987, will link the Isle of Dogs with the City and Stratford. It was approved by the Government in October 1982 on the firm condition of a £77m cash limit. It is being funded equally by the London Docklands Development Corporation (LDDC) and the GLC (supported by Transport Supplementary Grant from the Department); London Transport are seeking Parliamentary powers for construction and they will operate the line. The project is a major plank in the strategy for the regeneration of Docklands. Hence completion is essential by 1987 and it then must operate with maximum reliability. This predicates the need for equipment, including rolling stock, embodying well-proven technology which will meet the timing, reliability and expenditure constraints. But within these limits the railway should be novel and exciting; make a favourable impact on

potential developers; and provide a showcase for British railway equipment manufacturers and a springboard for sales overseas.

Tendering arrangements

LT - on behalf of the LDDC and GLC - have been assessing alternative systems. There have been serious differences between the various parties over the contract arrangements. LT and GLC favoured a multi contract approach (separate contracts for civil engineering, mechanical elements, electrical equipment and so on) whereas the LDDC preferred a turnkey arrangement. At least one of the consortia has already made a preliminary bid on that basis. The Secretary of State for Transport carefully considered this and other points of contention between the two sponsors and told them that:

- a. momentum on the project must be maintained;
- b. tenders should be sought on the basis of clear performance specifications;
- c. the project seems more suitable for a package turnkey arrangement than a piecemeal approach;
- d. bids should be sought on a fully open and fair basis.

Although tenders had been sought on a multi-contract basis, the GLC and LDDC have now agreed to seek turnkey bids and this will be announced on 13 April.

Docklands Transportation Consortium (DTC)

The DTC (which includes the French Matra group, builders of the unmanned Lille system) have been pressing for an invitation to tender even though they were originally ruled out. After considerable lobbying [and - not for disclosure - the personal intervention of the Secretary of State] DTC

secured an invitation to tender and then pressed for an extension of the tender deadline so that they had the same time as their competitors in which to prepare their bid. Approaches to this end were made to Ministers by the DTC chairman, Lord Plummer, and the French Ambassador. Ministers responded on the basis that:

a. they could not act as referees;

b. they noted that the DTC had been interested in the project for some time and would be able to turn to good account [in preparing a bid] the examination they must have underpinned their claims that their system was competitive in all respects.

It is now understood that the Consortium will not be tendering because Matra cannot provide the necessary data in time [they were four weeks out of time].

Eastern extension

The LDDC and GLC are currently studying a consultants' report on a possible extension of the railway east from Poplar via the Royal Docks to Beckton. The cost would be around £40m (October 1983 prices) of which 70% might be justified by transport benefits and the remainder by development benefits eg additional jobs attracted to Docklands. It is understood that proposals will be put to the Government in June or July.

Mr Barclay

PRIME MINISTER'S VISIT TO LONDON DOCKLANDS - FRIDAY 13 APRIL

CAR PLAN TO AND FROM DOCKLANDS

Car 1

(Ken)

Prime Minister
Secretary of State for the Environment
D.I. John Holmes

Car 2

(Cyril)

Mr. Thatcher
Mr. Michael Alison
C.I. Derek Edgar

Car 3(DOE)

Mr. David Barclay
Mr. Alan Davis
Mr. Terry Jones

Car 4

(Tom)

Ms. Andrea MacLean
Miss Monica Jelley
D.C. Bob Kingston

(Car 1 will follow coach during PM's tour of Docklands.
Cars 2, 3 and 4 will meet up with PM's party at the LDDC
offices for return journey to No.10.)

VISIT OF PRIME MINISTER TO LONDON DOCKLANDS

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SENSITIVE ISSUES

The Budget

1. LDDC are upset about two aspects of the Budget:

- imposition of VAT on alterations and improvements; this affects listed buildings and tilts the balance back from restoration to demolition.
- phasing out of 100% capital allowances for plant and machinery - this applies throughout the UK and should not put Docklands at a disadvantage although certain machinery-intensive projects (such as the Daily Telegraph's proposed new printworks in the Enterprise Zone) may suffer.

In confidence: The Secretary of State has raised the VAT problem with the Chancellor. 7

Should Mr Broackes raise this, the Prime Minister might point out that the overall effect of the Budget (including reductions in Corporation Tax and in Stamp Duty, abolition of the National Insurance Surcharge, etc) will be to give a welcome and compensating stimulus to industry. There is to be no change in the special provision under which, in Enterprise Zones, 100% of the cost of capital expenditure on industrial and commercial buildings is allowed against Corporation and Income Tax.

Current Planning Issues

2. The Prime Minister will pass three sites which have recently been the subject of public local inquiries: Free Trade Wharf and Lime house Basin (to be seen from the river) and the proposed shorttake-off and landing airport (STOLPORT) in the Royal Docks. LDDC are enthusiastic about these schemes and will probably attempt to lobby in support of them. Neither the Prime Minister nor the Secretary of State should be drawn into discussion of the merits of these proposals as this could well prejudice the quasi-judicial decision making process.

BRIEF FOR PRIME MINISTER'S VISIT TO DOCKLANDS

1. The London Docklands Development Corporation (LDDC) is one of two Urban Development Corporations (UDCs) established in London and on Merseyside under the Local Government, Planning and Land Act 1980. LDDC was formally constituted on 2 July 1981.

Powers and Functions

2. LDDC's statutory remit is 'to secure the regeneration of its area'. It is to achieve this by 'bringing land and buildings into effective use, encouraging the development of existing and new industry and commerce, creating an attractive environment and ensuring that housing and social facilities are available to encourage people to live and work in the area.' UDCs have wide general powers, including compulsory purchase. Most of LDDC's initial supply of land (which totals 1,019 acres, of which a third (328 acres) has now been released to developers) was vested in the Corporation from other public bodies by Parliamentary order. LDDC has taken over statutory responsibility for development control (but not plan making) from the boroughs. Other local authority functions remain unchanged.

Enterprise Zone

3. The Isle of Dogs Enterprise Zone, established in April 1982, is one of 25 Zones in the UK. Within the Zones, most planning controls are abolished and there are fiscal incentives (exemption from DLT and rates, 100% tax allowances for expenditure on business buildings, etc) to encourage new industrial and commercial development.

Board and Staff

4. Board members, appointed by the Secretary of State, are listed in the attached note "Key Personalities". It has been announced that Mr Broackes will be succeeded as Chairman by Mr Christopher Benson (Deputy Chairman and Chief Executive of MEPC) in July. The Secretary of State will shortly be consulting the Prime Minister on his intention to reappoint Mr Mellish as Deputy Chairman for one year from July.

5. There are currently 93 permanent and 50 temporary employees. The Corporation's policy is to keep its own staff small and to draw substantially on specialist consultants.

Finance and Financial Management

6. The type of work carried out by the UDCs, with the emphasis on preparing difficult sites for disposal to the private sector, is not by its nature inherently profitable. They are therefore financed primarily by 100% Exchequer grant and by recycling receipts from land disposals. LDDC's expenditure to date, and PES provision is as follows (£ million):

1981/82	1982/83	1983/84	1984/85	1985/86
outturn	outturn	outturn	Provision	Provision
31.8	40.4	63.2	55.7*	56.3*

* Includes use of estimated receipts (some £7-8m each year after tax). Figure for 1985/86 is provisional.

7. The UDCs' financial regime, agreed between DOE and Treasury, requires LDDC to draw up an annual Corporate Plan and to submit most individual projects for Departmental approval. Now that the UDCs have demonstrated a capacity to undertake greater responsibility for the control of expenditure, DOE is on the point of submitting proposals to Treasury for delegating most individual decisions to the UDCs themselves. As part of the Financial Management Initiative LDDC are collaborating with DOE on the introduction of a systematic approach to the review of performance.

Development Progress

8. Housing Since designation, LDDC has prepared and released 24 sites (for 3118 homes) on which work is already underway. 1150 of these homes have been completed, mostly for sale. A start is scheduled by October on another 13 LDDC sites (for over 1000 more dwellings) which have been released to builders. A third of the first batch of 120 sold at an average price of £25,000 were purchased by council tenants. LDDC intends to carry on releasing land to enable a programme of 2000 new homes to be started each year. Sales are running ahead of completion. Work is also currently in progress on 17 non-LDDC sites which will provide 979 homes (mostly for sale) of which 326 have been completed. LDDC has spent £30 million on land acquisition and works to its housing sites, in return for which it has secured some £120m worth of investment by developers; the value of work on non-LDDC housing sites adds roughly £35 million more.

9. Commerce and Industry LDDC has concentrated its early efforts in the Isle of Dogs Enterprise Zone where the incentives to developers are time limited. An intensive civil engineering programme to provide new roads and services is well underway and considerable progress has been made in marketing LDDC sites (more so than with sites owned by other public agencies). Development worth £140 million is either complete, under construction, or committed and the ratio of private to public sector investment currently stands at 5:1. Developments include:

Cannon Workshops (PLA small workshops scheme)
Limehouse Productions (TV, film and video studios) £8m
Indecon (11 spec factory and office units) £4m
A Roberts (39 spec factory units) £2.5m
Northern & Shell (new HQ for international media and communications group) £1.3m
Wimpeys (7 spec factory and office units) £6m
Daily Telegraph (new print works) £60m
Tarmac Properties (major mixed development) £50m

10. Docklands Light Railway

In October 1982 Ministers approved the construction of a light railway to link the Isle of Dogs with the City to the west and with the rail and underground network to the north. The project will cost

£77m and be open for passengers by 1987. The costs are being shared equally by LDDC and GLC (whose role, following abolition, will be assumed by London Regional Transport). LDDC expect shortly to submit proposals for a £48m extension of the railway eastwards to Beckton and the Royal Docks.

Relationship with Local Interests

11. LDDC has had an uneasy relationship with the three boroughs in its area and with GLC. Tower Hamlets and Newham are prepared to work with the Corporation although the Labour Leaders of these Councils (both of whom sit on the LDDC Board) are under pressure from their left-wing to break off. GLC are only willing to co-operate where they share a mutual interest (for instance the Docklands Railway); in general they are politically opposed. Southwark has a policy of total obstruction. In addition, there are several groups purporting to represent local interests which are implacably opposed to the Corporation because of its 'undemocratic' nature.

DOE/GLP

6 April 1984

SENSITIVE ISSUES

The Budget

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- phasing out of 100% capital allowances for plant and machinery - this applies throughout the UK and should not put Docklands at a disadvantage although certain machinery-intensive projects (such as the Daily Telegraph's proposed new printworks in the Enterprise Zone) may suffer.

In confidence: The Secretary of State has raised the VAT problem with the Chancellor. J

Should Mr Brookes raise this, the Prime Minister might point out that the overall effect of the Budget (including reductions in Corporation Tax and in Stamp Duty, abolition of the National Insurance Surcharge, etc) will be to give a welcome and compensating stimulus to industry. There is to be no change in the special provision under which, in Enterprise Zones, 100% of the cost of capital expenditure on industrial and commercial buildings is allowed against Corporation and Income Tax.

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10 DOWNING STREET

THE PRIME MINISTER

16 April 1984

Dear Bob,

It was very good to see you again during my visit to the London Docklands. The Corporation have done a marvellous job, but the inspiration for their success has come from you. I hope that the tremendous achievements which are now taking shape will bring you the satisfaction which you so richly deserve.

Denis joins me in sending our warmest good wishes.

Yours ever
Ragout

The Right Honourable R. J. Mellish.

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10 DOWNING STREET

THE PRIME MINISTER

16 April 1984

Dear Mr. Brookes.

Denis and I thoroughly enjoyed our visit to the London Docklands and we are most grateful to you and your staff for all the care which you took and for your kind hospitality.

I was greatly heartened to see the exciting developments which are under way. Like you, I am confident that they will bring real benefits to a very large number of people.

I meant every word of what I said about your personal contribution to this great enterprise. It could not have happened without you, and we are most grateful.

Yours sincerely

Raymond Stoltz

Nigel Brookes, Esq.

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10 DOWNING STREET

THE PRIME MINISTER

16 April 1984

Dear Mr. Baker,

Thank you very much indeed for receiving me so kindly at Heron Quays during my visit to Docklands. The development there is one in which you and your company can take great pride. It will provide new and exciting opportunities for people at work, for people at leisure, and for people at home. I congratulate all those involved, and send them my best wishes as further phases of the development are undertaken.

May I thank you too for the fine gavel which you presented to me. I shall have no difficulty in finding a use for it at Downing Street!

Yours sincerely
Margaret Thatcher

Bryan Baker, Esq.

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10 DOWNING STREET

THE PRIME MINISTER

16 April 1984

Dear Sir George

I was delighted to have the opportunity in the course of my visit to Docklands to visit your Earth Station Installation in North Woolwich. It is an exciting project, and bodes well for the future of the area and the future of British Technology.

Thank you too for the unusual and beautiful engraving. It is a striking combination of high technology with traditional craftsmanship.

With best wishes,

Yours sincerely
Margaret Thatcher

Sir George Jefferson, C.B.E.

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