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CABINET**NEW TOWNS****MEMORANDUM BY THE MINISTER OF HOUSING AND LOCAL GOVERNMENT AND
MINISTER FOR WELSH AFFAIRS**

The Secretary of State for Scotland and I propose that statements should be made in the House before the summer recess on the Government's policy about the future administration of New Towns. The substance of that policy, which was approved by the Home Affairs Committee, is that the land and buildings at present owned by the Development Corporations should not, when the Towns are substantially completed, be handed over to the local authorities as provided for by the New Towns Act, 1946, but that legislation should be introduced to bring about a different arrangement.

2. So far as concerns England and Wales, where some New Towns are nearing completion, my proposal is to announce that a new Government agency would be established to own, manage and, as appropriate, dispose of the assets; and that a Departmental Committee should be set up to advise on the organisation appropriate for the purpose. The Scottish New Towns, none of which will be completed for several years, would be left over for consideration at some future stage.

3. I attach a copy of the statement I have had it in mind to make, as amended in the light of discussion by the Home Affairs Committee.

4. The Committee requested that their conclusions be brought to the attention of the Prime Minister. He has asked that the matter should be brought before the Cabinet so that they may decide whether it is necessary to make a statement at this stage.

5. I have two main reasons for wishing to make a Government statement now:—

- (a) Before we can frame the amending legislation, there are several questions to be answered about the sort of organisation we should set up and its relationship to both central and local government. On these we need the assistance of people not in Government service; people in the New Town Corporations, in local government, in estate and housing management. In order to start the necessary discussions we must have a public announcement of some kind, otherwise there is bound to be a leakage to the Press: and a statement to the House appears to be the most appropriate course. Since, in my view, we ought to do our best to legislate before the Election, it is essential to start these discussions very soon.
- (b) I am told by Members for New Town constituencies that they consider an early statement of policy to be imperative. Continued uncertainty about the Government's intentions is raising acute anxieties among the industrialists and others with capital sunk in the Towns (who fear transfer of ownership to the authorities). The Chairmen of all the New

Town Corporations would welcome a statement, to put an end to uncertainties. Most of those concerned have the notion that the Government intend to amend the Act, but no one can be sure. I think that the New Town Members are right, and that relationships in the New Towns are becoming unnecessarily difficult for want of a clear statement.

6. We cannot legislate next Session. Apart from the fact that the necessary Parliamentary time could not be found, we need "outside" advice before we can put forward detailed proposals. If we are to do the job properly, and carry the public with us, it is desirable not merely to consult outside opinion, but to do it in such a way as to reassure the inhabitants of the Towns, and to avoid creating any impression that the Government are settling their future without giving everyone concerned a reasonable chance of being heard. I think there may be conflicting views about the form of the organisation to be adopted: some will be for centralised control, with no representation for local opinion, others for a form more amenable to local feelings. I would not want to appear to determine such matters without seeking views both from those who understand large-scale estate management, and from those who have experience, on the ground, of the New Town problems. Nor would I want to produce proposals about housing management without consulting experts in that field. Even if we decided not to have a Committee (and it would in my view be a mistake so to decide) it would still be necessary to make an announcement, so that we could in other ways openly consult those whose advice we need.

7. I appreciate that a statement in the House invites the Opposition to open an attack. No doubt they will do so. But their attack is more likely to concentrate on the policy to be adopted by the new agency when it is established, than on the decision to establish it. They will not find it easy to decry the basic proposition that, on financial grounds, the assets must be retained in Government ownership for some time to come; and even if some Opposition Members were prepared to maintain that the whole of the New Towns enterprise ought at some stage to pass into the hands of the local authorities, I have reason to think that others, taking a longer view, are uneasy at that prospect. The statement is likely to be universally popular with Government supporters.

8. It must be kept in mind that during next Session there will be necessity to introduce a Bill (for which a place is being kept) to authorise increased Exchequer advances to the New Towns. I am certain to be pressed then for a statement of my intentions; and I would feel much happier about handling that debate and asking the House for more money if an announcement had previously been made.

9. I ask accordingly that I may be authorised to announce the Government's intentions before the recess which I could do in answer to an arranged Question or otherwise.

H. B.

Ministry of Housing and Local Government, S.W. 1,

18th July, 1957.

ANNEX

Statement on the Future Administration of New Towns in England and Wales to be made by the Minister of Housing and Local Government

Several of the Development Corporations set up, under the new Towns Act, 1946, in England and Wales, will substantially complete the building of their towns during the next few years. The Government accordingly consider that the time has come to review the provisions of the Act for winding up the Corporations and for the subsequent ownership of their properties.

2. The Act provides that when the purposes for which a Corporation was set up are "substantially achieved" the Corporation will be wound up unless financial considerations make it expedient to defer doing so; and that the undertaking, or any part of it, may then be transferred, on terms to be settled, to the local authority (or authorities) within whose area the new town is situated.

3. The Government have however come to the conclusion that it would be impracticable to reach a satisfactory settlement for wholesale transfer as envisaged by the Act, especially as the towns will be far from having reached a financial equilibrium by the time the Corporations have completed their tasks.

4. In any event the Government do not consider that it would be desirable for a large part of the land and buildings in any town to be owned by local authorities. In their view the ultimate objective should be to make the new towns as much like normal towns as possible; and this implies diverse ownership.

5. There can be no doubt that on financial grounds the Government should, for years to come, retain ownership of a good deal of the property. The Corporations are financed by advances from the Consolidated Fund, and up to 31st March last the advances to the English and Welsh towns amounted to about £155 millions. The advances are repayable, with interest, over 60 years. Revenue is building up, but this is necessarily a slow process. Some of the Corporations are already earning enough to meet their annual repayments; but it will be many years before they overtake the accumulated deficits, due mainly to their early heavy expenditure on the provision of main services. If the Exchequer is ever to recover what has been spent and is being spent on developing the towns, the Government must postpone disposal of the properties until the opportunity is favourable.

6. This could, perhaps, be achieved under the Act by retaining the Corporations in being. But these Corporations have been established to carry out development; and a different sort of agency is required once the development is substantially completed. The Government accordingly propose to amend the New Towns Act.

7. The amending legislation will provide for the establishment of Commissioners who will take over the property and the liabilities of the Corporations in England and Wales as they are wound up, and will thereafter manage their estates.

8. The Commissioners will be required to manage the property, and to dispose of it as and when appropriate, with the object of recovering the maximum return for the Exchequer, proper regard being paid to the interests of the inhabitants of the towns. They will retain, either directly or through associations established for the purpose, the ownership of the rented houses, though the sale of some of these to the local authorities would not be excluded.

9. Various questions arise on the best form of organisation for this purpose, and before reaching conclusions on this it will be desirable to have the advice of experts on organisation, estate management, including house management, and finance. Ministerial responsibility must be retained; and the right relationship between the Commissioners and the Government is a matter requiring examination. The relationship between the Commissioners and local government is also important, and on this the representatives of local authorities should be consulted. For these purposes I propose to appoint a small Committee whose terms of reference will be to advise upon the arrangements to be made to give effect to the Government's decision that Commissioners should be established for the purposes described in the foregoing announcement.