



Prime Minister

ENTERPRISE ZONES

I was very glad to see Geoffrey Howe's minute of 29 February. I support his proposals.

This seems

better.

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On the choice of sites my only substantive point is that I would prefer the number of sites for England to be expressed as 3 or 4 rather than 2 or 3 as Geoffrey proposes. We shall need a little elbow room to get a reasonable geographical spread. There is a dilemma in areas of low demand such as Tyneside where the private sector is unlikely to be able to afford much of the extensive site preparation works needed to develop urban or derelict sites. I accept, regretfully, that we cannot be more specific about a location on Tyneside at this stage, but we will have to use the consultation period to determine which site would be most attractive to the private sector and with least burden on public funds.

I would be happy to take on the non-fiscal provisions - except those on the training levy - in the Local Government Bill. But I take the point in Norman St John Stevas's letters of 12 and 28 February that it would be prudent for Parliamentary Counsel to be given an opportunity to consult the House authorities before an announcement is made. I need to get a little further with drafting instructions before we can be



absolutely certain about this. We are considering the best way of providing for a relaxed planning regime that would be attractive to developers while minimising the need for complex legislation.

I agree with Geoffrey that land reclamation should where possible be a private sector responsibility. However I strike a note of caution. I shall need to look at this site by site and where past dereliction has created a negative value I may need to lead the private sector with public money. If I don't the continuing dereliction will remain a conspicuous advertisement against our intentions.

I hope that we can issue the consultation document immediately after Geoffrey's announcement so that we can get on with consulting the relevant local authorities. I have one or two detailed points on the document which I am sure Geoffrey and I can agree between us.

I am copying this minute to all members of E Committee, to George Younger, Nicholas Edwards, Humphrey Atkins, to Norman St John Stevas, Sir Kenneth Berrill and Sir Robert Armstrong.

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6 March 1980