

IN CONFIDENCE

Ann Thrope

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To note.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

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12/3*

T Lankester Esq
Private Secretary to
the Prime Minister
No 10 Downing Street

19 March 1980

Dear Tim,

Ann Thrope

ENTERPRISE ZONES

... Since the question of Enterprise Zones arose in the Prime Minister's talk last week with Lord Thorneycroft, you may be interested in seeing the enclosed correspondence.

Yr. wr,

MAH

M A HALL
Private Secretary



19 MAR 1980



Faint, illegible text or markings in the middle section of the page.

cc Mr. Barlow

ns

17



cc: Financial Secretary
Mr. Ridley

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

14 March, 1980

Dear Peter

no

I was most sorry that we were unable to meet for more than a fraction of our allotted time on Monday evening. No-one is more concerned than I am about getting the presentation of the Budget right, on which your views are particularly valuable. If there are any points you would like particularly to draw to my attention in the next few days, please don't hesitate to do so. Equally, if it would help you to talk through the Budget themes further, I should be delighted to arrange for you to see Nigel Lawson or Adam Ridley if, as I fear and, as you know at first hand, is all too probable, I cannot find another suitable time in the near future.

You asked us about the proposals for Enterprise Zones, and expressed some anxieties about them. To fill in the background a bit and, I hope, reassure you somewhat, I am enclosing a note which sets out their main features. Since the formal announcement of them is to be made in the Budget, I would be grateful if you could treat the note and the information it contains as strictly for your personal information.

(GEOFFREY HOWE)

The Lord Thorneycroft, PC.

ENTERPRISE ZONES

The Government intends to set up about half a dozen Enterprise Zones of approximately 500 acres each. The sites will be in areas with problems of economic and physical decay. A^{short} list of the sites from which candidates are likely to be chosen is attached. Enterprise Zones will initially be designated for a period of 10 years. During this period both new and existing firms within the Zones will benefit from the following measures:

- a. Exemption from Development Land Tax
 - b. 100% capital allowances (for corporation and income tax purposes) for commercial and industrial buildings
 - c. Abolition of general rates (but not water rates) on industrial and commercial property
 - d. Simplification of planning procedures
 - e. Establishments within Enterprise Zones will be excluded from the scope of Industrial Training Boards (ITBs). This will exempt the establishments concerned not only from the training levy, but also from any requirement to furnish information to ITBs.
 - f. Any remaining requirements for Industrial Development Certificates will be abolished
 - g. The Government will reduce to a bare minimum its requests for statistical information
 - h. Controls over development will be administered as swiftly and simply as possible
2. The purpose of these Zones is to test as an experiment, and on a few sites, how far industrial and commercial activity can be encouraged by the removal of certain fiscal burdens, and by the removal or streamlined administration of certain statutory or administrative controls.

The aim is to stimulate economic development by removing the hand of Government as far as possible. The fiscal concessions should offer a real incentive to the private sector to take on tasks which it was hitherto thought could only be tackled by injections of public money.

LIST OF SITES AND AUTHORITIES FOR INITIAL CONSULTATIONS

The location and boundaries of Enterprise Zones will be decided after consultation with local authorities and other organisations.

Discussions will initially be concentrated on the following areas within which Enterprise Zones might be located. These represent a first list for consideration. Additional sites may be considered in the light of the development of the discussions and proposals.

England

| <u>Region</u> | <u>Area</u> | <u>Local Authorities</u> |
|-------------------------|---|--|
| Northern | A Tyne and Wear site | (Gateshead District (Council (Newcastle City Council (Tyne and Wear County (Council and the (District Authorities |
| Yorks and Humberside | Attercliffe, Sheffield | Sheffield City Council South Yorkshire County Council |
| North West | A Merseyside site) Trafford Park) Manchester and) Salford Docks) | Merseyside County Council Liverpool City Council Greater Manchester County Council Trafford District Council Salford District Council |
| West Midlands | Bilston | Wolverhampton District Council West Midlands County Council |
| South East | A London site | Local Authorities concerned Those presently represented on Docklands Joint Committee |
| <u>Scotland</u> | A site on Clydeside | Glasgow District Council Renfrew District Council Strathclyde Regional Council Clydebank District Council |
| <u>Wales</u> | Lower Swansea Valley | West Glamorgan County Council Swansea City Council |
| <u>Northern Ireland</u> | Belfast inner city site | |

THE CHAIRMAN OF THE PARTY
The Rt. Hon. The Lord Thorneycroft

PT/SOB

| CH/EXCHEQUER | |
|--------------|-------------|
| REC. | 17 MAR 1980 |
| ACTION | Min. Sec. / |
| COPIES TO | M. Ridley / |
| | FT / |
| | McGuffin / |
| | |

CONSERVATIVE & UNIONIST CENTRAL OFFICE,
32 SMITH SQUARE,
WESTMINSTER, SW1P 3HH,
Telephone: 01-222 9000

17th March 1980

Personal & In Confidence

Dear Geoffrey.

Thank you for your letter and accompanying notes on Enterprise Zones. I valued our short discussion and quite understand the pressures. I am myself leaving for the north today so won't see you before the Budget but wish you the very best of luck.

You can count on all the support we can give you from here. As soon as the Budget is over I want to ensure that Adam and others keep in close touch with Alan on presentation from a Party point of view.

With many thanks.

The Chancellor of the Exchequer



2 MARSHAM STREET
LONDON SW1P 3EB

Regional Policy

My ref:

Your ref:

17 March 1980

In copy

R 1817

Keith Joseph's letter of 10 March makes a point on your letter of 29 February, which I support strongly - as I implied in my minute to the Prime Minister of 6 March.

Many of the sites we are looking at are in a derelict state. We cannot assume that, even with the fiscal concessions proposed, it will be possible to rely on the private sector to carry out all the necessary pre-development work themselves. The costs will often be high; furthermore, it will not necessarily be in the interests of any particular developer to carry out the initial heavy expenditure.

The costs must be a factor when it comes to choosing between possible sites for enterprise zones, but it would be dangerous for us to go forward without acknowledging now that some additional public expenditure is likely to be required. As I said in my previous letter, I could not undertake to find any such additional resources from within my own programmes.

I am copying this letter as before.

Yes
Michael Heseltine

MICHAEL HESELTINE

The Rt Hon Sir Geoffrey Howe MP



18 MAR 1960