

CONFIDENTIAL

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

E(80)72
18 July 1980

CABINET

COPY NO 55

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

ENTERPRISE ZONES

Memorandum by the Secretary of State for the Environment

Introduction

1. Following the Chancellor's Budget statement, 28 authorities in the U.K. (including 16 who were invited to do so) put in formal proposals for enterprise zones. Serious contenders, and key facts, are set out at Annex A (to follow). More detailed information has been circulated at official level.

2. It will be important for our choice of sites to include some in areas of special need; but also some where there are good prospects of early success. In consultation, representatives of the private sector have been cautious about the prospects for EZs in some of the areas whose needs are greatest. Particularly given the economic climate we must expect over the next year or two I believe that a balanced package requires more EZs in England than the three or four we originally intended. The Chancellor of the Exchequer has already proposed that there should be two sites in London.

Recommendations on sites

3. We have already decided that there should be one site each in Scotland, Northern Ireland and Wales: I understand that colleagues are proposing sites at Clydeside, Belfast and the Lower Swansea Valley.

4. In England I propose the following sites:

Tyneside: an area in Newcastle and Gateshead taking in the undeveloped part of the Team Valley Industrial Estate and a derelict area along the Tyne, (on the lines of the proposal in Keith Joseph's letter of 26 June).

Merseyside: a site at Speke (Liverpool) based on the former Dunlop and BL factories.

Greater Manchester: disused land around the Salford Docks, and part of the Trafford Park Industrial Estate.

West Midlands: an area based on the derelict steelworks site at Bilston (Wolverhampton).

London: the Isle of Dogs: (Tower Hamlets, but to be administered by the Docklands UDC).

CONFIDENTIAL

2831

CONFIDENTIAL

London: Wandsworth

In each case, further discussion is needed before a precise boundary can be defined.

Other Candidates

5. I believe this selection gives us the combination we want of tackling economic and physical decay and offering prospects of success. I do not think that to add any of the other claimants would improve the package as a whole. The excluded candidates are listed in part II of Annex B (to follow).

Costs

6. If all the 9 sites listed above were designated the initial costs of the rating concession would be up to £11m. per annum for the 6 English sites, depending on boundaries. If development takes place as we hope the cost could rise to a figure of the order of £50m. per annum towards the end of the 10-year period. The cost of the capital allowances might be of the order of £20m. per annum in a full year.

7. Almost all the sites require some expenditure on infrastructure. Some of this will be within existing plans and programmes. But I must warn colleagues that for some sites not all the resources may be covered - particularly as programmes come under pressure.

Hypermarkets

8. Most of the authorities consulted and some representatives of the private sector are concerned about unfair competition in retailing - in effect from hypermarkets.

9. I believe that there is a danger that the favourable impact of EZs will be counter-acted by resentment created in neighbouring areas. I have reluctantly concluded that we should acknowledge this by being willing - where circumstances clearly justify it - to accept that planning applications would continue to be needed for hypermarkets. I would normally expect to decide such applications myself.

Public hearings

10. Public inquiries are a recipe for delay. I have avoided making provision in the legislation for me to hold a public inquiry. Local authorities may however hold hearings and there may be pressure for this, particularly in London.

Management and monitoring

11. I intend to involve the private sector in the management and promotion of EZs and myself to maintain a close interest in each. Arrangements will be tailored to the needs of each zone. I will agree the essential monitoring arrangements with colleagues concerned.

CONFIDENTIAL

CONFIDENTIAL

EEC

12. We will need to inform the Commission of our choice of sites. This could be done before we begin statutory processes leading to designation.

Announcement

13. It would not be advisable to make a commitment to any EZs until we are quite satisfied with the authorities' proposals on planning, and on administrative arrangements for giving quick decisions. If colleagues are content with the above list I propose to announce that we have decided to establish enterprise zones at Salford/Trafford, Bilston and the Isle of Dogs (where I would make the UDC responsible for running the EZ). I would make it clear that this still left designation subject to satisfactory detailed agreements spelling out the authority's commitments on planning and administrative arrangements. I believe that we shall be able to get satisfactory assurances from the other English authorities I have proposed; but further discussion with them is necessary before I would wish to announce their names. I would therefore say that the Government has in mind selecting two or three further zones and intends to consider the details further with Newcastle and Gateshead; Liverpool (for Speke); and Wandsworth. (This site has a particular problem in that it is situated along the Thames and we cannot allow the visual impact of the development of this site to be ignored). The immediate announcement would not entirely rule out the possibility of other areas being chosen, in case one or other of these possibilities fell through. When we announce a final list following these discussions - which I shall pursue urgently - I think it important that we make clear that no further candidates will be considered, at least until the first enterprise zones have been in operation for a year.

Conclusions

14. I invite colleagues to agree -

- (i) the list proposed in paragraph 4;
- (ii) that the Docklands UDC (rather than Tower Hamlets) should be the Enterprise Zone authority for the Isle of Dogs;
- (iii) that I should take the line about hypermarkets proposed in paragraph 9 above;
- (iv) that the immediate announcement and the further discussions needed are handled as proposed in paragraph 13.

M H

Department of the Environment
2 Marsham Street
SW1

18 July 1980

CONFIDENTIAL

2843

ANNEX B: TABULATION OF SITES

Column 1 Sites: The total area given in each case is a maximum: smaller areas would be possible.

The area of 'developable' land is the area likely to be available for development within 5 to 6 years.

Column 3 Costs: The figures for rates are the first year cost of the rating concession.

Column 4 Planning Restrictions:

Entries are based on each local authorities' written proposals (which may be negotiable). Restrictions mentioned are those additional to those needed for health, safety, or the control of pollution, or for the protection of adjacent residential areas (where these types of restrictions could be onerous they are mentioned in Column 2 'constraints on development').

Column 5 Administrative arrangements:

Entries are based on each local authorities' written proposals (which may be negotiable).

74

76

78

80

82

84

86

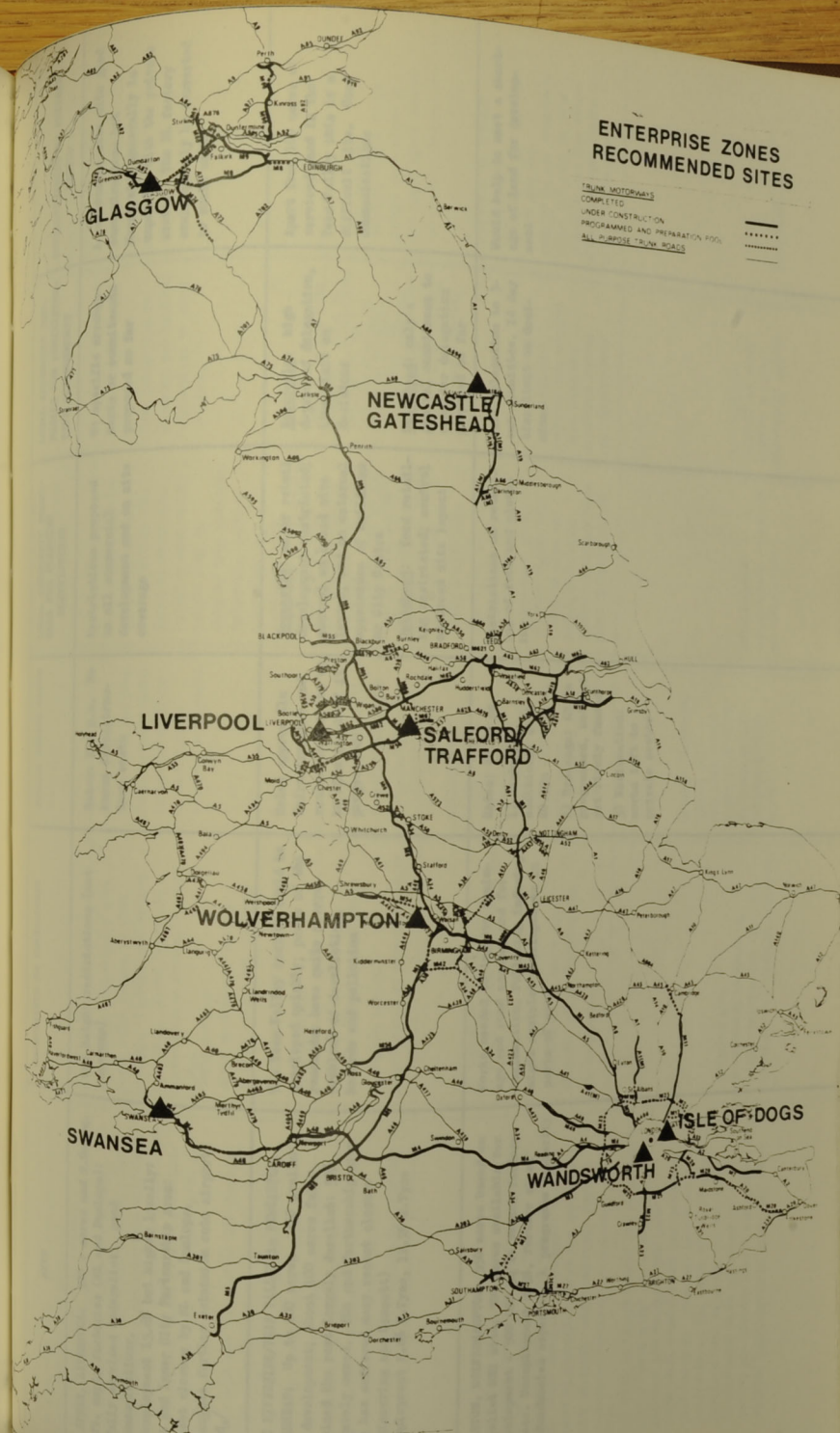
88

...The total area given in each case is a maximum. ...The area of 'developable' land in the area ...likely to be available for development within ...2 to 5 years.

...The figures for rates are the latest year cost ...of the rating concession.

...Factors are based on each local authority's ...written proposals (which may be negotiable). ...Restrictions mentioned are those additional to ...those needed for health, safety, or the control ...of pollution, or for the protection of adjacent ...residential areas (where these types of ...restrictions could be given that are ...mentioned in Column 5 'concessions to ...development').

...Factors are based on each local authority's ...written proposals (which may be negotiable).



74

76

78

80

82

84

86

88

ANNEX B: PART 1 - RECOMMENDED SITES

SITE	CONSTRAINTS ON DEVELOPMENT	PUBLIC SECTOR COSTS	LOCAL AUTHORITY PROPOSALS FOR PLANNING RESTRICTIONS	LOCAL AUTHORITY PROPOSALS FOR ADMINISTRATIVE ARRANGEMENTS	ATTRACTIVENESS TO PRIVATE SECTOR
SPEKE, LIVERPOOL: 300 + acres and 2.0m sq. ft. empty factories (BL and Dunlops): fully serviced underelict: good communications. Unemployment 13.6% but higher locally: SDA and Inner City Partnership area: recent closure by BL and Dunlops. /Possible further extension onto airport land/	CAA height restrictions (not onerous)	Rates: £1m p.a. No known infrastructure costs	Restrictions proposed on all commercial development and on site coverage	No specific arrangements or commitments proposed so far	A reasonable site with good communications but Merseyside generally is unpopular with the private sector. The BL factory could quickly be converted to small units
TYNE RIVERSIDE/TEAM VALLEY in NEWCASTLE, GATESHEAD: Up to 600 acres - 450 available for development; about 100 acres fully serviced the rest largely derelict: 50% privately owned. SDA and Partnership area that has suffered many recent closure (engineering and Consett) Unemployment 8.8% N.Tyne, 12.7% S.Tyne	The Team Valley section could be developed quickly; parts of the remainder have quite severe problems of dereliction, hazards and pollution	Rates approx £1m Infrastructure and reclamation costs up to £20m (much of it programmed)	<u>Newcastle:</u> major retail development restricted; control on broad site layout, and on external appearance of buildings nr City Centre <u>Gateshead:</u> food retailing restricted; control on broad site layout	<u>Newcastle:</u> high degree of delegation, time limit on decisions <u>Gateshead:</u> only a general commitment to consider delegation proposed so far	Apart from 100 acres of serviced land in the Team Valley this is a difficult site. Good communications
BILSTON, WOLVERHAMPTON: 550 acres based on derelict BSC site; 300 acres available for development + 500,000 sq ft vacant factory space. Unemployment 8.7%, further steel redundancies expected. A programme authority	Works needed to improve drainage and road access; and for reclamation. Polluting industry might restrict developments in parts of area	Rates: £2.0m pa 1) Highways: additional cost £0.53m 2) Drainage: £2.2m programmed, but not yet firmly funded 3) Reclamation: works left to private sector	Restrictions on retailing of food and clothing	Full delegation to 3-man committee, 14 day time limit on decisions	Would help to meet a shortage of land for development

SALFORD DOCKS/TRAFFORD PARK: 365 acres around the Salford Docks; 235 disused and developable; plus 290 acres in Trafford Park of which 170 acres is developable. 160 acres owned by Manchester Ship Canal Co. Trafford Park area contains many occupied but old factories. The area has suffered job loss. Unemployment 6.9%, but higher locally. The area is partly within the Partnership area	Hazards and polluting industries would restrict the range of development in parts of Trafford Park	Rates: Salford £0.27m Trafford £1.07m A firmly programmed road scheme (£22m) will improve prospects	No significant restrictions - even on hypermarkets	Substantial delegation to a single officer, or small sub-committee	A good prospect
ISLE OF DOGS: TOWER HAMLETS: 450/500 acres of redundant docks and docksidings, 170 acres readily developable; numerous buildings that could be converted. 280 acres owned by PLA, 46 by BR, 20 by GLC. High unemployment, 3000 + in Poplar. Partnership area	1) Access poor 2) Dock infill required for development of whole site 3) PLA holdings an issue to be settled 4) Could be some constraints due to polluting industries	1) Rates: £1.2m pa 2) Desirable highways £8.8m (£4.5m programmed) 3) Dock filling: approx £10m to £20m (not all additional EZ expenditure)	Tower Hamlets so far propose controls over majority of area limiting size of office, retail and warehousing developments. No deemed permission for "general industry". UDC proposed regime more general	EZ officer with delegated powers over reserved matters and routine applications; priority promised	Highly attractive especially once access is improved. Private sector might not take on Dock infill. Of the docklands sites, the one favoured by the GLC and the chairman-designate of the UDC
WANDSWORTH: 450 acres (150 developable) in two areas along the river between New Convent Garden market and Battersea Power Station (a concentration of disused sites) and Albert Bridge to Wandsworth Town (a few vacant sites mostly small except a heavily polluted gasworks site). Unemployment at Clapham Junction office 3000.	1) Dependent on land release by public sector 2) Major gasworks site badly contaminated 3) Road access 4) Part is conservation area 5) Prominent river frontage where development will be controversial	1) Rates £2.2m pa 2) Highways £8.5m firmly programmed	Controls on change of use to warehousing and on the height of buildings. Controls on max housing density along riverside. Requirement to provide riverside walk	Extensive delegation to officers on reserved matters. Meeting of sub-committee every 10 days to decide rest	The GLC's first choice. Highly attractive to private sector given land release.

SITE	CONSTRAINTS ON DEVELOPMENT	PUBLIC SECTOR COSTS	POSSIBLE FOR PLANNING RESTRICTIONS	POSSIBLE FOR ADMINISTRATIVE ARRANGEMENTS	ATTRACTIVENESS TO PRIVATE SECTOR
BELFAST INNER CITY SITE: 200 acres of derelict and under-utilised 19th century mill complexes and some cleared land. Good existing roads and services. Unemployment 10.3% and other severe inner city problems.		Rates £460k p.a. Some "pump priming" finance may be necessary	Planning powers are exercised by the DOE for Northern Ireland		Likely to attract commercial rather than industrial investment (which already enjoys 7% de-rating in Northern Ireland.)
LOWER SWANSEA VALLEY: 650 acres - approx 170 acres developed, 330 acres available for development (remainder undevelopable marshland, etc). Developable land comprises derelict land, some of it reclaimed, and a rundown greenfield site. Excellent road and rail communications, and access to Swansea Docks. Unemployment 8.5% and expected to deteriorate due to steel rationalisation. Area to be downgraded from Development to Intermediate Area in August.	Area badly contaminated with toxic metal wastes in 19th century. Further reclamation necessary. Trunk sewer and improved flood protection also needed.	Rates approx £445k in first year. Public sector costs estimated at £1.6m in addition to existing programmes.	Food retailing to be excluded, and non-food retailing confined to small area. Detailed controls to remain - eg on height, site coverage, materials, parking provision, etc.	Full delegation to a 4-man Committee. Some delegation on planning and building regulations to chief officers.	Reasonable prospects of attracting private investment.
CLYDEBANK/GLASGOW: 575 acres, of which 110 are in Glasgow District. Includes the site of the Singer factory in Clydebank (87 acres). Special Development Area. Unemployment 11.4%		Rates approx £1.5m. £5-6m for redevelopment of the Singer site firmly programmed by the SDA. Additional public sector costs unlikely to exceed £1m.	Large retail developments not to be allowed on the Singer site because of the possible effect on the Clyde Regional Shopping Centre.	Existing arrangements for delegation to District Planning Officer to continue in Clydebank. Council also willing to convene special meeting.	

OTHER AUTHORITIES WHO HAVE SUBMITTED BIDS OR EXPRESSED INTEREST BUT ARE NOT RECOMMENDED
 Fewer details are available on some of these sites

NORTH EAST

Sunderland	Bid received	Expensive and constrained site with major access problems.
Hartlepool	Bid received	Expensive, poor location, development would be restricted by major hazard and Nuclear Installations Inspectorate constraints.
Middlesbrough	Bid received	650 acres (300 developable). Authority propose restrictions on retailing and want to "maintain standards" of developments.
Stockton-on-Tees	Bid received	550 acres, almost all available for development. Authority propose restrictions only on retailing and housing, and extensive delegation to an officer and a sub-committee. But much of the site is unstable; development could be restricted by existing hazards.

YORKSHIRE AND HUMBERSIDE

Wakefield	Bid received	140 acre- fully serviced industrial estate in isolated position; half undeveloped, some empty factories. High local unemployment.
Doncaster	Expressed interest	Local authority are giving further thought to submitting a formal bid.
Kingston-upon-Hull	Expressed interest	Informal proposal suggested by officers has not yet been confirmed by the Council.

NORTH WEST

Wigan	Expressed interest	No suitable site currently available.
Rochdale	Initial expression of interest not sustained	

EAST MIDLANDS

Corby	Bid received	Proposal for an industry only EZ covering 440 acres around the steel works
-------	--------------	--

WEST MIDLANDS

Dudley

Bid received

400 acre site proposed, but strong doubts about how much would be available for development.

Stoke

Initial expression of interest not sustained

Telford Development Corporation

Bid received

360 acre greenfield site fully serviced. Development Corporation propose restrictions on retail development. The District Council oppose an EZ.

LONDON

Islington

Bid received

Proposals for an area of South Finsbury contiguous with proposed Hackney EZ, intended as a possible extension.

Hammersmith

Bid received

Proposal for small area in Fulham as an extension of a Wandsworth EZ (which is on the other side of the river)

THE SOUTH-WEST

Kerrier

Expressed interest

Two possible sites, both under 200 acres, one very derelict and affected by a major hazard.

Bristol

Expressed interest

Proposal for two zones: one on a greenfield site at the Portbury Docks; The other in the inner area (Eastville).