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The abolition of Economic Planning
Councils (EPC)

ECONOMIC
POLICY

JULY 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
24.7.79							
25.7.79							
PREM 19/982							



10 DOWNING STREET

From the Private Secretary

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CO(Sir D.R.)
25 July 1979

File TRP
Econ Pd.

The Prime Minister has seen your Secretary of State's minute of 24 July, in which he proposes the abolition of the Welsh Council. As you pointed out in your letter to me of the same date, an announcement of the abolition can no longer be made simultaneously with that of the English Economic Planning Council.

The Prime Minister agrees with Mr. Edwards' proposal, on the understanding that Mr. Edwards is confident that this step will not complicate his position in Wales in the aftermath of the devolution debate.

I am sending copies of this letter to the Private Secretaries to Members of E(EA) and to Martin Vile (Cabinet Office), David Laughrin (Civil Service Department) and Clive Priestley (Sir Derek Rayner's Office).

M. A. PATTISON

G.C.G. Craig, Esq.,
Welsh Office.

TRP

PRIME MINISTER

This minute from Mr. Edwards proposes the abolition of the Welsh Council. (When he signed it, he proposed to make the announcement simultaneously with that of Mr. Heseltine about the England EPCs: but Mr. Heseltine agreed early today that Sir Keith Joseph should make this announcement in the Regional Policy Debate.)

I think this will be a more sensitive decision than the abolition of the English Planning Councils. Mr. Edwards presses for a rapid decision, and argues that he can defend it by referring to other intentions to develop Parliamentary methods of scrutiny and review of Welsh affairs.

Agree that the Welsh Council should now be abolished rapidly in the wake of the similar action for the English Councils?

24 July 1979

*Yes - it is all right
SND for Wales -
on Council
Lenny
out.*



PRIME MINISTER

WELSH COUNCIL

In his minute to you of 17 July, in which he proposed the abolition of regional economic planning councils, the Secretary of State for the Environment refers to the future of the Welsh Council.

The Welsh Council is in many respects the equivalent of the regional economic planning councils in England, although transfer of functions to the Secretary of State for Wales has made it less necessary or practicable for the Council to act in the economic planning role. It has a wide responsibility for advising the Secretary of State on social and cultural as well as economic affairs, and has long been seen as an all Wales forum and channel of advice to the Secretary of State in the absence of an elected body. It has not played any significant part in structure planning.

The present Council is, however, ineffective, largely because it was pushed to one side in the devolution debate. It needs wholesale reconstitution or to be abolished. I have come to the conclusion that abolition was the better course. Regional

/policy making



policy making can be handled adequately by my department in consultation with the other Agencies; and I can keep in touch as necessary with local authorities and other bodies through informal meetings. About £50,000 a year could be saved by abolishing the Council. But the decision will be controversial in Wales. I am under some pressure to reconstitute the Council and give it a more independent role and support, not only from the Wales TUC (who seek to reconstitute it as a Welsh version of the NEDC, a course which I do not favour) but also from the CBI in Wales, who would like to see a body to review the activities of central government and other public authorities. In defending its abolition, I shall need to refer to our intention to meet the desires of many in Wales for debate and review of our policies by developing Parliamentary methods of scrutiny and review of Welsh affairs, viz more frequent meetings of the Welsh Grand Committee and our intention to set up a Select Committee on Welsh affairs. I shall point out that those developments will leave little room for an independent review body such as a reconstituted and improved Welsh Council.

The decision to abolish regional economic planning councils in England will lead to immediate pressure for an announcement about the future of the Welsh Council. I therefore seek authority to announce the abolition of the Welsh Council as

/soon as



soon as Michael Heseltine announces his decision on the regional economic planning councils.

I am sending copies of this minute to those who received copies of Michael Heseltine's.

24 July 1979

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24 JUL 1979



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REGIONAL POLICY

Mr. Speaker: I have selected the amendment in the name of the Leader of the Opposition.

Mr. Arthur Lewis (Newham, North-West): On a point of order, Mr. Speaker. As one who does not intend even trying to catch your eye—I realise the hopelessness of that—may I ask whether we may have an assurance that if eight Privy Councillors on either side of the House are to be called, as they always are called, thus blocking out ordinary Back Benchers because of this tradition—and it is only a tradition to call Privy Councillors—which is very unfair on ordinary Back Benchers who try to catch your eye, this will not always be so?

Mr. Speaker: The hon. Gentleman has given me an opportunity to say that there is a very long list indeed of right hon. and hon. Members who have indicated to me that they hope to catch my eye—

Mr. Lewis: They will.

Mr. Speaker:—and that six Privy Councillors on the Opposition Benches are hoping to catch my eye. I have followed the precedent of my immediate predecessor in the Chair, and I never call two Privy Councillors from the same party, one immediately after the other. I call a Back Bencher, who is not a Privy Councillor, in between them. I do not propose to change the time-hallowed custom of giving that precedence to Privy Councillors.

Mr. Arthur Lewis: I thank you, Mr. Speaker, for that comment—except for the last part, with respect. Perhaps I may suggest that it would be welcomed by hon. Members in all parts of the House—with the probable exception of a few Privy Councillors—if you were to consider that Privy Councillors should get together in their club and decide which of them should ask to be called, and should try to be a little fairer, just having one or two—which is sufficient—from either side, and not hogging the whole of a debate, as is always the custom.

Mr. Speaker: There is more than a germ of a good idea in what the hon. Gentleman has said. It would be helpful to the House if there were fewer Privy

Councillors in a given debate. But I do not wish to change the custom.

Allow me to say, before I call the Secretary of State to move the motion, that I believe that there is an obligation on those who know that they will be called to speak, because they are Privy Councillors, to be brief, so as to give a chance to others.

4.5 p.m.

The Secretary of State for Industry (Sir Keith Joseph): I beg to move,

That this House welcomes the changes which are being introduced by the Government in regional policy in order to concentrate assistance on areas most in need, to make it more cost effective, and to remove anomalies in assisted area gradings.

I believe that it is the wish of the House to debate, at the same time as the motion, item No. 2 on the Order Paper:

That the draft Regional Development Grants (Variation of Prescribed Percentages) Order 1979, which was laid before this House on 20 July, be approved.

Mr. Speaker: Does that course have the agreement of the House?

Hon. Members: Aye.

Mr. Speaker: Very well. The House will understand that I shall put the Questions on the two motions immediately after each other at the 10 o'clock Division.

Sir K. Joseph: I am grateful to the House and to you, Mr. Speaker.

I have to state that the Government replaced the original order on industrial development because of a possible technical error in it. The order on which the House will be asked to vote this evening is technically correct except that there is an error of 24 hours in the date on the back page. The date as printed will take from the guarantees of regional development grants 24 hours' more money than is consistent with the statement that I made to the House. In order not to confuse today's debate, we shall be asking right hon. and hon. Members to vote on the order, and in the autumn the Government will table an order, subject to affirmative resolution, correcting by 24 hours the availability of regional development grant money so that those who are entitled to receive it will not suffer in any way.

Mabon, Rt Hon Dr J Dickson
 McCartney, Hugh
 McDonald, Dr Oonagh
 McElhone, Frank
 McKay, Allen (Penistone)
 MacKenzie, Rt Hon Grigor
 MacLennan, Robert
 McMahan, Andrew
 McNally, Thomas
 McNamara, Kevin
 Marks, Kenneth
 Marshall, David (Gl'gow, Shettles'n)
 Marshall, Dr Edmund (Goole)
 Marshall, Jim (Leicester South)
 Martin, Michael (Gl'gow, Springb'n)
 Waynard, Miss Joan
 Meilish, Rt Hon Robert
 Millan, Rt Hon Bruce
 Miller, Dr M S (East Kilbride)
 Mitchell, Austin (Grimsby)
 Mitchell, R. C. (Soton, Itchen)
 Morris, Rt Hon Alfred (Wythenshawe)
 Morris, Rt Hon Charles (Openshaw)
 Morris, Rt Hon John (Aberavon)
 Morton, George
 Mulley, Rt Hon Frederick
 Newens, Stanley
 Oakes, Gordon
 Ogden, Eric
 O'Halloran, Michael
 O'Neill, Martin
 Orme, Rt Hon Stanley
 Owen, Rt Hon Dr David
 Palmer, Arthur

Park, George
 Parry, Robert
 Penhalligon, David
 Powell, Raymond (Ogmore)
 Prescott, John
 Price, Christopher (Lewisham West)
 Race, Reg
 Rees, Rt Hon Merlyn (Leeds South)
 Richardson, Miss Jo
 Roberts, Ernest (Hackney North)
 Robertson, George
 Rodgers, Rt Hon William
 Rooker, J. W.
 Ross, Ernest (Dundee West)
 Ross, Stephen (Isle of Wight)
 Rowlands, Ted
 Sever, John
 Sheerman, Barry
 Sheldon, Rt Hon Robert (A'lon-u-L)
 Shore, Rt Hon Peter (Step and Pop)
 Silkin, Rt Hon John (Deptford)
 Silkin, Rt Hon S. C. (Dulwich)
 Silverman, Julius
 Skinner, Dennis
 Smith, Cyril (Rochdale)
 Smith, Rt Hon J. (North Lanarkshire)
 Snape, Peter
 Soley, Clive
 Spriggs, Leslie
 Stallard, A. W.
 Steel, Rt Hon David
 Stoddart, David
 Strang, Gavin

Siraw, Jack
 Summerskill, Hon Dr Shirley
 Taylor, Mrs Ann (Bolton West)
 Thomas, Dafydd (Merioneth)
 Thomas, Dr Roger (Carmarthen)
 Thorne, Stan (Preston South)
 Tilley, John
 Tinn, James
 Torney, Tom
 Urwin, Rt Hon Tom
 Varley, Rt Hon Eric G.
 Wainwright, Edwin (Dearne Valley)
 Walker, Harold (Doncaster)
 Weetch, Ken
 Wellbeloved, James
 Welsh, Michael
 White, Frank R. (Bury & Radcliffe)
 Whitehead, Phillip
 Whitlock, William
 Wigley, Dafydd
 Willey, Rt Hon Frederick
 Williams, Rt Hon Alan (Swansea W)
 Wilson, William (Coventry SE)
 Winnick, David
 Woodall, Alec
 Woolmer, Kenneth
 Wigglesworth, Ian
 Wright, Miss Sheila
 Young, David (Bolton East)

TELLERS FOR THE NOES:

Mr. Harry Ewing and
 Mr. Roger Stott.

Question accordingly negated.

Mr. Kevin McNamara (Kingston upon Hull, Central): On a point of order, Mr. Speaker. In view of that result, are we to expect a Government statement on the future of the Competition Bill?

The policy changes involved in the Government's regional policy proposals need to be summarised by me at the beginning of this debate, to remind the House.

First, the Government are retaining the three different sorts of areas of regional policy—the special development areas, the development areas and the intermediate areas. But the Government are proposing a change in the map, upgrading a few areas and downgrading many more. These proposals are embodied in an order that has been laid before the House—an order subject to negative resolution.

Secondly, the proportion of expenditure defrayed by grant has been changed, in the case of development areas, from 20 per cent. down to 15 per cent., and that is the subject of the statutory order to which I have just referred. After a transitional period, there is to be no grant available for buildings in intermediate areas. This is provided by discretion under the Industry Act 1972 and will be validated further by the Industry Bill that we propose to introduce this autumn.

The next change is that the threshold of expenditure that entitles an investor to development grant is being raised five-fold—from £100 and £1,000 respectively for plant and buildings, to £500 and £5,000. This is being done under the discretion of the Secretary of State and will be embodied, again, in the Industry Bill this autumn.

The impact of industrial development certificates is being changed so that the threshold at which the control bites is raised to 50,000 sq. ft., and there is no need to apply for a certificate hereafter in intermediate areas. That is embodied in an order that has been laid under the Town and Country Planning Act.

There are three other changes that have to be announced. First, we propose that the building of factories will be more entrusted to private enterprise and less to the public sector. We are bringing in transitional arrangements so that the changes that I have announced will bite relatively slowly, in order to honour the commitment in the Conservative Party manifesto that no abrupt changes will be made.

We propose to toughen the criteria for the provision of regional selective assistance under section 7 of the 1972 Act,

and for assistance that is not attached to regions but covers the whole country under section 8. Those changes have the effect of concentrating assistance from the taxpayer on areas of highest unemployment and most need for improvement in economic structure. They will focus and concentrate the benefits of regional policy, and that may meet with the approval of the House as a whole.

Mr. Dan Jones (Burnley): Is there any possibility of changes in the decisions made—for example to upgrade an area to intermediate status, and from that progressively upwards? Are there provisions for that in the proposals being made to the House?

Sir K. Joseph: It is always open to the Government of the day to introduce changes when circumstances change. The Government have envisaged the possibility of upgrading, for instance, Shotton if in due course closure of the steelworks or part of the steelworks is decided on. It would be a different matter to correct a decision already made on existing circumstances. My colleagues at the Department of Industry and I will be willing to listen to evidence that we have misjudged circumstances in a particular area, but unless we have greatly misjudged them, I would be wrong to hold out hope of correction in the proposals announced.

Mr. Dan Jones: I knew that when I asked the question.

Mr. Dafydd Wigley (Caernarvon): On that point, which deeply affects my constituency, will the Minister assure us that he will consider objective criteria such as unemployment not just on the current level but on anticipated future levels, where there are positive closures such as Shotton or the CEB cold storage scheme, employing 2,000 men?

Sir K. Joseph: It is the job of Ministers under the relevant Act to consider future prospects as well as the present position. That does not mean, however, that we must anticipate the prospects; it means only that we must be aware of them.

At least half the purpose of regional policy is to transfer jobs from relatively prosperous to less relatively prosperous parts of the country. That has always been so. From its origin regional policy

[Sir K. Joseph.] has had social as well as economic functions. To a large extent it stems back to the depressed areas of the 1930s. To a limited extent there has been some apparent success in regional policy, judging by the disproportionate amount of the total investment—disproportionate in terms of the population concerned—that has taken place over recent years in the regions.

The main purpose of the policy is to encourage investment where it makes sense to the investors to go to assisted areas—areas where there is higher unemployment and a weaker economic structure. It is difficult to sort out the degree to which that purpose has been achieved. There are cases where investment was intended elsewhere and where, because of the availability of grants in the assisted area, it takes place there. To that extent there is a transfer of jobs.

There is a second group of cases where an investment project is so marginal that it becomes viable only with the help of grants available in the assisted areas. There is therefore a small class of investment projects that goes to the assisted areas, which probably would not have occurred anywhere else.

Then there is inward investment—mobile international investment that is attracted to the assisted areas by grants under section 7 or outside assisted areas by grants under section 8 of the 1972 Industry Act.

These inward investment projects are welcome to this country. They are of mutual benefit. We gain from the investment over and above that provided by our own economic resources, and it often provides higher productivity and innovative products and techniques. These projects also benefit the investor who decides to come here in his enlightened self-interest.

In addition to the investments that are induced to go to assisted areas—the marginal cases that go there because only there, thanks to the grant, will the investment be viable, and the inward investment cases—there is the marginal additional effect of the grant in improving the cash flow and profitability of companies that invest in assisted areas and thus have greater resources for expansion or investment elsewhere. I do not want to denigrate any of these, on the whole, bene-

ficial effects to the assisted areas, but I shall later explain the cost involved to the country.

Against the beneficial effects we have to offset certain other factors. Although we cannot be sure which they are, there are projects that have been inhibited from going ahead by the effect of the industrial development certificate barrier. Over the years many business men have not even applied for permission to develop because they feared the administrative tangle in which they would be involved, and, as they judged, the almost certain refusal. The country as a whole has possibly lost investment—

Mr. John Evans (Newton): Where is the evidence? The right hon. Gentleman is making an extremely important statement, which many Labour Members, and, I suspect, Conservative Members also, dispute. Will he prove us wrong by offering one shred of evidence to support the statement that he has just made?

Sir K. Joseph: It is largely anecdotal, but it is not to be dismissed. In the Midlands—and in particular in the West Midlands—there is a strong and widespread feeling that investment has been reduced. There is the much larger and certain class of investments in the assisted areas that would have gone ahead in those areas anyway without the policy of regional assistance.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): The hon. Member for Newton (Mr. Evans) asked for one shred of evidence. I can quote Cadbury-Schweppes in March 1977.

Sir K. Joseph: I do not want the House to ignore my last point, that a substantial number of the investments in assisted areas would have gone ahead anyway because of the imperative of a company's market and existing location. From all these factors we can conclude that over the years there has been a net benefit to assisted areas from the regional policy.

Under section 7, the regional selective assistance that is provided at the discretion of Ministers to investment within the assisted areas, in addition to the automatic regional development grants, has been indiscriminate. There has been no attempt to provide that help at the expense of the taxpayer only to those cases

where without it the investment would not have gone ahead.

I think that the House will agree with the proposition that, in general, the assisted areas will thrive only if the economy as a whole thrives. It is intensely in the interests of the assisted areas that the economy as a whole should thrive. That is why the Government's policy of improving the economic climate to encourage decision-making, risk-taking and enterprise is so important to the assisted, as well as to the non-assisted, areas. I instance, as a familiar catalogue, the need to reduce Government spending so as to reduce borrowing, crowd out interest rates and cut direct taxation, as being directly relevant.

Mr. Jack Straw (Blackburn): I am interested in what the right hon. Gentleman said about public spending and I have been looking at his earlier pronouncements on the matter. Given his concern about public spending, can he explain why, in 1972, he issued a circular to social service authorities asking them to expand their social service departments over a 10-year period at a rate of 10 per cent. per annum in real terms?

Is not part of the problem that local authorities are facing from Government cuts due to the policies that the right hon. Gentleman was pursuing in 1972?

Sir K. Joseph: I am sure that the hon. Gentleman will at least give credit to my heart, if not to my head, at that stage. I had not realised, as much as the history of recent years has taught me, the perverse effect of excessive Government spending. It is no good having the maximum of good intentions if, in seeking to carry out those good intentions, one overloads the economy and the taxpayer as we have done in recent years.

I put it to the House that the better the economic climate the more likely it is that we shall get expansion in the assisted areas as well as in other areas. The tighter the labour market in non-assisted areas, the more will be the gain to the national economy by the use of labour available in assisted areas.

I know that although there is apparently high unemployment—and, indeed, high unemployment in some parts of the country—there are great labour shortages

in many parts, particularly in many of the non-assisted areas.

We are half-way between the position where labour is tight in the non-assisted areas and that where there is plenty of labour available in those areas. I repeat that when there is labour available in the assisted areas but not in the non-assisted areas there is a national gain when investment projects go to assisted areas.

The whole purpose of transfers between non-assisted and assisted areas makes sense only when the map dividing assisted from non-assisted areas is fair. Until now, the map has not been fair. There have been many non-assisted areas with a higher proportion of unemployed and a weaker economic structure than some assisted areas. That is why the Government's proposals to redraw the map, embodied in an order before the House, are an essential part of making sense of regional policy.

Mr. Cyril Smith (Rochdale): The right hon. Gentleman has talked about changing the map on which the grants apply. Can he give an assurance that grants already committed by Government Departments will be maintained? The right hon. Gentleman has referred to giving grants on assets created by a date in 1980. If a factory is, for example, half-built by 1980, will grant be payable on the whole of the factory, some of which may be completed after 1980?

Sir K. Joseph: The answer to that question is an unqualified "No". Expenditure that will be grant-aided will be only that on plant and buildings that have been provided by the cut-off date. That is the only fair way to proceed. I have provided a long transitional period. The answer to the hon. Gentleman is therefore clear and negative.

I come to the corollary of what I have been saying. We as a country gain from inward investment in the various ways that I have described, but help to the assisted areas is paid for, to at least half its extent, by injury to non-assisted areas. That is inevitable, because the Government have no money. They can spend money only by raising it from the taxpayer or by borrowing. The money available in terms of subsidy has to be paid for.

[Sir K. Joseph.]

There are a number of ways in which the projects that go to assisted areas—not inward investment projects—displace investment and jobs that occur in other ways. There is the sheer loss of investment and jobs that occurs as a result of the Government raising the money by extra taxes or extra borrowing to provide the grants. That loss of investment and jobs may occur anywhere in the country, including assisted areas.

Then there is the effect of the transfer of investment—and jobs—that would have occurred in the non-assisted areas but is induced, by reason of the grants, to move to assisted areas. That is a diversion of investment and jobs.

Then there is the displacement of investment and jobs that occurs when a project in an assisted area is subsidised and enabled to compete unfairly with a project anywhere in the country, including an assisted area, that is unsubsidised. That is a transfer of jobs and profits—and perhaps expansion and investment—from an unsubsidised project to a subsidised project.

There is also the displacement when a subsidised project is enabled to bid for scarce labour at the expense of a non-subsidised project. All those are offsets, sometimes in the assisted areas, but generally in the non-assisted areas, to the gain that, socially and economically, may make, to a large extent, good sense in the assisted areas. I explain that to the House only in order to illuminate the reality of the effect of the changes that are being proposed.

Labour Members are apt to speak of a huge loss in existing jobs as a result of changes in regional policy, but it is not like that under the Government's proposals. It may have been like that when the previous Government removed, at a fortnight's notice, £220 million of regional employment premium. That was a subsidy to jobs. I am not defending it, but its withdrawal may have damaged jobs in the assisted areas, though it may have done benefit to the economy and jobs as a whole.

We are reviewing and changing not an REP but the reduction, to some extent, of grants available to the initiation of projects and jobs, rather than to the continuation of jobs. It is the removal, to

some extent, of help in order to reduce direct taxation. The money that is removed will not be destroyed, demolished or eliminated. It will be removed from one use and restored to the handbag or pocket of the citizen. There is no loss under the Government's proposals for existing jobs in the regions. There is some reduction—I will come to the quantity—in the new jobs that may go to the regions in future.

I shall explain briefly to the House what is familiar to many hon. Members. The best academic assessment that can be obtained of the total effect of regional policy up to date is that the net gain in jobs to the assisted areas, not only in manufacturing but in services, each year during the 1970s has been almost 20,000. I do not underestimate the scale of extra jobs. It is a net gain of jobs for the assisted areas.

Mr. Douglas Jay (Battersea, North) *rose*—

Sir K. Joseph: I should be grateful if I could finish my explanation. I will then give way to the right hon. Gentleman.

Except to the extent of inward investment, the marginal cases that are viable only where there are grants and to the expansion that may result from the increased profitability and cash flow that results from grants, the net gain of jobs in the assisted areas is offset by the loss of jobs elsewhere in the economy—including, to some extent, in the assisted areas. Therefore, it is a net gain that is offset largely elsewhere by the job loss that is consequent upon raising the money to pay the grants by diversion and by the two forms of displacement that I have described.

I shall illustrate the argument at its most intense. After my recent statement, hon. Members have insisted that the loss of jobs from the withdrawal over three years of £230 million from regional policy spending will be savage. Extreme words have been used and I have seen newspaper articles, particularly outside the national newspapers, reflecting that judgment. The best assessment that can be made from the academic work that has been done on the matter is that the loss of potential jobs—not existing jobs—in the assisted areas by that withdrawal over a three-year transitional period of £230

million might be about 5,000 to 6,000 jobs in the assisted areas.

As the money is being used to reduce the direct taxes on the public and because the taxpayers will keep more spending money in their handbags and their pockets, I am advised that the £230 million in the taxpayers' pockets will probably create about 5,000 or 6,000 extra jobs over the same sort of period and all over the country. The House will recognise that that represents a transfer of spending power from the Government to the taxpayer.

Mr. Jay: In order to be clear about the figures if not about the theory, does the right hon. Gentleman's reference to 20,000 and subsequently 5,000 jobs mean per year or over the whole period of the 1970s?

Sir K. Joseph: I was referring to 20,000 jobs per year.

Mr. Edward Rowlands (Merthyr Tydfil): Who is the author of this academic work?

Sir K. Joseph: The author from whom I draw the statistics, although I must be responsible for their use, is Mr. Moore—[HON. MEMBERS: "Old Moore's Almanack"?] He has a partner, whose name eludes me at the moment.

Mr. Michael Foot (Ebbw Vale): Will the right hon. Gentleman guarantee that the document to which he has referred will be placed in the Library?

Sir K. Joseph: It is a published document and I shall adopt any convenient method by which to draw hon. Members' attention to it. Perhaps a written answer would be appropriate in this case.

The analysis, which I draw from independent sources, gives the lie to the totally misleading aggregates that were quoted by the right hon. Member for Dartford (Mr. Silkin) in his capacity as Shadow industry Minister. Many of the assisted areas projects would have gone ahead, and will go ahead, even when the development grants are reduced. The gain in jobs in the assisted areas is to a large extent, though not totally, offset by a loss of jobs in the country.

Dr. Oonagh McDonald (Thurrock): If I may help the right hon. Gentleman, the source to which he was referring is Moore

and Rhodes. They claim that over a 16-year period 540,000 jobs resulted from regional aids of various kinds that were given to the assisted and development areas. That figure is rather higher than the one that was suggested by the right hon. Gentleman. That was an increase in jobs above what might otherwise have been expected.

Sir K. Joseph: I am grateful to the hon. Lady for the reference to Moore and Rhodes. That corrects my lapse of memory. However, I pointed out that the jobs to which I was referring represented the annual results in the 1970s. Alas, the country's performance in the 1970s was not as good on average as the performance during the 1950s and the 1960s. During the 1960s, the economy was more buoyant for at least part of the time.

Mr. T. W. Urwin (Houghton-le-Spring): I should like to take up the point that the Minister has made at least twice during his speech. He claims that a large number of projects for extensions and expansions would still have gone to the development areas without the benefit of regional aid. In all sincerity, I suggest that the right hon. Gentleman should produce some evidence to support that argument. From my long experience of matters, I believe that by far the great majority, if not all, of the extensions would have taken place only with the benefit of regional aid. I suggest that he should begin to concentrate upon the planned projects which now will not go ahead in the areas which are deemed to be subjected to reclassification, including areas of high unemployment in South and South-West Durham.

Mr. Rowlands *rose*—

Sir K. Joseph: I shall not give way to the hon. Gentleman.

There is ample evidence of projects that would have gone ahead anyway. As for the downgrading of some areas and the hon. Gentleman's reference to projects that would not have gone ahead because of the reduction in grants available, I repeat that the areas have been downgraded only because on average their economic and employment position is better than that of assisted areas. I should be willing to study any circumstances that hon. Members bring to my attention or to

[Sir K. Joseph.]
the attention of my Department. I cannot be fairer than that.

There is an obstinate gap in the economic vitality of different regions in the country. Earlier, I referred to the origin of the assisted areas. In nearly every case they were the depressed areas of the 1930s. In relative terms the gap has been narrowed, though because of the rise in the aggregate of unemployment the absolute difference between the unemployed in assisted and non-assisted areas has, alas, increased.

I repeat with all the emphasis at my command that redistributing the taxpayers' money will not suffice in itself to eliminate the gap between the assisted and non-assisted areas. There has to be self-help in the assisted areas. There has to be enterprise, competitiveness, high productivity and a reputation for co-operation between management and the work force in the assisted areas if they are to reach the level of employment that we all want them to reach. We need more indigenous growth in the assisted areas. That is why the changes in climate and economic context which we have set ourselves to try to achieve are so relevant to the assisted as well as to the non-assisted areas.

I have a parallel announcement to make today on behalf of my right hon. Friend the Secretary of State for the Environment. The House will be aware that in the past there were set up a number of English regional economic planning councils. On these councils large numbers of thoroughly public-spirited and diligent people have served over the years. Their diligence and hard work have not always been rewarded by being heeded by Ministers, particularly in the Labour Government. It is a question whether it makes sense to ask these people to go on giving their services when they have no specific function and when their advice has all too often not been heeded.

I have to say that my right hon. Friend has decided, after careful consideration, that since these councils are not statutory and have no executive responsibility, it will be convenient for all concerned to disband them during the relatively inactive summer period, without waiting for the wider outcome of the Government's review of the public bodies to which

Ministers appoint members. My right hon. Friend the Secretary of State for the Environment has therefore decided to close them during the recess and is today telling all the chairmen.

Mr. Eric G. Varley (Chesterfield): Shame.

Sir K. Joseph: The right hon. Member for Chesterfield (Mr. Varley), who was the Secretary of State for Industry, is now lamenting the death of bodies whose advice he did not much heed when they were around.

The regional planning boards of officials will continue in being under the chairmanship of Department of the Environment regional directors. In addition to their close working relationship with local authorities, the boards will maintain all other appropriate advisory contacts in the regions, by less formal means and with continued involvement of locally elected authorities. This decision reflects the inappropriate nature of these bodies and is in no way a criticism of the policies of their members, to whom the Government are grateful for past services.

Mr. R. B. Cant (Stoke-on-Trent, Central): On a point of order, Mr. Deputy Speaker. Are there any constitutional precedents for announcements being made, and being referred to euphemistically as "parallel statements", on behalf of a Secretary of State for another Department? I cannot recall any precedent for this practice during my time in the House. Is this procedure acceptable? May we have your ruling? Will you consider requiring the Secretary of State for the Environment to attend the House to undertake this chopping exercise?

Mr. Deputy Speaker (Mr. Bernard Weatherill): The content of Ministers' speeches is not a matter for the Chair.

Sir K. Joseph: Further to that point of order, Mr. Deputy Speaker. I think that the House would have less reason to complain about being told this decision at the beginning of a debate than if this information had been given by my right hon. Friend the Secretary of State for the Environment, whose Minister of State is sitting beside me on the Front Bench, by means of a written answer, which he would have been entitled to do.

Mr. Kevin McNamara (Kingston upon Hull, Central): Further to that point of order, Mr. Deputy Speaker. Is it not equally inappropriate to be given this information via a written answer, as occurred yesterday on two very important matters, as it is to be given it by means of a parallel statement made by a Minister who is not responsible for the matter in hand? Hon. Members are unable to question the accuracy of such a statement because we are unable to quiz the Secretary of State for the Environment about the purposes and ideas of some of the regional councils, which many people thought performed a useful function indeed in focusing Government attention on various matters, even if they did not heed the advice given.

Mr. Deputy Speaker: The Chair is not responsible for what a Secretary of State says. How he makes his announcements—by written answer, statement or speech—is a matter for the Minister.

Mr. Robert Hughes (Aberdeen, North): Further to that point of order, Mr. Deputy Speaker. I had always understood that Mr. Speaker and the Deputy Speakers had some responsibility in protecting the rights of Back Benchers. Announcements made in this way are difficult to understand and to follow. Is the Secretary of State for Industry speaking only for the Secretary of State for the Environment, or is he also speaking for the Secretaries of State for Wales and Scotland? We should like to know where we are.

Mr. Deputy Speaker: It is for the Secretary of State to answer that question. I repeat that it is not a matter for the Chair.

Mr. Peter Hardy (Rother Valley): Further to that point of order, Mr. Deputy Speaker. If several Government Departments sought to table statements on the same day, I think Mr. Speaker would deplore the practice. Since Mr. Speaker can deplore an excessive number of statements, surely the Chair can deplore the absence of any statement at all—and we have not had a statement today.

Would it not be appropriate for you, Mr. Deputy Speaker, or for Mr. Speaker, to deplore the fact that, although reference has been made to the public-spiritedness of individuals who serve on

the regional planning councils, the Government do not share that public spiritedness to the point of ensuring that the relevant Minister will attend the House, or will authorise his Ministers of State to attend, to make a statement to this House to apologise for the decision which has been made. At least one or other Minister should offer a statement of gratitude to those concerned in the normal way.

Mr. Urwin: Further to that point of order, Mr. Deputy Speaker. In all seriousness, despite the laughter and smirking of the Secretary of State for Industry and some of his hon. Friends, did not the manner in which the statement was made constitute a grave discourtesy to the House of Commons? In those circumstances, is it not within the power of the Chair at least to draw to the attention of the Leader of the House the attitude adopted by the Secretary of State for Industry on behalf of his right hon. Friend the Secretary of State for the Environment?

Mr. Deputy Speaker: I have often heard it deplored when statements are not made to the House. It is not a matter for the Chair to rule when information should be given to the House. It is a matter for the Secretary of State how he does that.

Sir K. Joseph: I am offering to the House and to the country a combination of changed economic climate and a more concentrated set of assistance to the assisted areas. I believe that this is good news for the country as a whole and the assisted areas.

Mr. Robert Hughes: Further to the point of order, Mr. Deputy Speaker. In making a parallel statement to the House, the Secretary of State for Industry should tell the House on whose behalf he is making such a statement. What parallel is involved? Does it simply relate to England, England and Wales, or Scotland? We have a right to know what is happening.

Sir K. Joseph: England only.

Mr. Ioan Evans (Aberdare): Further to that point of order, Mr. Deputy Speaker. Is there to be any diminution of this function in Wales and Scotland? Are those countries to continue with their planning

[Mr. Evans.]
councils? May we have a statement to clarify the position?

Sir K. Joseph: Further to the point of order, Mr. Deputy Speaker. I said specifically "England only".

Mr. Rowlands: As the Secretary of State for Wales is present, perhaps he will tell us the position in regard to the councils in Wales.

Sir K. Joseph: My right hon. Friend the Secretary of State for Scotland will confirm the position when he replies to the debate, but I did say "England only".

Mr. Rowlands: The point is that the Secretary of State for Wales is present in the Chamber. Will he tell the House whether this will apply to Wales?

Mr. Urwin: Further to that point of order, Mr. Deputy Speaker. What the Secretary of State for Industry has just said makes the whole situation even more intolerable. He is now making clear, as many of us have suggested over the years, that there is a good deal of discrimination against the English regions in the policies of successive Governments in institutionalising various organisations in Scotland and Wales. We are now being told, in a greatly discourteous manner, that the English regions are to be denuded of these planning councils but that such bodies will remain functioning in Scotland and Wales. That is quite disgraceful.

Mr. D. E. Thomas (Merioneth): Further to that point of order, Mr. Deputy Speaker. It is quite intolerable to Welsh Members that we are apparently having a statement by sleight of hand from the Secretary of State for Industry about the position of the economic planning councils in England, and that apparently we are to hear a statement at the end of the debate about regional planning councils in the context of Scotland, but that we are to have no statement from the Secretary of State for Wales about the position of the Welsh councils.

Mr. Deputy Speaker: These are matters to be taken up during the debate.

Mr. McNamara: On a point of order, Mr. Deputy Speaker. There is an important constitutional point at issue. There will be regional economic planning coun-

cils for Northern Ireland, for Scotland and for Wales, but all of those for the English regions will be abolished. We have not been given any explanation. In many of the English regions there are unemployment problems which future cutbacks will render far worse, yet all we have at the end of a rather dull speech by the Secretary of State is an odd sentence to the effect that the regional councils are going. That is not good enough. Will you, Mr. Deputy Speaker, protect us?

Mr. Deputy Speaker: I repeat that that is a question for debate. It is not a point of order. Certainly it is not a constitutional issue. It is a question of organisation.

4.52 p.m.

Mr. John Silkin (Deptford): I beg to move, to leave out from "House" to the end of the Question and to add instead thereof

"condemns the Government's proposals for large-scale cuts in regional aids to industry, deplores the inevitable reductions in industrial investment which will follow them, and places upon the Government the full responsibility for the resultant loss of employment and the other adverse social consequences of its reactionary policies".

The Treasury Bench owes the House more than an apology: it owes the House a statement. There is no doubt that the difference between the English position on economic planning councils—I had some responsibility for them some time ago, as the right hon. Gentleman knows—and the Welsh, Scottish and Northern Ireland economic planning councils requires some justification. I do not intend to make heavy weather of what appears to me to be another bungle by the Secretary of State with regard to the order. The right hon. Gentleman said that that order was merely out by one day and therefore it had to be corrected in the autumn. He always tells us that he and his fellow Ministers are capable of running the whole of this country's industry, yet the events of the past week indicate otherwise.

Sir Keith Joseph: The right hon. Gentleman is wrong. That may be what his party thinks. The Conservative Party does not presume to think that it can run industry. Our job is to create the conditions in which industry runs itself.

PRIME MINISTER

2

Edwards VLB

This minute from Mr. Edwards proposes the abolition of the Welsh Council. (When he signed it, he proposed to make the announcement simultaneously with that of Mr. Heseltine about the England EPCs: but Mr. Heseltine agreed early today that Sir Keith Joseph should make this announcement in the Regional Policy Debate.)

I think this will be a more sensitive decision than the abolition of the English Planning Councils. Mr. Edwards presses for a rapid decision, and argues that he can defend it by referring to other intentions to develop Parliamentary methods of scrutiny and review of Welsh affairs.

Agree that the Welsh Council should now be abolished rapidly in the wake of the similar action for the English Councils?

M. A. PATTISON

24 July 1979

Y SWYDDFA GYMREIG

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel. 01-233 3000 (Switsfwrdd)
01-233 8545 (Llinell Union)

ODDI WRTH YSGRIFENNYDD
PREIFAT YSGRIFENNYDD
GWLADOL CYMRU



WELSH OFFICE

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01-233 8545 (Direct Line)

FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

Dear Tim,

24 July 1979

WELSH COUNCIL

... Since my Secretary of State wrote the attached we have heard that it is now proposed to make an announcement on the English EPCs during this afternoon's regional policy debate.

Clearly in view of these rapid developments it will not now be possible to make an announcement at the same time as that for England - if for no other reason than that my Secretary of State wishes to tell the Chairman of the Council before announcing any decisions. Mr Edwards nonetheless hopes to be able to make an announcement before the House rises. I hope therefore that you will forgive my importunity in requesting a particularly urgent response.

/ I am copying this letter to, David Edmunds (DOE), Andrew Duguid (Department of Industry) and John Stevens (Chancellor of the Duchy of Lancaster).

Yours ever
G. G. Craig
G. G. CRAIG

Tim Lankester Esq
10 Downing Street
Westminster

DF



VMA

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

24 JULY 1979

Dear Andrew

/ We discussed earlier today the possibility of your Secretary of State making the announcement about the abolition of EPCs during the debate this afternoon on regional policy. I attach a form of words that has been agreed by Ministers here.

/ I also attach some supplementary material which may be helpful.

Mr King proposes to be on the bench, if at all possible.

I am copying this to Mike Pattison (No 10), Kenneth MacKenzie (Scottish Office), George Craig (Welsh Office), ^{and} Ian Fairly (Employment).
L

Yours sincerely

David Edmonds

D A EDMONDS
Private Secretary

Andrew Duguid Esq
PS/The Rt Hon Sir Keith Joseph

DRAFT STATEMENT BY SIR KEITH JOSEPH

After careful consideration the government is satisfied that the English Regional Economic Planning Councils can be disbanded, without detriment to the government's continued awareness and assessment of regional problems. Since these Councils are non-statutory and have no executive responsibilities, it would be convenient for all concerned to disband them during the relatively inactive Summer period, without waiting for the wider outcome of the government's review of the public bodies to which Ministers appoint members. My Rt Hon Friend the Secretary of State for the Environment has therefore decided to close them down during the Recess and is today telling all the Chairmen.

The Regional Planning Boards of officials will continue in being, under the chairmanship of the Department of the Environment Regional Directors. In addition to their close working relationships with local authorities, the Boards will maintain all other appropriate advisory contacts in the regions, by less formal means and with continued involvement of locally elected authorities.

This decision reflects the inappropriate nature of these bodies and is in no way a criticism of the qualities of their members, to whom the government is grateful for their past services.

REGIONAL ECONOMIC PLANNING COUNCILS
SUPPLEMENTARY NOTES

Central government interest in regional views

This does not mean less interest by central government in regional views - it is merely that the present Planning Council machinery is ~~embarrassment~~ unnecessary and better swept away. The government will continue to work closely with the elected local authorities and their collaborative organisations in the region.

The Planning Boards of officials will also maintain their informal contacts with other regional bodies.

Regional Strategic Work

The necessary regional strategic studies will be carried out by the Regional Boards in close consultation with local authorities - through their standing joint committees where appropriate - and with other bodies as may be appropriate.

In future such studies will be kept to essentials and related primarily to land-use issues. *The government wants a meaningful dialogue between elected authorities and the Regional Boards.*
Have the EPCs been warned of their abolition

The House is the first to hear but letters are on their way to Chairmen.

Terms of Disbandment

A convenient date for disbandment will be selected during the Recess.

Chairmen and Members will be informed shortly of the detailed arrangements.

Savings

The direct savings will be of the order of £210,000 p.a. mainly on secretariat costs.

Members receive only expenses and chairman an honorarium [of £1,100 p.a.]

REGIONAL ECONOMIC PLANNING COUNCILS -
BACKGROUND NOTES

HISTORY

Regional Economic Planning Councils were first set up in 1964 and 1965. There are 8 each covering one of the Economic Planning Regions into which England is divided.

TERMS OF REFERENCE

- (i) To assist in the formulation of a regional plan, having regard to the best use of the region's resources;
- (ii) To advise on the steps necessary for implementing the regional plan on the basis of information and assessments provided by the Economic Planning Board;
- (iii) To advise on the regional implications of national economic policies.

COMPOSITION

EPCs are not statutory bodies. Chairmen and Members are appointed by the Secretary of State for the Environment. Some 2/3rds are selected from nominations from the CBI, Trades Unions and local authorities. The rest are drawn from the universities social services, agriculture and others with wide knowledge and experience of their region.

NUMBERS

There are at present 8 Chairmen and 240 members.

CHAIRMEN

The names of the Chairmen are:-

Sir Maurice Sutherland	Northern
Mr. B.E. Cotton	Yorks & Humberside
Dr. J.A. Pole	West Midlands
Mr. W.L. Miron	East Midlands
Lord Walston	East Anglia
Lord Porchester	South East
Mr. J.L. Thomas	South West
Lord Sefton	North West

APPROXIMATE COSTS

Approximately £240,000 per annum for all 8 Councils including

- the honorarium £8,800 (£1,100 p.a. paid to each Chairman)
- expenses of Chairmen and members £14,700
- associated staff costs £186,000

RESTRICTED

tw

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DM CSD
SO SirDRayner
WO
DTrade
DN
Ch.Sec.

23 July 1979

The Prime Minister has seen your Secretary of State's minutes of 17 and 20 July, in which he proposes the abolition of the eight English Economic Planning Councils. She has also noted the agreement of the Secretary of State for Trade (his minute of 20 July), the Secretary of State for Industry (his minute of 20 July) and the Secretary of State for Employment (his undated minute).

The Prime Minister agrees that these Economic Planning Councils should be abolished, and she agrees that an announcement could usefully be made through written PQ before the summer recess.

I am sending copies of this letter to the Private Secretaries to members of E(EA) and to Martin Vile (Cabinet Office), David Laughrin (Civil Service Department) and Clive Priestley (Sir Derek Rayner's Office).

MAP.

D.A. Edmonds, Esq.,
Department of the Environment.

RESTRICTED

tw

PRIME MINISTER

Mr. Heseltine (Flag A) proposes that the eight English Economic Planning Councils should be abolished. He would like to make an announcement before the Summer Recess. His view of their uselessness, and of the staff resources and time they consume needlessly, is endorsed by Mr. Nott (Flag B), Sir Keith Joseph (Flag C) and Mr. Prior (Flag D). Sir Ian Bancroft (Flag E) sees no machinery of Government objections to winding up the Councils, and agrees that announcements on the abolition of such quangos should be reached as decisions are taken, and not stored up for a collective announcement. Sir John Hunt (Flag F) endorses the general views, and adds that advice from the EPCs has often been in the direction of increased public expenditure.

Sir John recommends that you should approve the proposal, subject to Mr. Heseltine clearing the terms of his announcement with the Secretary of State for Industry. Do you agree?

*Lisakent -
foaked out*

MAD

20 July 1979



CONFIDENTIAL

PRIME MINISTER

ECONOMIC PLANNING COUNCILS

In my minute to you of 17 July I recommended that we should dispense with the English Economic Planning Councils and that we should make an announcement to this effect before the Summer Recess.

In view of the membership of these Councils - and particularly the status of the Chairmen - I think it would be appropriate if our decision were announced by way of a Written PQ. We would have to arrange for this to be put down by next Wednesday.

I hope therefore that our colleagues can agree to the course of action proposed in my minute and that you agree that we might announce this in the way I have suggested.

There is not so much urgency about announcing decisions on the other quangos that I wish to abolish. I shall be reporting to you very shortly my decisions and I will of course be very content to fit in arrangements for any announcement with whatever my colleagues feel would be most sensible.

Copies go to the recipients of my minute of 17 July.

MJH
MH

20 JUL 79



GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

20 JUL 62

in view of the membership of these Councils - and particularly the status of the members - I think it would be appropriate if our decision were announced by way of a written note. It would be to announce the fact to be our country's text yesterday.

I hope therefore that our country can agree to the course of action proposed in my minute and that you agree that we should announce this in the way I have suggested.

There is not so much urgency about announcing decisions on the other countries that I wish to insist. I shall be reporting to you very shortly on the decision and I will of course be very careful to fit in proposals for my announcement with the level of our progress which would be most sensitive.

Yours faithfully,
James D. ...

B



From the Secretary of State

PRIME MINISTER

ECONOMIC PLANNING COUNCILS

I have seen the Secretary of State for the Environment's minute to you of 17 July about the future of the English Economic Planning Councils. I fully support its recommendations.

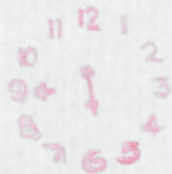
I can speak personally only of the South West Economic Planning Council but this has been something of a west country joke for the last fifteen years and has served no regional or economic function whatsoever. It involves a significant civil service back-up staff from a number of Departments and I cannot think of a single positive or constructive act which has emerged from its long and involved deliberations since its formation.

*It has however, taken up much painstaking
and conscientious time on the part of the participants
- but to no purpose.*

J. N.

Department of Trade
20 July 1979

20 JUL 1979



100-100000-100000

COMMUNICATIONS



PRIME MINISTER

ECONOMIC PLANNING COUNCILS AND REGIONAL STRATEGIES

I agree with Michael Heseltine's proposal, in his minute to you of 17 July, to abolish Economic Planning Councils in England.

I also welcome the proposed curtailment of regional strategies since this, too, is fully in accord with the need to cut down on the size of the Civil Service. In their present form the strategies involve my Department in much work none of which is any value to the formulation of industrial policies. They also encourage local authorities to spend time and effort producing biased although superficially objective critiques of the industrial policies of the Government rather than concentrating on carrying out their own functions efficiently.

I accept Michael's judgment that for his planning purposes regional strategies should continue in a vestigial form. But we will have to be very firm with local authorities on the new restricted scope for such work and on the exclusion of extraneous matters such as examinations of industrial policies and the preparation of regional "forecasts" of unemployment. This will make us unpopular. Local authorities will naturally want to use the preparation of regional "strategies" to show that they are being unfairly treated by national industrial policies; this tendency

/will be....



2.

will be particularly pronounced in places whose Assisted Area grading is being reduced. But if we are not firm we shall face a re-emergence of the present unsatisfactory and time-consuming features of regional strategies.

I am sending copies of this minute to the other recipients of Michael Heseltine's minute.

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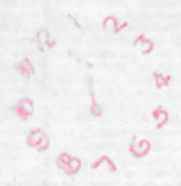
K.J.

20 July 1979

Department of Industry
Ashdown House
123 Victoria Street
London SW1



19 JUL 1979



COPIED FROM ORIGINAL

D

PRIME MINISTER

ECONOMIC PLANNING COUNCILS

1 Michael Heseltine sent me a copy of his minute of 17 July about Economic Planning Councils and regional economic planning work.

2 I warmly endorse Michael's suggestion that the English Economic Planning Councils should be abolished without delay. My own view, which I have already conveyed to him and Keith Joseph, is that they are little more than talking shops, and that the sooner we can get rid of them the better. (Jim Lester, who has served on one of them, agrees). We will of course need to present this decision carefully, and to ensure that we continue to be sensitive to local and regional pressures.

3 So far as the generality of regional economic planning work is concerned, I would go a little further than Michael has suggested. My Department's experience is that such work involves a great deal of staff time - indeed, when I looked into the scale of our involvement I was horrified to find how much resources are devoted to it - to very little purpose.

4 So far as Regional Strategies are concerned, for example, I had always understood that the main argument for the Government's being involved was that EPCs (and other local bodies) were keen on them - mainly as a means of highlighting their Region's problems - and that it was better for us to participate than to stand aside. I do not think we have ever valued such Strategies for their own sakes: quite the contrary, in fact. If we are to do away with EPCs, therefore, there would be everthing to be said for doing away with Regional Strategies as well.

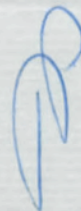
5 Similarly, I doubt the value of Regional Strategies as an aid to co-ordinating structure plans. After all, structure plans have often been produced without the benefit of any Regional

Strategy. So far as employment matters are concerned, I should be happy for us to deal with structure plans in the way that local authorities have always wanted - by standing aside and letting them get on with their plans by themselves without Government interference.

6 As to the work of Economic Planning Boards, I agree that it would be useful for the Regional Directors of the three Departments to continue to meet, as and when necessary, to exchange notes. But I think they should be discouraged from formalizing such meetings too much. For example, I think it likely that the main result of each Board's having a full-time secretariat is that the members of the latter, with the best possible motives, generate more paper when what is needed is less.

7 To sum up, a great deal of regional economic planning work seems to me to have grown up under our predecessors into the sort of "waste, bureaucracy and over-government" which the Manifesto pledges us to reduce. And reducing it will help all the Departments involved to achieve the staff savings we need.

8 I am copying this minute to those to whom Michael sent his.



J P

July 1979



CIVIL SERVICE DEPARTMENT
WHITEHALL LONDON SW1A 2AZ

Telephone 01 273 5400

*Sir Ian Bancroft G.C.B.
Head of the Home Civil Service*

M Pattison Esq
Private Secretary
10 Downing Street
London SW1

20 July 1979

Dear Mike,

ECONOMIC PLANNING COUNCILS

You invited comments from Sir Ian Bancroft on the proposal of the Secretary of State for the Environment to dispense with the eight English Economic Planning Councils (EPCs) (his minute to the Prime Minister of 17 July).

2. Sir Ian Bancroft sees no reasons on machinery of government grounds to dissent from the Secretary of State's conclusion. EPCs which have no executive authority do not directly contribute to the co-ordination of government action in the regions. This is achieved mainly through the mechanism of the Economic Planning Boards of officials which the Secretary of State proposes to retain. Nor do the EPCs open up entirely new channels of advice to Government. To a very large extent, the advice from them is already obtained or could be obtained directly from the various interest groups and authorities represented on the Councils - eg local authorities, CBI, TUC. There may be some "independent" opinion which will be marginally more difficult to secure outside the EPC framework, but this is unlikely to cause any material difficulty for Government in the regions.

3. So far as the effective operation of government is concerned, therefore, the EPCs are not likely to be missed and indeed their abolition should enable some administrative economies and simplification to be made. This is not solely a question of the direct savings which the Secretary of State estimates to be £200,000 per annum, but indirect savings in staff effort in all those departments currently engaged in work arising from the existence of the Councils.

4. In practice, the main impact of the Councils has been political and presentational. Their existence has enabled the Government more easily to show publicly that there is a process of consultation with regional opinion than would perhaps have been possible if advice had been taken through more informal channels. The Councils have been the only piece of machinery which can purport in however limited a way to represent opinion at regional level. It was for this reason

MANAGEMENT IN CONFIDENCE

that in its consultative document on "Devolution : The English Dimension" the previous government made the Councils the starting point for their discussion of "regionalism" in England. The Secretary of State for the Environment has drawn attention to the danger that, against this background, the abolition of the EPCs might be taken to express an unwillingness of the Government to take account of opinion in the regions. The Prime Minister will no doubt wish to make her own assessment of this danger and the likelihood of averting it by stressing that the existing contacts for consultation will be maintained and that the place of local authorities in regional strategic work will be given greater emphasis.

5. The other political consideration is of course the contribution which the abolition of the EPCs would make to the reduction of quangos and, more particularly, in the formidable reduction of Ministerial patronage - 250 + Ministerial appointees. On that, there could be an argument for delaying any announcement, if the Prime Minister agrees with the Secretary of State's proposal, so that it could form part of a more general statement about reduction of quangos on completion of the quango review; but Sir Ian Bancroft supports the Secretary of State's point that delay in taking and announcing a decision on the Councils could cause a potentially embarrassing and difficult interregnum and create a lot of unnecessary and abortive work for departments in the meantime. He is generally in favour of slaughtering agreed victims as the review proceeds, rather than keeping them alive unnecessarily for a holus-bolus announcement. Credit for their previous slaughter can be claimed, and got, in any such announcement.

6. This letter has not been copied elsewhere.

Yours sincerely
David

DAVID LAUGHRIN
Private Secretary



CONFIDENTIAL

Ref. A010

PRIME MINISTER

Economic Planning Councils

Your Private Secretary has sought my advice on the proposal of the Secretary of State for the Environment to abolish the eight English Economic Planning Councils. I think he is right, though you will need to take into account the political arguments. The abolition of these bodies, which have provided some sort of focal point in the English regions, may be seen by some people as evidence of a lack of interest in the regions on the part of the Government, especially when it comes on top of changes in regional industrial policy.

2. On the other hand, I understand that the Councils have in recent years not had a very effective role. Their demand on the time of staff in the regional offices of the Departments of the Environment, Transport, Industry and Employment is not insignificant; and the advice they have given has often been in the direction of increased public expenditure. In the area of regional planning, they have tended to overlap the work of local Planning Authorities, though their horizons have been wider.

3. Apart from possible presentational difficulties, the arguments clearly favour winding up the EPCs. I would expect the members of E(EA) to support the Secretary of State for the Environment, and I recommend that you should approve the proposal, subject to him clearing the terms of his announcement with the Secretary of State for Industry.

(John Hunt)

20th July, 1979



await C.O. advice
+ CSD.

MAP 18/11/81

Prime Minister

Economic Planning Councils

I believe that we should dispense with the eight English Economic Planning Councils (EPCs). My consideration of this issue has so far been in the context of the Quango review, but if the EPCs, with 250-odd total membership, are to go, it would be a convenience, both for them and for myself, if this could be decided now rather than left until October. In this way, no-one would need to go through the tiresome and, I would expect, nugatory process of putting the EPCs in motion again after their summer recess, with all the associated problems of drawing up work programmes on a contingent basis and of deferring new appointments and prolonging present terms of office, pending the outcome of the review.

The eight EPCs in England were set up in 1964 and 1965. Each comprises about 30 part-time members appointed by the Secretary of State for the Environment to serve in a personal capacity but drawn from both sides of industry and commerce, local government (both members and officials), the academic community and various other areas of activity in the region concerned. They are each served by a small secretariat of officials.



EPCs work informally. They have no executive powers and no funds of their own. They study and advise, both as requested and as they see fit, on the needs and potentialities of their regions; and they assist in the formulation of guidance for planning in their regions. Since they are non-statutory their removal would be a simple administrative act and, if nothing replaced them, the savings would be around £200,000 pa.

A principal concern of EPCs has been their collaboration with my Department and local authorities (to a varying extent in each region) in developing a regional framework for structure planning and general decision-making; but they have also been free to advise any Minister on the regional implications of his policies and the use of the word "Economic" in their title has inevitably given them considerable latitude which they have used to justify advice on matters ranging from education to aids for industry.

Their advice to my department, while usually relevant to that part of my work which has a regional dimension and often sensible, has seldom if ever been distinctive, in the sense that it was not already on show or readily obtainable elsewhere. Their claimed advantage as an independent non-political regional consensus has been largely nullified by the fact that they do not represent an electorate and have no statutory authority.



I conclude that the English EPCs are dispensable and can conveniently be disbanded: but I should not wish it to be inferred, from this, that, in so doing, I choose to discount in any way the importance for central government of having its eyes and ears open in the regions and of having effective official machinery there both for everyday purposes and for emergencies. I therefore strongly support the continuance of the Regional Planning Boards of officials, chaired by the DOE/DTp regional directors.

In particular, I should expect the Boards to keep in being an effective network of contacts in their regions. It is true that such networks have been one useful by-product of the EPCs: but it should be perfectly possible for our regional directors to maintain contacts - including, for example, the regional offices of the TUC and CBI - without the paraphernalia of the EPCs. I should also wish my department, in collaboration with others as necessary, to continue with as much work in the "regional strategy" field as may be needed to simplify the task of structure planning authorities. This would consist of continuing up-to-date guidance, first, on those matters of national policy which I shall expect to take into account when approving structure plans and, secondly, on the reconciliation of policies in one part of a region with those in other parts. On this basis, regional strategic guidance would be withdrawn from some of its past wide-ranging excursions and contained mainly within the area of land use and infrastructure. The result should be a considerably reduced call upon officials



of several other departments, while the more limited range of guidance should more readily be kept to essentials, more quickly prepared and more frequently up-dated, with good effects all round. Moreover, it should be quite feasible and effective for my department to produce it, without help from Planning Councils, relying on consultation with local authorities - using and encouraging Standing Joint Committee machinery wherever it is suitable - and of course, consulting other departments as necessary.

By continuing with the Planning Boards, who would carefully maintain their network of contacts; and by giving more emphasis to the place of local authorities in strategic work, I believe we could disband the EPCs without giving a false impression that we had in any way lost sight of the regional dimension. I suspect that many members of the EPCs themselves have doubts about their usefulness; and the counties, for their part, would be likely to welcome the disappearance of a rival - however ineffective. There are, of course, roughly parallel bodies to the EPCs in Scotland and Wales. My hope is that what I propose will not prove incompatible with my colleagues' plans for those bodies. I understand from Nicholas Edwards that he has in mind to abolish the Welsh Council and I should certainly not object to that.



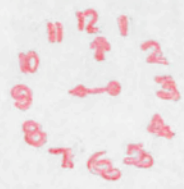
I am copying this letter to E(EA) colleagues and to Sir John Hunt, Sir Ian Bancroft and Sir Derek Rayner. Subject to your views and theirs, I should like to make an early announcement - if possible before the Summer Recess.

Wright

MH

17 JUL 1979

18 JUL 1979



... of his resignation ...
... to your views and ...
... to your views and ...

CONDUCTING

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