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Establishment of Enterprise Zones

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You asked for advice on the Chancellor of the Exchequer's minute of 30th January to the Prime Minister, inviting her to agree to the inclusion of legislative provisions for establishing Enterprise Zones in the Local Government, Planning and Land Bill.

- 2. The Second Reading of the Local Government, Planning and Land Bill is tomorrow, and it scarcely seems possible to reach agreement on the use of that Bill in time for the Secretary of State for the Environment to include a suitable passage in his speech on Second Reading. This is not uncontroversial: while MISC 28 were prepared to contemplate the use of the Local Government Bill for this purpose, Legislation Committee were very much against it when they considered the Bill last week.
- 3. The Chancellor of the Exchequer does not appear to have consulted the Secretary of State for the Environment or the Chancellor of the Duchy of Lancaster, as he was invited to do at MISC 28; and he appears not to have copied his minute to them or to the Home Secretary.
- 4. To the best of our knowledge, Parliamentary Counsel has not yet fully considered the possibility of including the necessary non-fiscal provisions in the Local Government, Planning and Land Bill. The scope of the Bill may not be wide enough to do everything that is required, particularly the provisions relating to industrial training levy.
- 5. The Prime Minister might therefore reply to the Chancellor of the Exchequer, advising urgent consultation with the Secretary of State for the Environment and the Chancellor of the Duchy of Lancaster and, if necessary, taking the problem back to MISC 28. If it is decided to use the Local Government Bill, it will be necessary to consider how best to inform Parliament.
- 6. I attach the draft of a reply on these lines which the Prime Minister might send to the Chancellor of the Exchequer.

ROBERT ARMSTRONG

CONFIDENTIAL

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DRAFT MINUTE FROM THE PRIME MINISTER CHANCELLOR OF THE EXCHEQUER

Legislation for the Establishment of Enterprise Zones

You minuted me on 30th January about
legislation for enterprise zones. I share your
desire to make provision for this new policy as soon
as possible. I understand that it will not be possible
to include all the necessary powers in the Finance
Bill; but, since the Second Reading of the Local
Government, Planning and Land Bill is on Tuesday,
I doubt whether there is time to reach agreement on
the including of a suitable passage in the Secretary
of State's speech.

- 2. I think you should consult the Secretary of State for the Environment and the Chancellor of the Duchy of Lancaster, in accordance with the conclusions of MISC 28(80) 1st Meeting, as a matter of urgency, about the inclusion of non-fiscal provisions in the Local Government, Planning and Land Bill, so far as Parliamentary Counsel agrees that it is possible. If agreement is not forthcoming, then you will have to take the matter back to MISC 28.
- 3. In the event of reaching agreement to use the Local Government Bill, you will need to consider, with the other Ministers concerned, how best to inform Parliament.

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