



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

cc ✓ co (David Wright)

PRIME MINISTER

LEGISLATION FOR THE ESTABLISHMENT OF ENTERPRISE ZONES

You will recall that at the meeting of E Committee on 19th December, we agreed that the necessary legislation for the establishment of Enterprise Zones should be included in this session's programme if possible. E Committee noted that the Group under William Whitelaw's chairmanship (MISC 28) would try to give favourable consideration to the inclusion of the relevant clauses in the Local Government, Planning and Land Bill. When MISC 28 met on 10th January to consider what clauses should be omitted from the Local Government Bill, and which additions might be included, I was invited to consider whether it would not be possible to include all the necessary provisions for Enterprise Zones in the 1980 Finance Bill. It was recognised that this might not prove possible, and that further consideration would have to be given to the possibility of introducing the necessary provisions as Committee Stage Amendments to the Local Government, Planning and Land Bill.

2. I asked officials to examine the possibility of including all the legislation in the Finance Bill in the most positive spirit. But the advice of Parliamentary Counsel, whom we have consulted on this matter, is quite definite: it would not be possible for the Finance Bill to contain the provisions for rates relief (with compensation for local authorities); relaxation of planning controls; or exemption from the industrial training levy. In the view of Parliamentary Counsel these provisions must go in some non-Finance Bill vehicle.





3. The only suitable non-Finance Bill vehicle available this session is the Local Government Bill. I am therefore writing to seek your support for the inclusion of the non-fiscal Enterprise Zones provisions in that Bill (the two fiscal concessions would be included in the 1980 Finance Bill). I do think it is important that the Government should act on this proposal soon. You will have seen the articles about Enterprise Zones which have appeared in the press recently. Expectations have been aroused; and the credibility of the Enterprise Zones experiment could be damaged if we do not act promptly to implement it. It will take some time for the Zones to be designated and for enterprise to get going. It is therefore important that we allow the maximum time for the merits of these Zones, which reflect our fundamental belief that enterprise should be given a freer rein, to be demonstrated before the next General Election.

4. I understand that the Second Reading Debate for the Local Government Bill is likely to begin around 5/6 February. If you agree that Enterprise Zones legislation should be included in that Bill, it would seem to me advisable that the fact should be mentioned by Michael Heseltine when he introduces the Second Reading Debate.

A handwritten signature in black ink, appearing to be 'G.H.' with a flourish.

(G.H.)

30 January, 1980

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