



PRIME MINISTER

NATIONAL ENTERPRISE BOARD

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In my minute to you of 6 July, I made a number of proposals about the future role and functions of the NEB. Your Private Secretary, in his letter of 9 July, recorded that you were content with this general approach to the NEB, noting that I was bringing it forward for collective consideration.

E(EA) considered these proposals at their meeting on 11 July.

There was general support for them. I did, however, undertake to report two points which were made during the discussion:

i.e. £10m provision per year

i) The regional scale of operations proposed for NEB appears very small when compared with the provisions for the Welsh and Scottish Development Agencies. These Agencies have wider functions than the NEB which absorb a large proportion of their resources. The sums involved may seem too small and would expose us to considerable criticism. However, the Sub-Committee felt on balance that these modest proposals provided a way of avoiding pressure for the creation of the Development Agencies in the English depressed areas, and for that reason supported the proposals.

ii) Although the continued existence of the NEB was foreshadowed in the Manifesto, Michael Heseltine stressed to

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Yes. but. As K.S. knows I disagree notably with the high level role. The N.E.B. is a very important body in its own right. (Since this is a matter of considerable importance, I have asked that these papers be copied to Cabinet). Are you content with E(EA)'s endorsement of Sir Keble's proposals?)

CONFIDENTIAL

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us that the three main roles, albeit on a much smaller scale than envisaged by its architects, now foreseen for the NEB - the 'hospital' role | the 'regional' role | and the 'high Technology' function - will be seen to justify the original left-wing arguments for the creation of the NEB almost exactly. He argued that the Opposition will use this as justification for proposing, at the time of the next election, large increases in the resources allocated to the NEB, and that it will be logically difficult for us to resist.

Given the Sub-Committee's approval, I now propose to make an early announcement about these decisions, and to set in hand the preparation of legislation. I shall discuss separately with the Secretaries of State for Scotland and Wales, and with the Chief Secretary, Treasury, the precise reconciliation of these proposals with the envisaged role of the Development Agencies.

I am copying this minute to all Members of E and E(EA), and to Sir John Hunt.

KJ

K J
13 July 1979

11-5 JUL 1958

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