

Regional Policy



✓ Mr Lyden

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Prime Minister

This is essentially a "tidying up" minute. The policy document attached will be sent to local authorities next Thursday.

ENTERPRISE ZONES

I am grateful to you and to other colleagues on E Committee for the general welcome you have given to the proposals outlined in my minute of 29th February about Enterprise Zones.

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2. I enclose a revised version of the policy document which we propose to send to local authorities and other interests. This reflects the further refinements to the planning procedures which are being considered by Michael Heseltine. We have already begun the process of consulting Parliamentary Counsel about the draft clauses for both the Finance Bill and the Local Government Planning and Land Bill. In this context, I am particularly grateful to Jim Prior to undertaking to try to include the provisions for exemption of establishments in Enterprise Zones from the scope of Industrial Training Boards in legislation which he will be proposing next session on industrial training. These were the only provisions which Parliamentary Counsel considered were clearly outside the scope of the Finance Bill or the Local Government Bill.

3. I do not propose to comment in detail on the various points which colleagues have raised. In most cases we have been able to take these on board, and any minor points can be settled at official level. Most of the comments have been concerned with

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sites. Here I would like to stress that final decisions will depend very much on the outcome of consultations with the local authorities. It does not mean that sites such as Scotswood Road/Derwenthaugh/Newburnhaugh are not to be the subject of consultation, though I personally think we will conclude that this site is too expensive.

4. I share John Nott's disappointment that it has proved impossible to identify a suitable site in the South West. But I note that he agrees that Avonmouth is not the answer. In this case, I do not believe that the problem has been ignorance of the conditions in parts of Cornwall, but the difficulty of finding a site of between 150 and 200 acres where there is either urban dereliction or where the land is already zoned for industrial use. These are the criteria we have imposed on other sites. I cannot imagine that John Nott would wish us to select a green-field site in the South West.

5. I should also like to suggest an additional measure for inclusion in the package. This is the proposal that Customs and Excise, and the other Departments concerned, should

- (a) give priority treatment to applications from firms within an Enterprise Zone for "Customs warehousing" and "inward processing relief" facilities, and
- (b) take a more sympathetic view of applications for "private" Customs warehouses (to date Customs and Excise have required evidence of some export trade or a requirement for specialised storage before granting such requests).

In the case of "inward processing relief" facilities, co-operation would be necessary from the Departments of Trade, Industry and the Ministry of Agriculture, Fisheries and Food (in the case of CAP goods), as well as from Customs and Excise. I should be most grateful if John Nott, Keith Joseph and Peter Walker could agree

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that their officials should give priority treatment to applications for inward processing relief from firms in Enterprise Zones. Clearly the provisions of the various EEC Directives governing this area would need to be respected.

6. I intend to announce the Government's policy on Enterprise Zones in my Budget Speech on 26th March. The policy document will be given to local authorities and other interests on 27th March. I hope that we will be in a position to designate Enterprise Zones before the summer recess, though the necessary Parliamentary procedures are unlikely to be completed until November.

7. I am copying this minute and enclosure to members of E Committee, to George Younger, Nicholas Edwards, Humphrey Atkins, Sir Kenneth Berrill and Sir Robert Armstrong.

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

(G.H.)

20 March 1980

LIST OF SITES AND AUTHORITIES FOR INITIAL CONSULTATIONS

The location and boundaries of Enterprise Zones will be decided after consultation with local authorities and other organisations.

Discussions will initially be concentrated on the following areas within which Enterprise Zones might be located. These represent a first list for consideration. Other sites may be considered in the light of the development of the discussions and proposals.

England

<u>Region</u>	<u>Area</u>	<u>Local Authorities</u>
Northern	A site in Tyne and Wear	Tyne and Wear County Council and the District Councils
Yorks and Humberside	Attercliffe, Sheffield	South Yorkshire County Council Sheffield City Council
North West	A site in Liverpool) (either in the UDC) or Speke area)) Manchester and Salford) Docks/Trafford Park)	Merseyside County Council Liverpool City Council Greater Manchester County Council Salford District Council Trafford District Council
West Midlands	Bilston	West Midlands County Council Wolverhampton District Council
South East	An inner London site (possibilities to be considered are Tower Hamlets/Newham parts of the UDC area/South Shoreditch/North Wandsworth	The Greater London Council Tower Hamlets and Newham Borough Council Hackney Borough Council Wandsworth Borough Council
<u>Scotland</u>	A site in the Clyde valley	Clydebank District Council Glasgow District Council Renfrew District Council Strathclyde Regional Council
<u>Wales</u>	Lower Swansea Valley	West Glamorgan County Council Swansea City Council
Northern Ireland	Belfast inner city site	Belfast City Council

ENTERPRISE ZONES POLICY PROPOSALS

DRAFT DOCUMENT FOR ISSUE TO LOCAL AUTHORITIES AND OTHER INTERESTS

The Government has announced its intention to legislate for the creation of Enterprise Zones. The purpose of these Zones is to test as an experiment, and on a few sites, how far industrial and commercial activity can be encouraged by the removal of certain fiscal burdens, and by the removal or streamlined administration of certain statutory or administrative controls. Some of the measures to be applied in Enterprise Zones will be discriminatory and will not necessarily be suitable for wider application.

2. The number of Enterprise Zones will be limited to about half a dozen, at least in the first instance, and the area covered by each will not generally be more than 500 acres. The sites will be in areas with problems of economic and physical decay. They will be in different parts of the country, and different types of site will be chosen in order to test the effectiveness of the approach in different circumstances. The establishment of Enterprise Zones will not be part of regional policy. Nor will it have any direct connection with the application of other existing policies such as inner city policy, rural development or derelict land policy. The sites chosen will continue to benefit from whatever aid is available there under these policies.

Establishment of Enterprise Zones

3. The Secretary of State for the Environment (where appropriate, the Secretaries of State for Scotland and Wales) will consult the local authorities concerned with each of the Enterprise Zone sites under consideration, and will determine the boundary of the areas to be designated. He will agree with the appropriate authority the planning proposals and policies for the area, as well as the administrative arrangements for ensuring quick determination of planning and building applications. The Secretary of State would then designate

the area. The designation order would be put before Parliament before coming into force.

Since the aim of setting up an Enterprise Zone is to achieve a significant impact by way of new development, improvement of existing property, or increased economic activity within a reasonable timescale, the Government proposes that the designation orders for Enterprise Zones should run for a period of ten years. Designation will bring into effect the fiscal and other measures listed below.

Measures to be applied in Enterprise Zones

4. During the ten year period both new and existing firms within the Enterprise Zone will benefit from the following measures:

- a. exemption from Development Land Tax;
- b. 100% capital allowances (for corporation and income tax purposes) for commercial and industrial buildings;
- c. abolition of general rates on industrial and commercial property. The local authorities concerned will be reimbursed for their net loss of rate income by 100% specific grant from the Exchequer. Similar arrangements will apply in Scotland and Northern Ireland.
- d. simplification of planning procedures. It is proposed that there should be a plan for each Enterprise Zone prepared by the relevant local authority or development corporation and approved, prior to designation, by the Secretary of State. The plan would show which classes of development were permitted in each part of the Enterprise Zone; it would set out any conditions governing development eg those needed for health or safety or for the control of pollution; and it would specify any "reserved matters". Following designation developers would not need to apply for planning permission for developments that conformed to the zoning and conditions in the plan. They might need approval from the local authority or development corporation, for the "reserved matters" but these would relate to details such as access to the highway. Approval for developments that did not conform to the plan, for example

"bad neighbour" developments would require individual application in the normal way.

- e. establishments within Enterprise Zones will be excluded from the scope of Industrial Training Boards (ITBs). This would exempt the establishments concerned not only from the training levy but also from any requirement to furnish information to ITBs.
- f. Applications from firms within Enterprise Zones for "customs warehousing" and "inward processing relief" concessions will be processed as a matter of priority, and the criteria applied to decisions on "private" Customs warehouses in Enterprise Zones will be relaxed.
- g. any remaining requirements for Industrial Development Certificates will be abolished;
- h. the Government will reduce to a bare minimum its requests for statistical information.

In addition to these specific proposals, it is intended that in general simplified procedures and speedier administration of controls over development will be applied to Enterprise Zones. However, there will be no lowering of the standards needed to protect people's health and safety, or to control pollution.

Role of local authorities

- 5. In most cases the district authority would be the planning authority responsible for ensuring that conditions are as favourable as possible for development in the Enterprise Zone. But in some areas a development corporation might be given these functions. As a part of the procedure leading to designation the local authority would be asked to enter into an agreement - which would be published - setting out
 - a. the planning proposals for the area - see 4d
 - b. the planning policy which they would adopt in dealing with applications that came to them. This would include applications on reserved matters and on developments that did not conform to the plan (eg "bad neighbour" developments);



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c. the administrative arrangements which they would adopt in order to ensure quick determination of planning applications, and building regulation approvals, and ^{to facilitate speedy handling of} other approvals needed for the construction or occupation of premises (eg health, safety, fire or pollution control). One way of arranging this would be to nominate an Enterprise Zone development officer with delegated powers to decide all but the most important planning and, in the case of local authorities, building regulation applications. Where the local authority does not have direct responsibility for controls, it would be the job of the development officer to seek to ensure that applications were dealt with by the relevant statutory bodies or officers with minimum delay.

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authorities,

Implementation

6. The Government proposes to introduce the rating, and planning provisions by amendment to the Local Government Planning and Land Bill now before Parliament. The designation needed to bring these and other measures into effect will also be introduced in this Bill.

The provisions for capital allowances and relief from Development Land Tax will be included in the 1980 Finance Bill. Legislation to exclude establishments within Enterprise Zones from the scope of Industrial Training Boards will be introduced into the first suitable Bill coming before Parliament.

Consultation

7. A limited number of Local Authorities in Great Britain are being consulted directly about the possible sites for Enterprise Zones (see attached list). It is proposed that there should be 3-4 EZs in England and one each in Scotland, Wales and Northern Ireland. It follows that not all the Local Authorities which are being approached initially will in the end be offered the opportunity of an EZ in their area. Sites other than those listed in the annex to this document may also be considered in the course of consultation.

Northern Ireland

8. The benefits accruing to firms in an Enterprise Zone will be extended to Northern Ireland by appropriate legislation, which in the case of capital allowances and relief from Development Land Tax will be by way of the Finance Bill. The Secretary of State for Northern Ireland will enter into consultations with the appropriate authorities there to select an inner city site in Belfast. Thereafter the plan for an Enterprise Zone in Northern Ireland would be prepared by the Department of the Environment for Northern Ireland as the planning authority under the direction and control of the Secretary of State.

9. The Government will welcome comments on its proposals from the Local Authority Associations, and from organisations and individuals with an interest in the subject. This document has therefore been circulated to all those set out in the attached list. In order to minimise the period of uncertainty and possible blight, the Government seeks an early response from the LAs consulted so that a final decision on the sites to be designated may be made in the summer. EZs are expected to come into operation at the end of the year. It would be helpful if comments were sent to the Secretary of State for the Environment, 2 Marsham Street, London SW1P 3EB. Where appropriate comments should be sent to the Secretary of State for Scotland, the Secretary of State for Wales and the Secretary of State for Northern Ireland.