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*Raymond Bury*

Ref. A02685

PRIME MINISTER  

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Enterprise Zones

(E(80) 72)

BACKGROUND

The Secretary of State for the Environment proposes the six sites for enterprise zones in England listed in his paragraph 4. There will be three further sites at Clydeside, Belfast and the Lower Swansea Valley; and the Secretary of State for Wales gave details of the latter in his letter of 18th July to you.

2. The Secretary of State for the Environment's proposals for announcing these decisions are in his paragraph 13. He would announce in a Written Answer before the Recess the decisions on Salford/Trafford, Bilston and the Isle of Dogs. Pending further discussions with the local authorities concerned, he would indicate that the Government were considering the possibilities of further sites in Newcastle and Gateshead, Liverpool (Speke) and Wandsworth.

3. He recommends that the enterprise zone authority for the Isle of Dogs should be the Docklands UDC rather than Tower Hamlets.

4. Some local authorities have complained about the possibility of "unfair" competition in retailing from hypermarkets. The Secretary of State proposes to deal with this by accepting, reluctantly, that planning applications would continue to be needed for hypermarkets (his paragraph 9).

5. His paper is not precise about costs and public expenditure implications (see his paragraphs 6 and 7). The Government would have to make good to the local authorities the costs of the rating concession; and this would be up to £11 million a year initially for the six English sites but rising in later years. It is also thought that if private developers are to move in the Government would first have to improve the road systems and the services, such as sewerage, on the sites. To some extent there is provision for this in existing plans. But

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the Secretary of State warns that for some sites this provision may not be sufficient, particularly as programmes come under pressure. The Annex to his paper shows that the sites at Newcastle/Gateshead and the Isle of Dogs are potentially expensive. The Secretary of State for Wales in his letter of 18th July similarly warns that there is an issue over additional funding in Wales.

HANDLING

6. After the Secretary of State for the Environment has introduced his paper you might invite the Secretary of State for Scotland, the Minister of State, Northern Ireland Office and the Parliamentary Secretary, Welsh Office to say whether there are any particular problems over their three sites. The Chancellor of the Exchequer could then comment on the public expenditure implications; the Secretary of State for Employment on the choice of sites in relation to regional unemployment prospects; the Secretary of State for Industry on their acceptability in relation to other regional measures; and the Minister of Transport on the implications for his responsibilities both for roads and for the docklands. The Secretary of State for Trade may point out that nothing is proposed for the South West of England.

7. In discussion you will wish to approve the main sites to be designated and also to clarify the public expenditure implications. It should not be necessary to enter into discussion of the problems of each of the sites.

CONCLUSIONS

8. In the light of the discussion you will wish to record conclusions on:-
- (i) the sites for England with reference to the list in paragraph 4 of the paper;
  - (ii) any points on the proposed sites in Scotland, Northern Ireland and Wales;
  - (iii) whether all the expenditure is to be accommodated within existing programmes;
  - (iv) whether the Docklands UDC, rather than Tower Hamlets, should be the authority for the Isle of Dogs;
  - (v) whether planning controls should be continued, where necessary, for hypermarkets;

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(vi) the arrangements for announcing the decisions, as proposed in paragraph 13 of E(80) 72, and to invite the Secretary of State for the Environment to clear the terms of his announcement with colleagues and to co-ordinate on timing with the separate announcements on the sites in Scotland, Northern Ireland and Wales.

REA

(Robert Armstrong)

21st July, 1980

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