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PRIME MINISTER

ENTERPRISE ZONES: ANNOUNCEMENT

We agreed at E Committee on Tuesday on the names of the Enterprise Zones, which you wanted to announce during next week's Censure Debate; and I had a word with you this morning about my concern, notwithstanding E Committee's decision, about including in the announcement the name of Wolverhampton.

I explained to you why I thought that we should not include Wolverhampton in your announcement. This is because Wolverhampton, certainly in their public posture, are now amongst the leaders of those opposing our call for revised budgets to bring local government back on course. Our information about this will not be complete until we are into August so it is impossible to be certain about the facts; but the signs are that the other Enterprise Zone authorities in England will at least have made some effort to meet our requests. Certainly none of them (except Tower Hamlets which is set apart by the decision to make the UDC the Enterprise Zone authority) are leaders in public defiance. There is a risk here, especially since it would be extremely difficult to drop from the list, on these grounds, a site once announced. But I recommend that your announcement should include - so far as England is concerned - the sites in

Gateshead and Newcastle

Salford and Trafford

Liverpool

Tower Hamlets (Isle of Dogs)

but not Wolverhampton. The announcement would make it absolutely clear that final designation was still a matter of our satisfying ourselves that the authorities would work in satisfactory co-operation with us through the planning regime and effective administrative arrangements.

I was asked by E Committee to bring forward another site, to replace Wandsworth. I am looking urgently at possibilities, but will not be able to make a recommendation in time for an immediate announcement. This would in any case mean some revision of our decision to make it clear that there would be no more sites



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established until these had been in operation for at least a year. We shall have to leave open the possibility of a second announcement a little later on. I will suggest the limited terms in which this should be stated when you make your announcement. I do not rule out the possibility of including Wolverhampton then; but to announce their name in the present state of our discussions with local government in the face of their present attitude would not be tolerable.

There may be implications for Scotland and Wales which Nicholas Edwards and George Younger may wish to consider. I am copying this to members of E Committee and Sir Robert Armstrong.

*MH*

MH

23 July 1980