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Secretary of State for Industry

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9 November 1982

The Rt Hon Norman Tebbit MP
Secretary of State for Employment
Caxton House
Tothill Street
London SW1

Prime Minister (2)

Mrs 9/4

Dear Norman,

Today's debate in the House on public enterprise, in which both you and I will be speaking, will afford me the opportunity to announce that the four-months deferment in payment of Regional Development Grants is to end immediately. I shall also announce that Jim Prior will be ending deferment as it applies to the Standard Capital Grants Scheme in Northern Ireland.

2 This measure will bring forward for payment the £150 million in grant payments which is currently held in deferment. I hope that the deferred payments can be cleared within a month. New applications, and those under consideration, will not be subject to deferment and should not experience significant delay whilst the RDG Offices deal with the many thousand deferred payments.

3 In making the announcement, I shall refer to the introduction of deferment in June 1979 and say that, whilst it was necessary and important at that time, we have been aware that its continuation involves an unwelcome extra financing cost to industry.

4 This measure will be warmly welcomed by industry. It will give a valuable boost to company liquidity in the manufacturing sector and act as a further incentive to those companies who are already investing in areas where need is greatest.

5 I am copying this to the Prime Minister, Geoffrey Howe, Peter Walker, Michael Heseltine, John Biffen, David Howell, Norman Fowler, Janet Young, Nigel Lawson, Cecil Parkinson and Arthur Cockfield.

Yours faithfully
Peter