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 cc/jr
 (2)
 Prime Minister

To note.

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PRIME MINISTER

THE WEST MIDLANDS

I know that you are as concerned as I am at the serious industrial and economic decline in the West Midlands. Under the current criteria for Assisted Area status, most of the region would now qualify; indeed, Telford where the January unemployment rate was 20.6% would qualify as a Special Development Area. In his minute of 24 February, however, the Chancellor of the Exchequer sent you the first thoughts of MISC 14 on the review of regional economic policy and explained that it would not be consistent with the Government's regional policy to increase the coverage of the assisted areas so substantially at this moment. At the meeting of MISC 14, I indicated that I had one or two initiatives open to me under national schemes for industrial support and that I was putting together a modest package aimed at increasing substantially the take-up of the schemes by West Midlands Industry.

2 The CBI in the West Midlands region has been very statesman-like in handling the issue of Assisted Area status and with the blessing of the CBI nationally has been working on a proposal to set up a regional co-ordinating body to promote (but not to finance) industrial and commercial developments in the region of a self-help basis. I think this is an encouraging development and I have asked my officials to give them such advice and help



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as they can in getting the support of the Chambers of Commerce and all the local authorities in the region; however, the CBI have probably under-estimated the difficulty of getting all the local authorities to pull together given the extent to which they are increasingly doing their own thing in promoting job creation and seeking to attract new investment. If an association is established to carry out an effective role in the promotion of the region overseas, in a co-ordinated way incremental to the promotional effort which is undertaken on behalf of the UK as a whole, I would be prepared to provide some modest grant in aid, on a matching basis, of the kind now provided to associations in the Assisted Area regions. This possibility may be helpful in getting the various representative bodies to work together, and strong participation by industry would be a valuable plus factor.

3 The CBI and Chambers of Commerce are both anxious to collaborate with my Department in promoting our national schemes of assistance within the region. The schemes **I** have at my disposal include in particular a range of advisory services, the Department's technology awareness programmes and a variety of schemes providing grants for innovation. Hitherto, no special effort has been made to market these schemes in the West Midlands and it is a fact that the take-up by firms in the region does not in my view adequately reflect the extent to which they could help industry to grapple with the effects of the recession. In my view, a special effort is necessary and to achieve this, I am



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setting up, at the Department's West Midlands Regional Office, a "team for innovation". I am recruiting an industrial adviser who will head up the team. The team's main objective will be to promote the adoption of new technology and the growth of new industries by increased take-up of the help available under the Department's schemes.

4 I have also asked English Industrial Estates to investigate the industrial and commercial property market in the West Midlands and report to me if they identify any needs for the economic development of the region, especially in relation to high technology industry and small businesses which private sector developers are unwilling or unable to undertake. If necessary I will ask them to undertake development in the region even though it is not an Assisted Area.

5 I hope that the campaign can be fully underway by May and I propose to announce it just after Budget day. At the same time, it is important that we do not seek to claim too much for these proposals. Their merit is that they fit in well with the needs of the region and with the commitment of both the CBI and the Chambers of Commerce to the principle of self-help.

6 I am copying this minute to the Chancellor, the Secretaries of State for Foreign and Commonwealth Affairs, Education and



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Science, Northern Ireland, Scotland, Wales, Employment and Environment, the Minister of Agriculture, Fisheries and Food, the Chief Secretary, Sir Robert Armstrong and Mr Sparrow.

P J

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