



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5186

GTN 215

(Switchboard) 215 7877

From the Minister of State for Industry

NORMAN LAMONT MP

The Chief Secretary
H M Treasury
Parliament Street
LONDON SW1H

19 June 1984

Dun Pien

I am writing to seek policy approval for legislation affecting the English Industrial Estates Corporation, before asking the Leader of the House for formal permission to instruct Parliamentary Counsel.

The proposed Bill is non-contentious and suitable for Second Reading Committee Procedure. The proposals have been discussed with officials in the Treasury, National Audit Office and the Inland Revenue, who can see no objection to what we propose.

The specific proposals are as follows:

- (a) To abolish the requirement under Section 16 of the Industrial Development Act 1982 that the Secretary of State should, upon receipt of the Corporation's accounts, prepare fresh accounts to be laid before Parliament and to provide that the Corporation's own audited accounts should be laid instead. At present, the accounts prepared by the Secretary of State and audited by the National Audit Office, simply repeat the published accounts of the Corporation. We believe this to be an unnecessary duplication of effort. The National Audit Office agree with us and are content with this proposal, so long as they have access to EIEC's books and papers for the purpose of carrying out efficiency audits under the National Audit Act 1983.
- (b) To modify the requirement that the Corporation pay over to the Secretary of State all receipts other than
 - (i) those needed to meet expenses properly payable out of income and
 - (ii) money borrowed,

so as to enable the Corporation to retain all such receipts as are needed to meet all its expenditure. This will



allow the Corporation to fund its development programme directly from the sale of existing properties and rents. At present, all such receipts are paid into the Consolidated Fund and all capital expenditure is met from Grant in Aid.

- (c) To exempt the Corporation from Development Land tax. Both the Scottish and Welsh Development Agencies are exempt from this tax. Before the 1980 Industry Act the Corporation was also exempt by reason of being a Crown body; but the 1980 Act removed this privilege and in theory the Corporation became liable for the tax. However, the nature of the Corporation's activities are such that it has no prospect of becoming liable to pay DLT; but we are advised by them that they have to spend up to £40,000 per annum just proving this fact to the Inland Revenue. The Inland Revenue are content that the Corporation should be made exempt by adding them to the list of exempt bodies in the Development Land Tax Act of 1976.
- (d) To enable the Corporation to borrow from persons other than the Commission of the European Communities or the European Investment Bank. We seek to bring EIEC into line with the Welsh and Scottish Development Agencies. Some joint venture schemes with the private sector could involve borrowing, this would be strictly controlled and the Corporation would not be able to borrow without the specific consent of the Secretary of State and the approval of the Treasury. All such borrowing would, of course, be subject to specific financial limits.
- (e) To extend the range of services which the Corporation can provide to tenants and prospective tenants of the Corporation's sites and premises. We wish the Corporation to be able to provide ancillary services to occupants or prospective occupants. At present the Act appears to limit them to providing mains type services such as water, drainage, electricity and sewerage etc. We envisage the Corporation providing clerical, administration and managerial, secretarial, computing and general professional advisory services. These will enable the Corporation to improve the attractions of its developments of smaller units and allow higher rents to be charged. It will also improve the success rate of their small business tenants and help to reduce turnover of such tenants. The Corporation will be able to claim grants from the European Regional Development Fund in respect of these services. The benefits to the Corporation together with the grants are expected to more than offset any public sector costs.



None of these changes should involve any additional public expenditure, and some will reduce it. Any increase in manpower for the provision of services to tenants under item (c) above should be more than fully paid for by the improved revenues generated from these proposals.

In the circumstances, I would be grateful if you and colleagues in EA Committee, to whom I am copying this letter, could give policy approval to the introduction of legislation to bring these proposals into effect.

*Your
Norman*

NORMAN LAMONT

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From the Minister of State for Industry

Norman Lamont MP

*nbpm
Date 20/8*

The Rt Hon Viscount Whitelaw CH MC
Leader of the House of Commons
House of Commons
LONDON
SW1A 0AA

17 August 1984

Dear Willie

The members of EA Committee and other interested ministerial colleagues have now confirmed that they are content with the legislative proposals I wish to introduce with respect to the English Industrial Estates Corporation. A copy of my letter of 19 June to the Chief Secretary is enclosed.

I should be grateful for your agreement to my instructing Parliamentary Counsel for the proposed Bill, which is non-contentious and suitable for Second Reading Committee Procedure.

*Yours
Norman*

NORMAN LAMONT