



Prime Minister ①

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PRIME MINISTER

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To note that Lord President has secured agreement to a regional map which keeps area covered within 35 percent of working population. Agree a letter of thanks?

**NEW STRUCTURE FOR REGIONAL INDUSTRIAL INCENTIVES:
MAP OF ASSISTED AREAS**

AT
25/10

At their meeting on 3 October the Ministerial Sub-Committee on Economic Affairs (E(A)) decided that the target for net savings in public expenditure as a result of changes in the system of regional industrial incentives should be £280-300 million a year; and that the new map of Assisted Areas (AAs) should be based as far as possible on the objective criteria set out in the Report by officials attached to the memorandum E(A)(84)53 by the Secretary of State for Trade and Industry, with inner and outer tiers covering about 15 per cent and about 20 per cent of the working population respectively. However, a number of areas at the margin were not susceptible to a mechanistic approach. I was invited to take the chair of a small group of the Ministers most closely concerned, to which decisions on these areas were remitted.

2. The Group met under my chairmanship on 17 October; I also had bilateral exchanges with several members of the Group. This minute reports our decisions. They will form the basis of proposals to be put to the Commission tomorrow: it is necessary to meet this timetable if clearance is to be obtained from the Commission by 28 November.

Likely attitude of the Commission

3. Informal discussions between the Commission and Department of Trade and Industry officials suggest that the Commission are likely to accept an AA map of Great Britain covering no more than 35 per cent of the working population, provided that it conforms broadly to objective criteria. It would be counter-productive to try to negotiate wider coverage, and could provoke the Commission



to impose arbitrary cuts, as they have done with other Community countries. The Group therefore did its best to formulate proposals meeting these requirements, in the hope that this will avoid delay in securing approval from the Commission. Each month's delay will cost some £20 million in loss of savings from the new scheme.

Decisions

4. The Group's decisions are therefore closely based on the proposals in Annex B to E(A)(84)53, subject to the changes set out below.

England

Alnwick and Amble, Bideford, Dartmouth and Kingsbridge, Torbay, the southern half of the Manchester travel to work area, Skegness and Worksop will be excluded from the outer tier of AAs. But, as proposed in E(A)(84)53, Plymouth and Darlington, two particularly sensitive areas, will be included.

Scotland

Dundee will be included in the inner rather than the outer tier. Alloa, Girvan, Newton Stewart and a number of areas in the Highlands will be put into the outer rather than the inner tier. The Secretary of State for Scotland has agreed not to pursue the other modifications proposed in his memorandum E(A)(84)55.

Wales

Neath/Port Talbot and Pontypridd/Rhondda will be put into the inner rather than the outer tier. Monmouth will be excluded from AA status.

5. The coverage of the resulting AA map does not exceed 35 per cent of the working population; it produces savings within the range of £280-300 million agreed by E(A).

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6. I am sending copies of this minute to the members of E(A), to the Foreign and Commonwealth Secretary, the Paymaster General, the Minister of State, Department of Trade and Industry (Mr Lamont), and to Sir Robert Armstrong.

hrolw

25 October 1984

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Regional Pol: Review of Reg Pol Part 7.



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MR TURNBULL

25 October 1984

ASSISTED AREA MAP

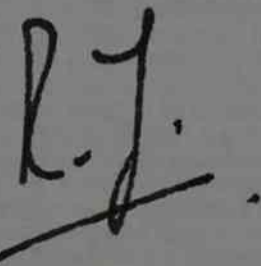
LORD WHITELAW'S MINUTE OF 25 OCTOBER

There is no doubt that the decisions recorded in Lord Whitelaw's minute represent an active agreement by the relevant Secretaries of State. The overall map coverage is as close to 35% as makes no difference (it is actually 35.049%) and, to the extent that any forecast savings are to be believed, we can expect savings of £290 million per annum.

For your own information, I should point out that some of the new adjustments are much less than objective, the Scottish ones particularly so. Girvan, Newton Stewart and Alloa ought to be in the inner tier on any objective criteria - they are among the neediest areas as defined for purposes of the Regional Policy review. Conversely, Dundee falls well outside the inner tier. Nevertheless, the decisions reached are more or less those which Mr Younger wanted. Dundee, I understand, was given to him as a tranquiliser when he was denied assisted area status for the whole of the HIDB area.

The only other questionable inclusion is Plymouth, which falls well outside entitlement to AA status on 35% coverage (it is nearly 41% 'down the list').

Given the overall acceptability of the new package to the EC, it is unlikely that they will probe the anomalies which lie buried in it. Whether the UK public will fall for it is another matter.



ROBERT YOUNG

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10 DOWNING STREET

From the Private Secretary

26 October, 1984.

New Structure for Regional Industrial Incentives:
Map of Assisted Areas

The Prime Minister has seen the Lord President's minute of 25 October. She was very grateful to him and to colleagues who worked with him in agreeing on the new map of Assisted Areas. She was content with the solution which was reached.

I am sending copies of this letter to the Private Secretaries to members of E(A), Len Appleyard (Foreign and Commonwealth Office), Alex Gallway (Office of the Paymaster General), Edmund Hosker (Mr. Lamont's Office, Department of Trade and Industry), and Richard Hatfield (Cabinet Office).

Andrew Turnbull

Miss Janet Lewis-Jones,
Lord President's Office.

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