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Prime Minister  
/me  
/in



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Scottish Government?  
MT

30th June 1981

MT

Dear Michael

ROYAL DOCKYARDS

We had a word on the telephone yesterday about the action we must set in hand following my announcement in the White Paper I published last Thursday (Cmd 8288) that the Royal Dockyard at Chatham will have to close in 1984 and that there will be a very sharp reduction in the scope and volume of dockyard work at Portsmouth.

Chatham is, I think, the more difficult problem (although there will also, of course, be real problems in Portsmouth) and I suggested to you that there would be advantage in declaring the area an Enterprise Zone for 1982/83. The job loss in the dockyard itself will be over 7000 - some 5000 industrials and some 2000 non industrials - and although some of the latter will be moved to other areas there will inevitably be a large number of redundancies over the next three years. The Government will have to do - and be seen to be doing - as much as we possibly can to compensate for this job loss and a prime element in this might be the creation of an Enterprise Zone. The facilities at

The Rt Hon Michael Heseltine MP

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the Royal Dockyard - comprising as they do a complete industrial estate of about 640 acres with three basins, with many docks, major machine shops, stores buildings, office accommodation and electricity generating sub-stations - should prove attractive to the private sector.

I realise that it was recently decided that no further Enterprise Zones would be nominated for the time being and I understand that Tom King gave an Answer in the House accordingly yesterday. But I am thinking, as I said, of 1982/83, and I would welcome your early advice on the possibility of making a special case for Chatham and also on any other steps which might be taken if we are not rapidly to be forced on the defensive. It is relevant that the House will be debating the White Paper today week, Tuesday 7th July; as you will know Peggy Fenner and Freddie Burden find great difficulty about my proposals.

I am sending copies of this letter to the Prime Minister; and to Geoffrey Howe, Keith Joseph, Christopher Soames and Jim Prior; and to Sir Robert Armstrong. I should particularly welcome comment from Jim Prior.

Yours ever  
John

John Nott

11-11-88



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1988 JUN 20



*Ann Smith* *Byron 2 Perry*  
*M. Heseltine* *you not*

2 MARSHAM STREET  
 LONDON SW1P 3EB

*want a- EZ at*

My ref: *Chatham*

Your ref: *Documents for*

3 July 1981

*this time*  
*bring.*

ENTERPRISE ZONES FOR CHATHAM AND PORTSMOUTH

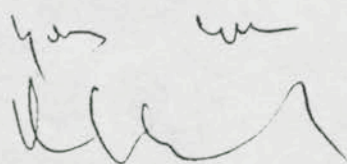
Thank you for your letter of 30 June. <sup>*attached*</sup> I would like to help Chatham and Portsmouth, for all the reasons you mention. But I am very clearly hemmed in by the time constraints I mentioned to you. *12*  
*3/1*

At E Committee last January we considered the possibilities of additional enterprise zones, especially in steel closure areas. Both Geoffrey Howe and I have been concerned that EZs should not be too closely associated with closures: such a link would generate demands from places hit by large scale closures that I do not think we could meet while retaining the idea of EZs as an experiment. We should have to answer every major closure with an EZ. In the event in January it was decided that we should await results from the current zones before adding more. This was, of course, reflected in Tom King's answer to which you refer. I believe we could only announce Chatham or indeed any other site as part of a larger package of "second stage" EZs.

Enterprise zones are, of course, quite expensive in terms of rate income foregone: that is one reason why we are monitoring their effectiveness, and why they are so far, experimental. Your point that the dockyards will not close until 1984 would give us some time to do this. But when we announced that there would be no further zones for the time being we were concerned to avoid prolonging uncertainty. To announce now that we might designate a particular area in a couple of years would introduce just such uncertainty which would, if anything, deter investment in the area. For this reason, it would, I believe, be a mistake to say anything at all about an EZ in Chatham at this stage. I would, however, be very happy to look at this with colleagues in 6 months time in the light of progress generally.

You also asked about other steps which might be taken. Portsmouth already receives some help under the Urban Programme with schemes for providing jobs locally; and we might be able to do something also for Chatham. But it would certainly not be possible, within existing resources, for this to be other than marginal - though obviously I will give sympathetic consideration to any projects the district councils put to me.

I am copying this letter to recipients of yours.

*you are*  
  
 MICHAEL HESELTINE