Regional Policy

Prime Minister (4)

Mcs 7/4

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

7 April 1982

Dear Geoffrey

I enclose at Annex A a report on the workings of the 10 Enterprise Zones now in operation. The remaining one, in the Isle of Dogs, will be designated at the end of next month. The report is in summary form for ease and speed of comparison.

My own view is that the policy to embark on such Enterprise Zones has been more than justified by experience and has fully lived up to your original concept.

We now have to make a decision about whether we wish to see any more within a time scale that will have an impact within the lifetime of this Parliament.

As you know, there are statutory procedures as set out in Annex B. Before these come into play we would have to select the next group of sites from the bids we would get from local government or the private sector. If we invited bids this Spring, we would not get the chosen Zones designated before the end of this year.

For results to be seen next year on any scale, therefore, we would need to take an in principle decision shortly.

I would go for another tranche of about 10: one each to Scotland, Wales and Northern Ireland, if they so wish, and seven for England. /Based on past experience I would aim for smaller sites (200-250 acres), the costs of which in England could rise about £18m per annum for rates compensation and about £9m per annum for the capital allowances/. There is plenty of room to avoid competition, particularly as industry is more optimistic now.

I am copying this to the Prime Minister, members of E Committee, George Younger, Nicholas Edwards and John Nott.

Yours ever

MICHAEL HESELTINE

The Rt Hon Sir Geoffrey Howe QC MP

ENTERPRISE ZONES: PROGRESS REVIEW

Salford

Private developers are to construct 25,000 sq m of speculative industrial units on land owned by the City Council. The Manchester Ship Canal Company has also started infrastructure works (with Urban Programme support) to service a 9 ha development site in the Salford Docks.

Trafford

Projects providing 40,000 sq m of new or refurbished industrial floorspace are committed or under construction. There is a steady take up of premises in the new industrial estates included within the EZ.

Wakefield

Land disposals have been agreed for three projects providing in all around 25 new industrial units and a further two warehouses to be built for owner occupation. Two out of five previously empty factories are now occupied with a net addition of 55 jobs.

Dudley

Projects providing 17,000 sq m of floorspace in speculative industrial units are under construction. 10 units, providing 2,000 sq m of floorspace, have been completed and are fully let. Herman Smith, in conjunction with an American company, plan a new plant to supply high technology components to the United States.

Hartlepool

12 development projects or new lettings under active discussion, 800 sq m of new factory floorspace under construction and 7 previously vacant premises have now been let with a net addition of approximately 50 jobs.

Corby

Nearly half the land in the zone has been disposed of or firm options taken out and of this almost half is already the subject of specific development proposals. 6 private companies are currently building factories for their own occupation and several more have bought, or are in the process of buying, land with the intention of doing so. The first phase of 12 factories built by the New Towns Commission have been let and they are now constructing a further 30,000 sq m of advance units. Another company is investing £25 m in two projects (a flour mill and a starch factory) for which construction is underway.

Tyneside (Newcastle/Gateshead)

In Newcastle, Vickers have commenced construction of their 36,000 sq m new premises at Scotswood and a small development of speculative units has also started. In Team Valley, EIE have completed a development of 24 units, a further 7,500 sq m of private factory and warehouse floorspace are under construction and 14 projects have reached various stages of negotiation. Elsewhere in Gateshead 7,000 sq m of warehouse/factory floorspace are under construction and negotiations are proceeding on 3 further projects.

Speke

EIE are expected to complete their development of 68 industrial units by the end of the first quarter of 1982. Clearance and demolition on the Dunlop site are well underway. Discussions are proceeding on the servicing of the airport land and the refurbishment of the BL factory.

Swansea

47 firms have moved into or set up in the zone since the EZ announcement, 7 of which are new ventures. Construction of 11,000 sq m of floorspace has commenced since designation, a further 30,000 sq m is committed or proposed, 65% by private firms or developers.

Clydebank

Since the EZ announcement 82 companies with a total potential for 950 new jobs have moved into, set up or expanded in the zone. Of these 32 are entirely new ventures. 30,000 sq m of floorspace is currently under construction and a further 20,000 sq m is committed.

Belfast

8 projects for conversion or redevelopment under active discussion. A further 4 new warehouse developments have started on site.

Isle of Dogs (designation expected April 1982)

Six major development projects in various stages of negotiation including the Daily Telegraph who have plans for a new production plant which would provide over 2000 jobs. 8 temporary lettings of existing premises agreed.

March 1982

		PRE - DESIGNATION				ESTIMATED CURRENT POSITION				
	TOTAL AREA NET OF ROADS ha	IN BENEFICIAL USE ha	%	AVAILABLE FOR DEVELOPMENT OR DEVELOPED BUT VACANT ha	%	COMMITTED ha	DEVELOPMENT STARTED ha	DEVELOPMENT COMPLETED ha	VACANT PREMISES OCCUPIED ha	% of availab. land * fully developed or committed to be fully developed
SALFORD))	150.7	32.8	22	117.9	78	6.0	1.2	0	0	6
) TRAFFORD)	140.7	21.0	15	119.7	85	9.8	2.4	0	4.9	14
WAKEFIELD	57.0	20.9	37	36.1	63	2.6	0	0	1.5	11
DUDLEY	197.6	83.7	42	113.9	58	0.2	4.4	0.6	0	5
HARTLEPOOL	105.2	7.0	7	98.2	93	N.A.	0.2	0	0.8	1+
CORBY	107.3	4.6	4	102.7	96	3.3	10.2	8.6	0	21
NEWCASTLE))	68.4	36.2	53	32.2	47	0	9.8	0	0	30
) TEAM VALLEY))	122.2	41.5	34	80.7	66	N.A.	1.9	4.5	0	8
) GATESHEAD)	191.6	56.4	29	135.2	71	N.A.	1.7	6.5	0.3	6+
SPEKE	135.3	8.3	6	127.0	94	0	2.4	0	0.3	2
SWANSEA	269.5	48.1	18	221.4	82	7.6	1.5	2.7	0	5
CLYDEBANK	180.2	54.8	30	125.4	70	5.9	8.2	1.3	4.3	16
BELFAS[illegible]	211.6	73.4	35	138.2	65	6.5	5.2	0	0	8

* These estimates take no account of land which companies may have acquired for future expansion or development, nor of land which is being serviced for development but where there are no specific development commitments

ANNEX B

ENTERPRISE ZONES: MINIMUM TIMETABLE FROM MAY ANNOUNCEMENT TO DESIGNATION

	Process	Minimum period required (weeks)	TIMETABLE FROM MAY ANNOUNCEMENT
	Announcement - bids invited from local authorities. Notify EEC		1 May
	Local authorities prepare and submit bids (time allowed for local authority to obtain Councils' backing)	6	
	Evaluation of bids and sites by DOE	6	
	Selection of sites		24 July
	Negotiation of boundary and informal negotiation on planning scheme	12	
	Informal consultation on boundary		
STATUTORY PROCESSES	Statutory Invitation to prepare EZ schemes		16 October
	Statutory consultations on scheme in draft	5	
	Publication of draft scheme and inviting of public representations	7	
	Adoption - scheme adopted by local authority		8 January
	Period for Legal Challenge	6	
	Making and Laying of Order	2	
	Order lies before Parliament	3	
	Enterprise Zone comes into operation		26 March
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