

PREM 19/IIII

859

CONFIDENTIAL FILING

P.M.'s Meeting with David Clark M.P. to discuss closure of North-East Audio Ltd, South Shields

PRIME

MINISTER

JULY 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
15-7-81							
20-7-81							
24-7-81							
27-7-81							
22-2-82							
3-3-82							
4-3-82							
16-3-82							
31-3-82							
22-4-82							
27-4-82							
19-6-82							
16-7-82							
21-7-82							
30-7-82							
4-10-82							
6-12-82							
8-12-82							
24-1-83							

PREM 19/1111



10 DOWNING STREET

THE PRIME MINISTER

24 January 1983

Dear Dr. Clark

When we met on 7 December, you referred to the failure of South Tyneside Metropolitan Borough Council's application for an enterprise zone. You expressed your concern that the Government's decision on this application had been based on mistaken information.

I know that you have explained your concern in a letter to Michael Heseltine, and I have seen the reply which Tom King has now sent you. I think that this has clarified the issue. I can understand your disappointment at the decision that was taken, but I am satisfied that the applications for enterprise zones were considered on the basis of consistent and reliable information.

Yours sincerely
Margaret Thatcher

Dr. David Clark, M.P.

—

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2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/B/PSO/18616/82

Your ref:

19th January 1983

Dear Willie *Wigney* *20/1*

ENTERPRISE ZONE APPLICATION BY SOUTH TYNESIDE MBC

On 8 December, you wrote to Mr Way (MAFF) about the meeting on 7 December between the Prime Minister and Dr David Clark, MP. You copied the letter to me, asking for a draft letter for the Prime Minister to send to Dr Clark on a point that he raised relating to enterprise zones.

The point had already been considered by my Secretary of State. When, on 15 November, Mr Heseltine announced the Government's decisions on additional enterprise zones in the House of Commons, Dr Clark voiced disappointment at the failure of South Tyneside MBC's application. He wrote to Mr Heseltine on 16 November, stressing what he regarded as the uniquely high unemployment in South Shields. On 2 December, Mr Heseltine replied, pointing out that the October TTWA unemployment rate for South Tyneside (19.3%), was lower than the equivalent figure (of 20.1%) for Middlesbrough, where an additional enterprise zone was announced. In his letter, Mr Heseltine also stressed that unemployment rates were only one factor considered in deciding on applications.

On 6 December, Dr Clark wrote again, claiming that Mr Heseltine's letter pointed to a confusion in the Government's mind between the TTWA of South Tyne and the local authority area of South Tyneside MBC, and seeking to reopen the case for an enterprise zone in his constituency. This was the point which he made to the Prime Minister on 7 December.

Mr King has now replied in some detail to this latest letter, I enclose a copy of his reply. In the circumstances, you may agree that the Prime Minister should write to Dr Clark simply referring to the correspondence with my Secretary of State. I also enclose a draft letter along these lines.

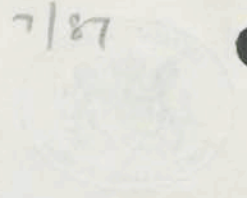
I am copying this letter and enclosures to David Saunders (Industry).

Yours sincerely,
Roger Bright

R BRIGHT
Private Secretary

Prime Minister: Mr. ... David Clark MP

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DRAFT LETTER FROM PRIME MINISTER TO:

DR DAVID CLARK, MP

1. When we met on 7 December, you referred to the failure of South Tyneside Metropolitan Borough Council's application for an enterprise zone. You expressed your concern that the Government's decision on this application had been based on mistaken information.

2. I know that you have explained your concern in a letter to Michael Heseltine, and I have seen the reply which ^{Tom King} ~~he~~ has now sent you. I think that this has clarified the issue. I can understand your disappointment at the decision that was taken, but I am satisfied that ~~consideration of~~ the applications for enterprise zones ^{were considered} ~~was carried out~~ on the basis of consistent and reliable information.



2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/18581/82

Your ref:

David

ENTERPRISE ZONES

Thank you for your further letter, of 6 December to Michael Heseltine, about South Tyneside Metropolitan Borough Council's application for an enterprise zone.

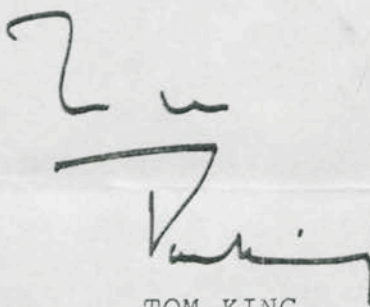
It is of course correct that the local authority area of South Tyneside is different from the South Tyne Travel to Work Area (TTWA). In considering all the applications received, however, it was to the relevant TTWA figures that we looked as a measure of an area's overall need for jobs. That is because, for labour market analysis, unemployment rates can be sensibly applied only to areas which - like TTWAs - are self-contained and include both the geographical source of labour supply (homes) and demand (work-places).

Unemployment rates for areas which are not self-contained, such as the ones which you quote in your letter, clearly provide pointers to an area's social problems, but they cannot measure an area's need for jobs. Such rates take no account of jobs accessible outside the area, or of people commuting in from elsewhere in the TTWA to take local jobs. An additional problem with sub-TTWA unemployment rates is that the basis for calculating them can vary from one authority to another, making genuine comparisons impossible. The Department of Employment unemployment rates are, of course, calculated on a totally consistent basis. It was for these reasons that we had regard to TTWA figures in considering the enterprise zone applications, and that, in Michael's letter of 2 December, he referred to TTWA figures in October of 20.1% for Middlesbrough and of 19.3% for South Tyneside.

I have gone into some details about unemployment rates because this is clearly a point of no little concern to you. I must repeat what Michael said in his previous letter, however, that the level of unemployment was not the only factor which we considered in deciding on the applications received. I would not deny that South Tyneside Metropolitan Borough Council's

application had some strong points, but on balance we felt that the application from Middlesbrough Borough Council made the best case for the additional zone which we proposed to establish in the Northern Region. There was no confusion, as you suggest, in reaching this view, and I see no grounds for reconsidering the decision.

I would only hope that you would accept that the measures which Michael outlined in his previous letter do show that, even without the designation of an enterprise zone, the government is acting on its recognition of the economic and social problems faced by South Tyneside.

A handwritten signature in black ink, appearing to read 'Tom King', written in a cursive style. The signature is positioned above the printed name 'TOM KING'.

TOM KING

SUBJECT.



File PM da
cc: JOE
JOI

10 DOWNING STREET

cc. Master set

From the Private Secretary

8 December 1982

Dear Nicholas

Thank you for your letter to Caroline Stephens of 6 December, and for your briefing for the Prime Minister's meeting with Dr. David Clark M.P. The Prime Minister saw Dr. Clark at 4.50 yesterday afternoon. Your Minister was present.

In the course of a very brief discussion, Dr. Clark said that he realised nothing could be done to reverse the decision taken by F.C. Lowe and Son Limited to close their factory in South Shields with the loss of 95 jobs. He was not particularly impressed by the company's management or performance, and said that he did not have many regrets about its leaving South Shields. However, he was concerned that the company might remove the machinery installed in their factory in South Shields for use in their factory at Louth. The company had been given grants associated with the installation of this machinery, and he felt that these should be repaid if the machinery was to be moved. The Prime Minister assured him that the Government would expect the grants to be repaid in such circumstances.

Dr. Clark also expressed disappointment at the Government's failure to designate an enterprise zone in South Shields. The Secretary of State for the Environment had written to him on 2 December explaining the Government's decision. In this letter, Mr. Heseltine had said that the unemployment rate in South Tyneside was 19.3%, lower than the rate in Middlesbrough where an enterprise zone had been set up. Dr. Clark said that the Department of the Environment were mistaken in thinking that the unemployment rate in South Tyneside was 19.3%. He claimed that this was the figure for South Tyne, and that the figure for South Tyne was different from that for South Tyneside. He produced a document (attached) which showed that the rate of unemployment in South Tyneside was in fact 21.2%, higher than in Middlesbrough. He was very concerned that the Department of the Environment had taken a decision not to designate an enterprise zone in South Shields on the basis of mistaken information. The Prime Minister said that she would ask Mr. Heseltine to look into this.

I should be grateful if Helen Ghosh, to whom I am copying this letter, could arrange for Dr. Clark's allegation to be

/ considered

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B. | considered, and if she could provide a draft reply for the Prime Minister to send to Dr. Clark by 17 December, if at all possible.

I am also copying this letter to David Saunders (Department of Industry).

Yours sincerely

William Rickett

N.J. Way, Esq.,
Ministry of Agriculture, Fisheries and Food.

Unemployment Figures

Date:- 14 OCTOBER 1982

SOUTH SHIELDS				JARROW & HEBBURN				EAST BOLDON				SOUTH TYNESIDE											
MALE		FEMALE		BOTH		MALE		FEMALE		BOTH		MALE		FEMALE		BOTH							
NO	%	NO	%	NO	%	NO	%	NO	%	NO	%	NO	%	NO	%	NO	%						
6300	29.1	2184	13.7	8484	22.6	3570	19.5	1296	16.6	4866	18.6	791	25.3	283	21.7	1074	24.2	10661	24.7	3763	15.0	14424	21.2

Unfilled Vacancies

	EO	CO	BOTH
SOUTH SHIELDS	116	10	126
JARROW & HEBBURN	31	2	33
EAST BOLDON	5		5
SOUTH TYNESIDE	152	12	164

(b) DISTRIBUTION :

SC ADB CIC PA PA GA DL

IDCH NS (SS)

Dr. D. Clark MP

Mrs. D. Dixon MP



SECTION THREE

10.0 Statistical Appendix

Month	Area	Young Persons ¹		Adults ¹		Total Unemployed	% Rate	School Leavers		Male Unemployed	Male % Rate	Female Unemployed	Female % Rate	Unfilled Vacancies
		Boys	Girls	Males	Females			Boys	Girls					
July 1982	S Shields	1348	1213	4915	1376	8852	23.6	813	784	6263	28.9	2589	16.3	130
	J/Hebburn	704	610	3030	867	5211	19.9	390	349	3734	20.4	1477	18.9	28
	E Boldon	63	69	664	200	996	22.5	-	-	727	23.3	269	20.6	3
	S Tyneside	2115	1892	8609	2443	15059	22.1	1203	1133	10724	24.9	4335	17.3	161
August 1982	S Shields					9249	24.6	812	748	6573	30.3	2676	16.8	130
	J/Hebburn					5372	20.6	419	343	3865	21.1	1507	19.3	22
	E Boldon					1024	23.1	-	-	749	24.0	275	21.1	2
	S. Tyneside					15645	23.0	1231	1091	11187	25.9	4458	17.8	154
Sept 1982	S Shields					9123	24.3	709	660	6483	29.9	2640	16.6	135
	J/Hebburn					5309	20.3	319	318	3784	20.7	1525	19.5	20
	E Boldon					1092	24.6	-	-	804	25.7	288	22.1	3
	S Tyneside					15524	22.8	1028	978	11071	25.7	4453	17.8	158
Quarterly Averages														
3rd 1981	S Tyneside	*	*	*	*	14343	21.0	923**	967**	10242	23.8	4101	16.4	116
4th 1981	S Tyneside	1336	1275	8506	2454	13591	19.9	357	460	9956	23.1	3635	14.5	130
1st 1982	S Tyneside	1375	1135	9007	2424	13541	19.9	298	328	10034	23.3	3507	14.0	137
2nd 1982	S Tyneside	1247	1105	8960	2544	13964	20.5	527	478	10280	23.9	3684	14.7	206
3rd 1982	S Tyneside	2115	1892	8609	2443	15409	22.6	1154	1067	10994	25.5	4415	17.6	158

NOTES

1. Separate figures for young persons and adults are only available in the first month of each quarter. The quarterly averages shown in these columns are therefore merely the true figures for these months, and do not add up to the quarterly average shown for the total unemployed, male and female unemployed

* Figures not available due to Civil Servants' dispute

** These quarterly averages are the average of August and September only. Because the unemployment peak is usually reached in July the true quarterly averages should probably be higher

COVERING RESTRICTED

Reference

Mr C Stevens
No. 10 Downing St

cc Miss Goulding DoI/PB
Mrs Dracup DoI/NERO

PM's MEETING WITH DR CLARK,MP, 7 DECEMBER

Please find attached regional industrial brief on South Shields and South Tyneside for the PM's meeting later today with Dr Clark,MP. I understand the meeting is in connection with the closure of a South Shield's dog biscuit factory, S C Lowe, a subsidiary of Luda Meaties Pet Foods and employing 92.

The major part of the brief is taken from a fortunately recent brief prepared for one of our Ministers who met a delegation from South Tyneside and I hope this is satisfactory in the circumstances surrounding your briefing request. Naturally, we would appreciate much longer notice for any future briefing of this sort.

A J Foran

A J FORAN
Department of Industry
RPDG 1b
Room 411 Kingsgate House
212 0572

7 December 1982

*PS Sections 4 & 5
are incomplete - I will
phone the missing data
over to you*

AJF

included on briefing

*seen & agreed
by [unclear]
7/12/82*

COVERING RESTRICTED



SOUTH SHIELDS CONSTITUENCY/SOUTH TYNESIDE TTWA - BACKGROUND NOTES

1. INTRODUCTION

Dr David Clark's Parliamentary Constituency of South Shields is contained within the South Shields Employment Office Area (EOA) which forms part of the South Tyneside Travel-to-Work Area (TTWA) together with the following EOAs: Birtley, Bladen-on-Tyne, Chester-le-Street, East Bolden, Felling, Gateshead, Jarrow/Hepburn and Prudhoe.

The following notes relate to the South Tyneside TTWA with particular reference to South Shields EOA.

South Tyne TTWA is part of the Tyne and Wear Metropolitan County, which is one of the six Metropolitan counties in the United Kingdom. The area has a population of 372,200 which is approximately 32% of the total for Tyne and Wear. The area was unaffected by the Assisted Area changes announced in July 1979 and has remained an SDA.

2. INDUSTRIAL STRUCTURE

	Employees in Employment 1978		
	% Distribution		
	South Tyne	Northern Region	Great Britain
Primary Industries (8,072)	5.0	5.3	3.3
Manufacturing Industry (63,702)	39.8	33.7	32.0
Construction Industry (13,778)	8.6	7.2	5.5
Service Industry (74,533)	46.6	53.8	59.2
TOTAL (160,085)	100.0	100.0	100.0

Figures in brackets show actual employment for South Tyne in 1978 - latest available.

3. MAJOR EMPLOYERS (Manufacturing)

Name of Firm	Location	Product
NEI Clarke Chapman	Gateshead	Marine Engineers and power plant manufacturers
Plessey Telecommunications Plc	South Shields	Telephone and telegraph equipment
NEI Reyrolle	Jarrow/Hebburn	Electrical Switchgear
Swan Hunter (British Shipbuilders)	Jarrow/Hebburn	Shipbuilders
Royal Ordnance Factory	Birtley	Armaments
Caterpillar Tractor Co Ltd	Birtley	Earth moving equipment



4. UNEMPLOYMENT

New counting system

<u>October 1982</u>	Males		Females		Total	
	Nos	Percent	Nos	Percent	Nos	Percent
South Shields EOA	5,884		2029		7,913	
South Tyneside TTWA	24,705	21.4%	8569	13.2%	33,274	18.5%
North East Region	149,581	22.3%	51,602	11.9%	201,183	18.2%
Great Britain	2,127,400	15.8%	807,900	8.7%	2,935,300	12.9%
<u>November 1982</u>						
South Shields EOA	5,943		1,991		7,934	
South Tyneside TTWA	24,799	21.5%	8428	13.0%	33,227	18.4%
North East Region	150,180	22.4%	50,927	11.7%	201,107	18.2%
Great Britain	2,147,626	15.9%	803,215	8.7%	2,950,841	13.0%

5. VACANCIES

Reported Vacancies on 8 October 1982

South Shields EOA	116
South Tyneside TTWA	453

Reported Vacancies on 11 November 1982

South Shields EOA	123
South Tyneside TTWA	440

Note Following a 1977 MSC survey, the vacancy figures shown probably understate the true position in the North East by about 50% and in GB by about 36%.

6. REDUNDANCIES

In 1981, 5,594 redundancies in the South Tyne TTWA were notified to the Department of Employment. In the period January to September 1982, 4,140 redundancies have been notified.

Major redundancies notified include:



	<u>Numbers Affected</u>		<u>Date Notified</u>
	<u>Male</u>	<u>Total</u>	
Caterpillar Tractor, Birtley	758	775	Oct 1981, Jan 1982
Marconi Radar Systems, Felling	228	290	Feb 1982
National Coal Board, Baldon Colliery	600	600	March 1982
Tyne Textiles Ltd, Felling	220	220	Sept 1982
Filtrona Ltd, Jarrow	194	194	May 1982, Aug 1982
Tyne Shiprepair Ltd, South Shields	663	663	Sept 1982

7. NEW FIRMS

Since 1966, 77 new manufacturing firms have opened up in South Tyne TTWA, 57 of which are still surviving, currently employing 4,317 people (2,701 males).

8. INDUSTRY ACT 1972 ASSISTANCE, 1 OCTOBER 1981 TO 30 SEPTEMBER 1982

Regional Development Grant

Individual payments of £25,000 and above only

South Tyneside TTWA	- £8,884,000
South Shields EOA	- £135,000

Section 7 (Regional Selective Assistance)

South Tyneside TTWA 12 offers, total offer value: £1.8m associated employment:
567
total project costs: £14.1m

South Shields EOA Nil

Section 8 (National Selective Assistance)

South Tyneside TTWA Nil BUT 1 May 1979 to 30 September 1981:
23 offers, total offer value £323,000, total project
costs £1.6m

South Shields EOA Nil



Industrial Estates/Advance Factories

In the South Tyneside TTWA, 57 factory units totalling 60, 381 sq m are complete and available, including 13 units totalling 6,271 sq m which are reserved. Of the 57 units, 5 are on a site in the South Shields EOA and a further 5 on a site bordering the neighbouring Jarrow/Hepburn EOA.

9. RATES & POLITICAL COMPOSITION

(a) RATES (pence per £ of rateable value)

	Rate 1981/82	Rate 1982/83	% Change
South Tyneside MBC	107.5	129	+ 20
Gateshead MBC	123	139.6	+ 13.5
Tyne & Wear MCC	47	51.2	+ 8.9

(b) COUNCILLORS

South Tyneside	Labour 45	Progressives 10	Others 5
Gateshead	Labour 55	Conservative 8	Others 3

(c) MEMBERS OF PARLIAMENT

D G Clark	Labour	South Shields
B Conlan	Labour	Gateshead East
D Dixon	Labour	Jarrow
J Horam	Social Dem	Gateshead West
J D McWilliams	Labour	Blaydon
G H Radice	Labour	Chester-le-Street

10. MAJOR POSITIVE DEVELOPMENTS IN THE SOUTH TYNE TTWA

<u>Company</u>	<u>Location</u>	<u>Project</u>	<u>New Jobs</u>	<u>Value of Contract</u>
Port of Tyne Authority/National Coal Board	Tyne Dock South Shields	Joint project for new coal handling and shipping facility		£7m+
Reid Furniture	Team Valley	£1/2m expansion programme	80	
NEI Reyrolle Ltd	Jarrow/ Hebburn	Switchgear for Power Station at Rihaud, India		£3m
Marconi Radar	Felling	NATO contract for 4 Martello radars - heavy work to be carried out at Felling works		£20m



11. LOCAL ISSUES

Dr Clark accompanied a delegation from South Tyneside Metropolitan Borough Council to Mr Norman Lamont (MoS/Industry) on 11 November last to discuss the effects of the closure of BS shiprepair yards in the area. A copy of the note of the meeting is attached at ANNEX 1.

The three major points raised are currently being followed-up, viz

- (a) social and economic problems of high unemployment,
- (b) establishing a joint public/private sector team and
- (c) Port of Tyne Authority's charges.

~~A copy of a press cutting concerning the closure of S G Lowe is at ANNEX 2.~~

Department of Industry
RPDG Div

December 1982



NOTE OF MEETING HELD IN ROOM 901 ASHDOWN HOUSE AT 3.00 pm ON
THURSDAY 11 NOVEMBER

Present:

Mr Lamont
Mr Atkinson - NERO
Mr Beale - SBP
Mr Joyce - RPDG

South Tyneside Borough Council

Councillor V Fitzpatrick JP - Leader
Councillor S Robinson JP
Councillor A L Elliott
Councillor M E Lightfoot
Councillor M B Pigott JP
Mr S Clark - Chief Planner
Mr F Thompson - Chief Executive

Mr Don Dixon MP (Jarrow)
Dr David Clark MP (South Shields)

1 The Council requested the meeting to discuss the proposed closure of the BS shiprepair yards on the south side of the Tyne and the consequential effects this would have on the economic and social life of the Borough.

2 Dr Clark began by saying that the South Shields area, faced with the closure of these yards, already had a male unemployment rate of about 30%. Mr Dixon pointed out that these closures would push up the unemployment rate in certain areas to about 50%.

3 Councillor Fitzpatrick then made an opening statement for the Council saying that BS intended closing the four yards on the south of the Tyne but had then decided to retain Middle Dock, for which he was grateful. He expressed concern about the BS Corporate Plan and the proposed closures and felt the shiprepair industry was all but lost. He realised that new technology would replace jobs but felt at least one unit should remain open therefore retaining basic skills in the area. He wondered whether naval vessels needing repair could be directed to South Tyne yards and whether the Government could retain shiprepairing on the Tyne. On top of the general rundown of the area, the closure of the shiprepair yards would be a devastating blow. He mentioned that Lord Bellwin had visited the area recently to discuss, with the Council, an increase in their Urban Development programme allocation.

28 22/11



4 Mr Thompson repeated the need for help with naval orders. He pointed out that if the yards closed, then skilled men would leave the area. Many thousands of people needed the support of shipbuilding and repairing and if these disappeared the Tyne area would have a dismal future.

5 Councillor Robinson said that the area had four collieries in 1968 and now there was only one. There was now a similar situation with shipyards. He enquired whether BS could form an industrial development company as BSC(I) had done in Consett. This enterprise was helping to relieve the unemployment situation there. He thought a "high powered group" could be set up, financed by BS, the Government and large firms in the area. Such a group could give direct help and guidance which were needed urgently to generate business activity. He said the Council were prepared to help themselves, but they needed outside help and ideas.

6 Councillor Lightfoot said the Borough was suffering badly because of its reliance on old heavy engineering industries which were all undergoing restructure. The Borough was not receiving enough help from Government to alleviate the acute social problems being caused by unemployment and the general rundown of the area. The Council were only too keen to have a diversified industrial base, but could not do this by themselves.

7 Councillor Fitzpatrick said there was a glimmer of hope for the Borough in that Nissan had not yet decided on a particular area for their proposed car plant. Also the Council hoped to gain an additional enterprise zone. The area merited long term Government assistance because of much dereliction and unemployment.

8 Mr Thompson said tht since 1974 the Council had been engaged in a vigorous programme of industrial development and had built in conjunction with the EIEC and the County Council 153 small factory units of which 134 had been underletted. The Council was very impressed by BSC's efforts in Consett and hoped that BS could do the same in South Tyneside. The two areas had very similar problems.

9 Councillor Lightfoot said that the Council had tried to encourage new firms to set up in the area and most of the factories built had in fact gone to small firms but this had created only 120 new jobs. However, there had also been 1,000 BS jobs lost in the area which was equivalent to 10 years job creation work by the Council. The area therefore needed a major new employer.

10 Councillor Fitzpatrick mentioned that the Port of Tynemouth Authority had received three licences for offshore oil exploration and the Authority had the largest area in the UK for developing related offshore activities. He wanted the authority to create an offshore repair yard and use the skills already in the area.



11 The Minister pointed out that existing offshore yards around the country did not have enough work. Councillor Fitzpatrick said that BS were closing yards because of the change in trade routes but if an oil terminal were to be based just off the mouth of the Tyne then it would make sense to have related service industries nearby.

12 The Minister then responded to the points that had been raised. He said he appreciated the enormous problems the area faced. He mentioned that since Dr Clark had met the Prime Minister the situation had altered. Shiprepair losses had grown and many complaints had been received from private sector ship-repairers about the situation. There was a lot of competition in shipbuilding and too much capacity. Giving BS more money would not necessarily change their view towards shiprepair. Many private sector yards had also closed.

13 On the BSC(I) point, the Minister said BSC(I) had worked on this for a long time and had a depth of experience. He did not think BS had the necessary experience to set up an enterprise trust but would certainly explore the possibility with Mr Atkinson. The Minister went on to say any requests for assistance would be looked at sympathetically and where discretionary aid could be added to automatic grants, this would be considered carefully. The area qualified for some EEC aid and had received £2.5 million from the non-quota section of the ERDF and would probably receive more in the second round. The Government were constantly pressing the EEC for more help for our steel and shipbuilding industries.

14 Mr Lamont said the Nissan project was still live, and the Government wanted them to come to the UK. Nissan had decided to rethink their plans because of the world climate in the vehicle industry. Specific sites were not yet being considered. On enterprise zones, the Government was considering the Tyne area amongst others and would soon make an announcement. Regarding setting up a high powered group, the Minister said he was happy for DOI/DOE officials to liaise with the Council on this and other matters.

15 Dr Clark said the immediate problem would be to get through the next six months: the unemployment rate would be 35%. He asked if a few "wise men" from business (perhaps 3, costing about £100,000 on salaries) could be seconded who could help attract the necessary business to the area. Their salaries could be paid by BS or the Government. The Minister said he would talk to BS about this but they already had enough problems of their own. It was unlikely that they would want to lose their own people, or allocate their own cash for this purpose. The Council might be in a better position to find these businessmen but this was something that the DOI/DOE Council group could explore. Mr Thompson said he realised BS may not find them, but asked if the DOI could talk to Plessey, who might be able to second someone. Mr Atkinson said it would certainly be useful to talk about this.



Councillor Robinson asked if the Government would provide financial backing. The Minister said he would consider this. Dr Clark said there was only one firm in the area employing over 1,000, the rest employed less than 250. These small companies would not have the kind of expertise that was required. The expertise of multinationals was required - perhaps using businessmen from BP or Shell. Mr Atkinson doubted whether regional bosses could take on this work and suggested that men at headquarters of major companies, like Plessey, might be able to.

16 Councillor Pigott said at present ships called at the Tyne merely to clean their tanks and then had to go abroad for repairs because of the lack of dry dock facilities. Furthermore, he admitted it was expensive to dock on the Tyne and he thought the Port of Tyne Authority's charges should be looked at. Docking was so expensive mainly because dredging facilities were almost nil and the Council had questioned the PTA on this but had received no response. Mr Atkinson said that he knew of the dredging problem but was not aware of particularly high charges. Joint discussions might be useful. Councillor Fitzpatrick said the PTA had concentrated on redeveloping coalstrips but had neglected the river. The Council were looking to the PTA to release land to relieve this problem. The Minister said he would take this up with the Department of Transport.

17 Councillor Piggott asked what would happen to the repair yards once they had closed and whether BS would sell them. The Minister said BS were pessimistic about selling shiprepair yards. Complaints from private sector yards were geared towards closures. BS would like to sell, but there were no buyers. Councillor Elliott said he knew of two possible buyers but BS would not negotiate. Dr Clark asked what the Government's policy is towards the sale of BS repair yards. The Minister said if the yards were sold he would be delighted. However, he had heard of no offers to buy BS yards. He also had no powers as yet to order BS to stop their shiprepair activities.

18 Councillor Robinson mentioned that South Tyneside has particular potential for tourism. An urban development grant is being sought for the development of a holiday village. The Minister asked if there was much tourism, and whether there was local interest in this idea. Councillor Fitzpatrick replied that there were very few hotels and local interest was confined to small businessmen. There were no "big names" interested.

19 Councillor Elliott said the rundown of the repair yards was the last resort. The yards must remain open and the Government had the power to achieve this. The running down of industries was creating great social problems in the inner cities and the Tyne was now as bad as anywhere else. Keeping the yards open longer would provide some much needed breathing space. The Council was unable to solve all the problems alone.

20 Councillor Pigott asked what influence the Minister had over BS's decisions. The Minister said that obviously BS kept him informed but decisions on closures were a matter for BS's

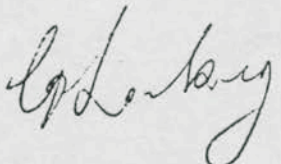


commercial judgement. The Government had given BS large amounts of money which had averted closures which would otherwise have happened. The BS shiprepair situation was desperate, losing £50 million since nationalisation and £8 million this year. The private sector was also suffering badly.

21 Councillor Fitzpatrick said the Council ran an industrial/^{fair} in 1981 and 1982 and local industries received some business as a result. They had used an empty EIE factory for the fair but it was now to be broken down into small units which may mean the loss of the premises for further fairs. The Council would therefore like financial assistance to hire Temple Park exhibition hall next time. The Minister said this sounded a good idea and asked Mr Atkinson to follow this up.

22 Councillor Fitzpatrick summed up by saying it was very important that BS retain Middle Dock, which had done a good job on HMS Fearless. He recognised the difference between BSC(I) and BS regarding the setting up of an industrial development company in the Tyne area. He said the Council would talk to large firms in an attempt to encourage executives to help the council. He hoped the area would receive more EEC cash and an extra enterprise zone. Any help on their urban development grant application would be appreciated.

23 The Minister acknowledged that the Council had very serious problems. He emphasised that the Council and Government should look together for executives and DOE and EIE should be involved in this. The Council should inform BS and DOI of any potential buyers of BS yards.


GLEN LOCKEY
MOS Office
Rm 11.03 Ash
212 5902

19 November 1982

cc PS/Mr Butcher
PS/Mr MacGregor
Miss Mueller
Mr Dick
Mr Russell
Mr Beale
Mr Pearcey
D/NERO

PM



10 DOWNING STREET

Prime Minister

An up to date

Constituency brief on South

Shields will arrive tomorrow

morning.

LN

8/12



Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the
Parliamentary
Secretary's Office

Caroline Stevens
Prime Minister's Office
10 Downing Street
London SW1

6 December 1982

Dear Caroline

... I enclose a note for the Prime Minister for her meeting with Dr David Clark MP at 4.15 pm on Tuesday 7 December. The Parliamentary Secretary here, Mrs Peggy Fenner, will be attending this meeting.

Yours sincerely

Nickolas J. Way

N J WAY
Private Secretary

NOTE FOR THE PRIME MINISTER

MEETING WITH DR DAVID CLARK MP - 7 DECEMBER 1982

BACKGROUND

F C Lowe & Son Ltd, a company manufacturing dog biscuits in South Shields, made 95 workers at their factory redundant on 19 November, and announced that the factory would close entirely in 3 months' time. The reason for the closure appears simply to have been the company's poor trading performance, although the pet food industry as a whole has survived the recession well. Dr Clark has told the media that he will do all he can to keep the factory going, and at one stage joined a picket line of redundant workers.

LINE TO TAKE

The Prime Minister will wish to:-

- assure Dr Clark that all the facilities of the Manpower Services Commission will be made available to help the workers affected find new jobs or train for alternative employment;
- explain that according to the Government's information all redundant workers have received their full entitlement to redundancy pay (or pay in lieu of notice); and
- if Dr Clark asks about the chances of the Government providing financial assistance to keep the factory going, point out that any application the Company may make will be considered according to the criteria that are normally applied, but that without knowing the Company's full circumstances it is not possible to say whether any aid might be available.

NOTE FOR THE PRIME MINISTER

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2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref: H/PSO/18021/82

Your ref:

32 DEC 82

ENTERPRISE ZONES

Thank you for your letter of 16 November, in which you referred to our exchange in the House on the previous day.

As I said on that occasion, I understand the disappointment felt in South Tyneside at the fact that the Council's application for an enterprise zone was not preferred. A large number of authorities have inevitably been disappointed, since, in England, over 50 applications were submitted and only 9 new zones announced. I should make it clear that, in deciding upon these applications, we certainly had regard to unemployment levels, but we considered other factors as well, notably the rate at which land proposed for designation could be made available for development, and the applicant authority's proposals for relaxing planning controls.

As far as the Northern Region is concerned, our view was that it was appropriate to establish one additional enterprise zone, and that Middlesbrough had made the strongest case. You ask specifically about unemployment rates. In October 1982, the total unemployment rate for the Teesside TFWA (which includes Middlesbrough) was 20.1%; the equivalent figure for South Tyneside was lower, at 19.3%. As I have stressed, however, the unemployment level was only one of the factors which we considered in reaching our decisions.

I cannot accept the charge that the Government is failing to respond to the particular difficulties faced by your area. South Tyneside Metropolitan Borough Council is a programme authority under the Inner Urban Areas Act 1978, and in 1982/83 some £3.23m has been allocated to the Council under the Urban Programme. In addition, South Shields is designated as a special development area under regional policy. I think that these arrangements demonstrate a considerable commitment on the part of Central Government to tackling South Tyneside's problems.

MICHAEL HESELTINE

CF



AM

10 DOWNING STREET

I am sure Dr. Clark will comply if he can, so please go ahead and request briefing.

With the compliments of

CAROLINE STEPHENS



10 DOWNING STREET

From the Private Secretary

26 November 1982

I tried to contact you on the telephone today to suggest Tuesday 7 December at 1615 for a meeting with the Prime Minister to discuss the closure of F.C. Lowe and Son in your constituency. Mrs. Peggy Fenner will attend the meeting and it will take place in the Prime Minister's room at the House.

Could you kindly ring me on 930-4433 next week to confirm that this time is convenient.

CAROLINE STEPHENS

Dr. David Clark, M.P.

PRIME MINISTER

cc: Mr. Gow
Miss Stephens

Jm
~~SM~~
Dr. David Clark seeks a fifth closure meeting. His request is based on the announcement made by F. C. Lowe and Son, a South Shields pet food firm, that they are closing a factory in South Shields, with the loss of 100 jobs.

I know that you have said that you are always willing to see Members on closures, but you have already seen David Clark four times, and I am not sure there is much more you can say to him. In fact, I think he mentioned the possibility of this particular closure at your last meeting.

- Would you like me to commission from the Department of Industry a draft letter, setting out the rationale behind this company's decision, and saying that you are not sure there would be much to be gained by yet another meeting?

Or

- Do you wish to see Dr. Clark again?

| *mark*
mt

LM

Peggy Kone

X 2378
lan word

24 November 1982



HOUSE OF COMMONS
LONDON SW1A 0AA

22 November 1982

Rt Hon Margaret Thatcher MP
10 Downing Street
London W1

mt (23)

Dear Prime Minister

I am enclosing a news report from the Shields Gazette of 20 November announcing yet another factory closure in South Shields.

From our previous meetings I think you realise the seriousness of the situation in the town but I would once again like to avail myself of your offer to meet any MP who suffers a factory closure.

I look forward to your reply.

Yours sincerely

A handwritten signature in cursive script that reads "David Clark".

Dr David Clark MP

Enc.

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Mr Gilbert McMillan at his fireplace that caused the gas alarm

Gas trap as fire falls from a wall

A SOUTH SHIELDS woman arrived home from the shops to find her house full of gas and her pet poodle nearly unconscious from the fumes.

Her husband, shotblaster Gilbert McMillan, said: "We're just lucky the whole place didn't blow up. Someone could have been killed."

He said a gas fire in the living room of his home at Hyde Street "just fell off the wall, snapping the main pipe to the fire" while his wife Miriam was out.

Mr McMillan, 32, said it was a "miracle" there had

not been an explosion "because Miriam turned the fire on low to heat the house while she was out."

When the unit fell forward it scorched a hole in our carpet, and if there had been actual flames anything could have happened.

As it was the gas fumes were so strong that our neighbour next door smelled them, got scared and telephoned the Gas Board. One of the Gas Board workers said the fire fell because it hadn't been fitted to the wall properly."

Returning from the shops and opening her front door, Mrs McMillan was met by "a horrible, strong smell of gas."

"Then our pet poodle, Candy, fell outside. The poor thing was nearly unconscious," she said.

IN YOUR GAZETTE

NEXT WEEK

A star interview with South Shields - born opera singer Anne-Marie Owens

the girl who's hooked on Rock - in MONDAY'S Gazette

— and don't forget Miss Owens is the star of the Gazette Concert at the Marine and Technical College on Tuesday.

House hit by gales

GALE force winds forced a South Shields man and his pregnant wife from their home last night only weeks before she is due to give birth.

Severe gusts caused gaping cracks to split the gable wall of the home belonging to Wayne and Denise Hayes at Roman Road.

Electrician Wayne, 25, told the Gazette today: "I was sitting with the television on while Denise made some supper."

"I was thinking about how heavily the winds were blowing, when I heard a loud scraping sound on the landing."

Rushing out of the room he was "shocked" to see wide cracks around the outside of the wall.

He telephoned the police who contacted a surveyor. And after checking damage the surveyor advised Wayne and his wife, who is seven months pregnant, to stay with friends for the night.

"It would be horrible if we had to move permanently, because I'm in the middle of renovating the place, and we've already spent more than £200 to get it the way we like," he added.

A spokesman for the weather office at Newcastle said gusts of wind last night reached gale force nine in Tyne and Wear.

100 JOBS IN SHOCK CLOSURE

A SOUTH SHIELDS pet food firm — which holds the Royal Warrant — has closed with the loss of about 100 jobs. The mainly female workforce of F. C. Lowe and Son were told of the closure of the Rutland Street factory yesterday afternoon. They were given the shock news at a meeting after they returned from lunch.

South Shields MP, Dr David Clark, and a union official say they are "shocked" by the suddenness of the decision.

Dr Clark is now to seek a meeting with the Prime Minister over the redundancies at F. C. Lowe and other firms in the area.

The redundancies are the latest to hit South Tyneside where thousands of jobs have been lost this year.

The firm's parent company, Luda Meaties, decided upon the closure of the South Shields factory as part of a rationalisation scheme.

Under the scheme, production is to be switched to the firm's

By JIM COLLINS

plant at Louth, Lincolnshire.

In July, the company announced 25 redundancies at its South Shields plant which manufactured dog biscuits and meal.

A worker at the factory said today they were told of the closure at a meeting at about 2 p.m.

"We didn't expect anything like this. We have been very busy and there was a lot of overtime. All of the girls have been working overtime recently."

"Everybody was very shocked. I feel sorry for the young girls who worked here," she said.

Mr John Allison, area organiser of the main union

at the plant, the Union of Shopworkers, Distributive and Allied Workers, said he was shocked by the decision.

"It was just thrust upon my members. All I know is that the firm has been trying to stay profitable for some time."

"It is a great shock at this time of the year, just before Christmas."

Mr Allison said he would probably be having a meeting with shop stewards from the firm next week.

In a statement the firm said: "The move follows an in-depth survey of the group's operations in terms of production, distribution and administration which highlighted the high cost element of operating two factories undertaking similar functions 200 miles apart."

Referring to the job losses, Mr S. E. H. Brook, group chairman, said: "This is the most regrettable part of the operation, but in a market where to be viable one has to continuously strive for reduced operating costs, we recognise that it is essential for this group to have all the manufacturing operations on one site."

Following the announcement of the redundancies in July, a spokesman for the firm said they had sufficient orders to carry on production and there was

Sea union boss angry

A SOUTH Shields - based National Union of Seamen official has lashed out at the Ministry of Defence for chartering foreign ships to run supplies to the Falklands when there are hundreds of British seamen in the area unemployed.

Mr Jim Woods, Northern area secretary of the NUS said there had been three instances in the past three months of foreign vessels, one Dane, one Norwegian and one Swede, being used

to ferry supplies from the Tees to the Falklands, writes Richard Capstick.

"Now a Swedish vessel has been chartered in a £400,000 deal to take Portacabins to the South Atlantic. I am disgusted at this when there are so many British ships and British seamen laid up."

Mr Woods said news of the Swedish charter came particularly hard in a week when a 26,000 tonne British bulk carrier, the Lord Curzon came to the Tyne

to lay - up, making her crew of 30 idle.

"They will be on the dole for a long time, will those men," said Mr Woods.

Now Mr Woods is advising his members to write to their MPs to protest about foreign ships being used to carry supplies to the Falklands.

A spokesman for the Ministry of Defence said as a general policy British ships were used.

Turn to Page Two

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the Private Secretary

to the Parliamentary Under-Secretary

of State for Defence

Procurement

W.W. / S.W.

copy of letter as requested



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~~FOR DEFENCE FOR THE ROYAL AIR FORCE~~
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MINISTRY OF DEFENCE

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DP/GP573/82

1st October 1982

Dear David

Thank you for your letter of 20th September concerning the refitting requirements of HMS INTREPID. Whilst it is true that HMS INTREPID is currently at Portsmouth she is not awaiting either refit or repair. Her next refit, which accords with the laid down usage/upkeep pattern for this class of vessel, is planned to commence in January 1984.

There have been some changes to the Naval warship refit and repair requirement over the past 6 months or so as a result of the Falklands conflict but present indications are that only minor adjustments will need to be made to the strategy outlined at the time of the Defence Review. For the foreseeable future the capacity available in the Royal dockyards, after allowing for the abandonment of the major mid-life modernisation for our surface vessels, increased refitting intervals for nuclear submarines, revised upkeep cycles for surface warships, and the impact of the four warships lost during the conflict, will be sufficient to accommodate the normal refitting requirements of the Fleet as well as the repair of damage sustained in the South Atlantic.

Restoration to their former role of those ships taken up from trade (STUFT) is being handled entirely by the commercial sector. Tyne Shiprepair Ltd have in fact already processed two such vessels (CEDAR BANK and TOR CALEDONIA) and will certainly be among the contractors considered when further work is required on STUFT vessels.

/I

Dr David Clark MP
House of Commons
London
SW1A 0AA

I regret that I cannot be more helpful but you will appreciate that we must make maximum use of the capacity of the Royal Dockyards before turning to the commercial sector. There remains a possibility that some RFA work will need to be put to contract because of short term docking or priority problems within the Dockyards. If this becomes necessary the RFAs concerned would be offered to the Trade on a competitive tendering basis, as is the usual custom, of course, and Tyne Shiprepair will be among the companies invited to tender.

John

John

(GEOFFREY PATTIE)



Evil
Dr. David CLARK
MP

4/10

10 DOWNING STREET

From the Private Secretary

22 September 1982

Dr. David Clark, M.P. wrote to you on 20 September about the possibility that HMS Intrepid might be moved to South Shields for repair and refitting. As you know, Dr. Clark copied his letter to the Prime Minister in view of her meeting with him on 30 July and subsequent letter of 10 August. I should be grateful, therefore, if you could send a copy of Mr. Pattie's reply to the Prime Minister by Monday, 4 October.

(TIM FLESHER)

Nigel Fuller, Esq.,
Ministry of Defence.

Fisher

22 September 1982

I am writing on behalf of the Prime Minister to thank you for your letter of 20 September, together with a copy of one you have sent to Mr. Geoffrey Pattie, M.P.

I will place this before the Prime Minister on her return from the Far East.

(TIM FLESHER)

Dr. David Clark, M.P.

Handwritten scribble



HOUSE OF COMMONS
LONDON SW1A 0AA

20 September 1982

Handwritten initials

The Rt Hon Mrs Margaret Thatcher MP
10 Downing Street
London W1

Handwritten initials

Dear Prime Minister

I am enclosing a copy of a letter I have sent to
Mr Geoffrey Pattie MP.

In view of your letter to me on the subject dated
10 August I thought the contents would be of interest.

Yours sincerely

Handwritten signature of David Clark

Dr David Clark MP

Enc.

20 September 1982

Mr Geoffrey Pattie MP
Under-Secretary of State for Defence
Ministry of Defence
Whitehall
London SW1A 2HB

Dear Minister

You will recall that towards the end of July I came to see you about the possibility of repair work arising from the Falklands War to be placed in the ship repair yards in South Shields. As you will remember these yards were threatened with closure but agreement is now imminent that the Middle Docks repair facilities be retained. It has come to my attention that HMS INTREPID is in Portsmouth and the Royal Dock Yards have too much other work in hand to deal with her in the near future.

Can I formally request that HMS INTREPID be moved to South Shields for any repair and refitting work which may be necessary?

I do not hesitate to make this request in view of the fact that her sister ship, HMS FEARLESS was refitted in Middle Docks in 1980-1. The success of that refit was evidenced during the Falklands affair and the quality of the workmanship has been universally praised. In support of this I am enclosing a copy of the Captain's complimentary comments on this work.

I know that you are anxious to get HMS INTREPID back in shape as soon as possible and I look forward to an early reply and anticipate that INTREPID will be sent to South Shields.

I am sending a copy of this letter to the Prime Minister whom as you know has written to me on the subject.

Yours sincerely

Dr David Clark MP

Enc.

APM
Mr D LAYDIS
Managing Director
Tyne Ship Repair Limited

Mr J HALL
Assistant Production Director
Tyne Ship Repair Limited (North)

25 October 1981

Gentlemen

It was with sense of true affection that HMS FEARLESS said goodbye to Tyne Ship Repair Limited on Monday last; an affection which has developed over the past fifteen months into one of deep trust and respect for the resourceful men of Tyneside and particularly of Middle Docks. I would even go so far as to say that were there more like your team, management and shop floor, in the country with a will to work then I believe we would not be in our present parlous state.

Your most generous gift is proving invaluable already and has added a new dimension to our welfare and training. We are most grateful and indebted to you all.

Our very best wishes to you and may many more ships in need of repair find their way to the Tyne in the future.

Yours sincerely

Jennyfer

mf
66-11
u
1/1



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: H/PSO/15547/82

Your ref:

17 August 1982

WV 17/8
Dear Willye,

Thank you for the copy of your letter of 30 July to John Alty at Industry, about Dr David Clark's meeting with the Prime Minister on Ship-repair closures.

There is nothing in your letter of immediate concern to this Department, but you should be aware that South Tyneside MBC have also been in touch, in parallel to Dr Clark's visit, with my Secretary of State and the Secretary of State for Industry. One of our Ministers will join DI Ministers, if appropriate, in receiving any South Tyneside delegations. Otherwise, South Tyneside is already a substantial beneficiary from policies administered by this Department. The largest Enterprise Zone in the country is within its travel-to-work area, at Gateshead. If - as we expect - South Tyneside bid for a Zone of their own, in terms of the Chancellor's recent statement, it will of course be carefully considered. The area has Programme Authority status under inner cities policy, and this year is receiving £3.7 million in Urban Programme assistance. We are seeking to increase the amount spent on economic regeneration. We are looking at the establishment of a Tyne and Wear Enterprise Trust. The area receives substantial EEC support, through the Regional Development Fund.

/ A copy of my Secretary of State's reply to South Tyneside is enclosed.

yours,
Helen Ghosh

H F GHOSH
Private Secretary

Willie Rickett Esq



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: H/PSO/15529/82
15355
Your ref: CE/LID

17 August 1982

Thank you for your letters of 22 and 30 July, about ship repair closures in South Tyneside.

The points you raise are largely matters for my colleagues in the Department of Industry. If, in due course, you meet Ministers of that Department then I would be pleased for Lord Bellwin to attend on behalf of this Department.

I have read with interest the briefing note accompanying your letter of 30 July. I recognise the very great concern this gives to your Council. However, I would point out the very substantial support already being given by programmes from my Department. The largest Enterprise Zone in the country, at Gateshead, lies within your Travel to Work Area. In addition, my officials from the Northern Regional Office are prepared to assist your Council in any submission for a further Zone you may wish to make, following the Chancellor's recent announcement. You have Programme Authority status, and will receive £3.7 million under the Urban Programme this year - the second largest such allocation in the Region. You are aware of my wish to see more such resources going into economic regeneration. I am aware of your disappointment over Derelict Land Grant, but you must appreciate the schemes put forward are of very low priority. This is a point you may care to pursue further with my Regional Office. You will also be aware of the development of the Tyne and Wear Enterprise Trust, whose activities should cover all your Borough. You are also aware of the support being given to projects in your area from European sources, both Regional Development Fund and from the new non-quota arrangements. Finally, it is of course still open to your Council to bring forward proposals for Urban Development Grant.

MICHAEL HESELTINE



11 12 1
10 9 8
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4 3 2

17 AUG 1982



10 DOWNING STREET

THE PRIME MINISTER

10 August 1982

de FR
CJ Lind
MAD
DOZ

Dear Mr. Clark,

At our meeting on 30 July on the BS plans for closure of shiprepair yards at South Shields, you suggested that if one of the warships damaged in the Falklands could be allocated to Tyne Shiprepair this would save one of the yards on the south side of the river.

The Board Member for shiprepair at British Shipbuilders has told the Department of Industry that, while BS would naturally very much welcome a major warship repair task, this would only postpone for a short time the closure of a yard on the south bank of the river. It would not save it. BS's decision to close was only taken after a most thorough review, including market prospects, which are very poor. As you know, Tyne Shiprepair Ltd. has been making substantial losses now for a number of years, and we have had numerous complaints from the private sector that the company has been undermining private sector shiprepair jobs by taking work at a loss.

I have, however, looked very closely at whether repairs on warships could be given to Tyne Shiprepair Ltd. But I am sorry to say that we cannot offer help through this route. Repairs are already in hand at the Royal Dockyards on seven of the eight warships damaged in the Falklands. The eighth warship, HMS ARROW, which is on her way back from the South Atlantic, will be going to Devonport at the end of August for

/ a normal

5

a normal programmed refit and repairs will now be done at the same time. The Royal Dockyards are able to cope expeditiously with this work in addition to their normal programme because of the decision last year to abandon major mid-life refits. The loss of four warships in the Falklands has also reduced the workload for the Royal Dockyards. Repairs on the first damaged warship to return home, HMS GLASGOW, are already nearly complete.

You will see from this that repairs on the damaged warships are not causing loading problems for the dockyards. It is the long established policy of the Ministry of Defence to repair and refit warships at the Royal Dockyards. We also have to take into account that it is normal practice for warships to be repaired whenever possible at the Royal Dockyard at their home port, where the crews have their homes and families.

I appreciate very much the further problems at South Shields which will result from these closures. We will do our utmost to attract new jobs. The European Commission, at our request, has recently designated the Tyne and Wear Metropolitan County as a Special Programme Area under the European Regional Development Fund non-quota section Shipbuilding Programme. Assistance under this scheme will be available for small and medium sized enterprises. We have also retained Special Development Area status for South Tyneside, and the reduction from the beginning of this month in the total coverage of the Assisted Areas from nearly half the working population to just over one quarter should enhance its attractiveness, particularly for the newer industries.

Yours sincerely

Raymond Fletcher

Dr. David Clark, MP.



10 DOWNING STREET

Prime minister

3

Here is a letter to David Clark following up his last closure meeting. It will be a disappointment to him. But you will see that British Shipbuilders do not think that even his suggestion would have saved ~~Tyne~~ ship repair Ltd from closure. The group has made a loss every year since its formation.

WR
9/8

WR

CONFIDENTIAL



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 5902
SWITCHBOARD 01-212 7676

From the
Minister of State
PS/Norman Lamont MP

W Rickett Esq
Private Secretary to the
Prime Minister
10 Downing St
Whitehall
London SW1

6 August 1982

Dear Willie *or type* *W.R.*

Thank you for your letter of 30 July recording the Prime Minister's meeting with Dr David Clark MP on the closure of three BS shiprepair establishments at South Shields. I enclose a draft letter for the Prime Minister to send to Mr Clark which includes a contribution from the Ministry of Defence. We have also inquired of British Shipbuilders whether the statements attributed by Mr Clark to a senior executive at BS HQ might be correct. The Board Member for Shiprepair had no knowledge of these conversations with Dr Clark but he thought that it could be possible that one of the shiprepair executives might have spoken along the lines indicated by Dr Clark. The passage in the draft setting out BS's views has been cleared with him.

My Minister's letter of 4 August to the Prime Minister on John Corrie's complaint on unfair competition from BS sets out the general background to these closures, and I attach a copy for ease of reference.

I regret that there is really no positive good news for South Shields which can be used to offset the disappointment which Dr Clark will feel when he is told that we cannot help through the allocation of work on warships.

Copies of this letter and enclosure go to J Ridley (Ministry of Defence) and Helen Ghosh (Department of the Environment).

Yours,
John Alty

JOHN ALTY
Private Secretary

CONFIDENTIAL



From the
Minister of State
Norman Lamont MP

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing St
London SW1

Dear Prime Minister

Thank you for your letter of 19 July about the shiprepair case which John Corrie wrote to you about.

Unfortunately British Shipbuilders cannot identify the particular case despite having gone through all their shiprepair contracts for this year. They will look into the matter further if John Corrie is able to give more details. However all our experience is that allegations of unfair competition are very difficult to prove through individual cases because it is almost impossible to be sure that quotations are on a comparable basis. Shiprepair work consists of one-off jobs difficult to specify precisely, and shiprepairers in preparing their quotations make varying allowance for work not foreseen at the commencement of contract and later additions to the contract at the request of the shipowner. As an example of the difficulty in making comparisons, the Shipbuilders and Shiprepairers Independent Association, which represents the private sector, earlier this year sent to the Commission complaints about unfair competition from BS which the Commission did not uphold.

But despite the Commission's findings it is quite clear to me from BS's heavy losses on shiprepair that they must have been making losses on individual contracts even though the Corporation has assured me that their normal pricing policy on shiprepair is to achieve at least breakeven with full recovery of overheads. I have stressed the Government's strong concern for the private sector and Mr Atkinson has assured us he regards the losses in BS's shiprepair activities as unacceptable and intends to rectify the situation.

It is as a result of continual pressure from the Government that Mr Atkinson announced on 14 July a very substantial cutback in shiprepair activity. (This should not be disclosed to John Corrie as it must be presented as BS's own decision.) The cutback principally affects Tyne Shiprepair where up to 1,400 jobs could be lost from the rationalisation of BS's activities on one side of the river. I should say that virtually all the complaints of

PS/SOS
PS/M Butler
Mr Manzie
Mr Russell
Mr Beale
(on file)

CORRES COPY

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 5902
SWITCHBOARD 01-212 7676

4 August 1982



unfair competition have related to work taken by Tyne shiprepair. The redundancies will be difficult and controversial to carry out in an area which already has high unemployment, as you will recall from our conversation with David Clark MP on this very problem. However BS are determined to implement this policy and according to Mr Atkinson it will go a considerable way towards restoring viability to BS shiprepair division. Profitability in the division would help both to ensure and demonstrate fair competition.

I am very conscious of the very real anxieties of private sector shiprepairers about BS losses in this area, and I can assure you that I shall continue to monitor very closely BS performance on shiprepair. We have monitoring information from BS quarterly and I have asked Mr Atkinson to let me have profit and loss shiprepair figures monthly in addition. He is in no doubt whatsoever that because of the private sector allegations of unfair competition we are scrutinising this area of BS activities with the greatest care.

*Yours
Norman*

NORMAN LAMONT



DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO DR DAVID CLARK MP

At our meeting on 30 July on the BS plans for closure of shiprepair yards at South Shields you suggested that if one of the warships damaged in the Falklands could be allocated to Tyne Shiprepair this would save one of the yards on the south side of the river.

The Board Member for shiprepair at British Shipbuilders has told the Department of Industry that while BS would naturally very much welcome a major warship repair task this would only postpone for a short time the closure of a yard on the south bank of the river. ^{It would} ~~not~~ save it. BS's decision to close was only taken after a most thorough review including market prospects, which are very poor. As you know Tyne Shiprepair Ltd has been making substantial losses now for a number of years, and ~~indeed~~ we have had numerous complaints from the private sector that the company by taking work at a loss has been undermining private sector shiprepair jobs.

^{However} Nevertheless I have looked very closely at whether repairs on warships could be given to Tyne Shiprepair Ltd, but I am sorry to say that we cannot offer help through this route. Repairs are already in hand at the Royal Dockyards on seven of the eight warships damaged in the Falklands. The eighth warship, HMS Arrow, which is on her way back from the South Atlantic, will be



going to Devonport at the end of August for a normal programmed refit and repairs will now be done at the same time. The Royal Dockyards are able to cope expeditiously with this work in addition to their normal programme because of the decision last year to abandon major mid-life refits. The loss of four warships in the Falklands has also reduced the workload for the Royal Dockyards. Repairs on the first damaged warship to return home, HMS Glasgow, are already nearly complete.

You will see from this that repairs on the damaged warships are not causing loading problems for the dockyards. It is the long established policy of the Ministry of Defence to repair and refit warships at the Royal Dockyards. We also have to take into account that it is normal practice for warships ~~wherever possible~~ to be repaired ^{wherever possible} at the royal dockyard at their home port, where the crews have their homes and families.

I appreciate very much the further problems at South Shields which will result from these closures. We will do our utmost to attract new jobs. The European ^a Commission, at ~~the Government's~~ ^{our} request, has recently designated the Tyne and Wear Metropolitan County as a Special Programme Area under the European Regional Development Fund non-quota section Shipbuilding Programme, and Assistance under this scheme will be available for small and medium sized enterprises. We have also retained Special Development Area status for South Tyneside, and the reduction



from the beginning of this month in the total coverage of the Assisted Areas from nearly half the working population to just over one quarter should enhance its attractiveness, particularly for the newer industries.



6 AUG 1962

Subject

Master



file

cc MOD
DOB

81

10 DOWNING STREET

From the Private Secretary

30 July 1982

Dear John

As you know, Dr. David Clark came in for his fourth "closure" meeting with the Prime Minister yesterday afternoon at 1545 hours. Your Minister was present.

Dr. Clark said that the closure of the three BS ship repair establishments in his constituency would raise the level of male unemployment to 40%. The closures would also be psychologically disastrous for a community which had built, or repaired ships since Roman times. They could also have knock-on effects; three firms had already announced that they would be making people redundant in the next week. He feared that South Shields would become a ghost town.

So far the unions had not taken any industrial action against British Shipbuilders' decision. But Dr. Clark felt that it was essential that one ship repair yard remained open on the South bank of the Tyne. British Shipbuilders shared his view. If there were a recovery in the shipbuilding and ship repair industry, it would not make economic sense to have all the facilities concentrated on the Northbank.

Dr. Clark then made the proposal set out in the attached letter, which arrived shortly before the meeting. He pointed out that at least eight warships had been damaged in the Falklands campaign. It was unlikely that the Royal Naval Dockyards would be able to cope with all the necessary repair work, as well as with the refitting of hunter/killer submarines. He understood that there were at least forty merchant ships needing repairs following the Falklands campaign, and all this work had gone to private yards. If the Prime Minister could arrange for one of the damaged warships to be repaired by British Shipbuilders, he was confident that BS would keep open one yard South of the Tyne, and place the work there. He had had such an assurance from a senior executive at the headquarters of British Shipbuilders (although he was not willing to reveal the identity of this executive). The unions would be happy if British Shipbuilders were to keep open one of the three ship repair yards. This would save at least 500 jobs. Dr. Clark felt that this would make much more sense than repairing eight damaged warships in three naval dockyards, which in his view would lead to

/unacceptable delay.

unacceptable delay. The Captain of HMS Fearless had been fulsome in his praise of the work that British Shipbuilders had done in refitting his ship; Dr. Clark was confident that Tyne Ship Repair Limited would maintain these high standards if they were allowed to keep open a yard on the South of the Tyne.

The Prime Minister said that she had great sympathy for Dr. Clark; the industries in his constituency were largely old structural industries; there were very few modern factories that would provide the promise of jobs for the future. She would make enquiries about Dr. Clark's suggestion that one of the ships damaged in the Falklands campaign should be repaired by Tyne Ship Repair Limited. She did not hold out any hopes that this would be possible. If Tyne Ship Repair were to get any work it would probably go to the yard that they were keeping open. Tyne Ship Repair had been loss-making since vesting day, and there had been numerous complaints by private sector ship repairers that British Shipbuilders had been taking business at a loss and competing unfairly. The ship repair work resulting from the Falklands campaign would probably be shared between the Naval Dockyards, private dockyards, and British Shipbuilders; but no decisions had yet been taken, as far as she was aware. It was hardly surprising if repair work was allocated to the most efficient yards. British Shipbuilders' record on productivity and delivery was not good.

In conclusion the Prime Minister asked Dr. Clark to write to the Secretary of State for Defence setting out his proposal, and she asked your Minister to seek the reaction of British Shipbuilders to Dr. Clark's proposal. She repeated that she was not holding out any hope that the proposal would prove acceptable.

As I told you yesterday, the Prime Minister will want to write to Dr. Clark, both to report the result of your Minister's consultations with British Shipbuilders, and also as a response to Dr. Clark's letter to Mr. Nott. She will want to be as helpful as she can to Dr. Clark, and if it proves impossible to meet his request, it would obviously be useful if she could say something positive about the assistance that your Department is channelling to the South Shields area, and about any initiatives to set up "industries of the future" in the area, such as high technology and electronics companies.

D.K. | I should therefore be grateful if you could arrange for your Minister to consult British Shipbuilders about Dr. Clark's request, and to let me have a draft letter for the Prime Minister to send to Dr. Clark. It would be helpful if the draft could reach me by 9 August, if that is at all possible, since the Prime Minister leaves London on 11 August. You will no doubt wish to consult the Ministry of Defence over the drafting of this letter, since it will have to serve as a reply to Dr. Clark's letter to Mr. Nott.

I am copying this letter and enclosure to Jane Ridley (Ministry of Defence) and Helen Ghosh (Department of the Environment).

John Alty, Esq.,
Department of Industry

Yours ever

Willie Rickett



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
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*From the
Minister of State*

APS/Norman Lamont MP

Ms Caroline Stephens
Private Secretary to the
Prime Minister
10 Downing St
London SW1

28 July 1982

Dear Caroline,

I enclose the briefing for the Prime Minister's meeting tomorrow with Dr David Clark MP. This comprises a brief on British shipbuilding and shiprepairing and brief on regional industrial policy.

*Yours ever,
Cecily.*

CECILY MORGAN
Assistant Private Secretary



CONFIDENTIAL

M

PRIME MINISTER AND MR LAMONT'S MEETING WITH DR DAVID CLARKE MP
29 JULY 1982

BACKGROUND

BS announced on 15 July contraction of their shiprepair activities affecting mainly Tyne Shiprepair Limited which currently employs 2500. The company is to be concentrated at Wallsend Dry Docks on the North Bank of the Tyne and three shiprepair establishments in Dr Clarke's constituency are to close. The total reduction of the labourforce could be up to 1,400 men. Discussions with the unions are to take place soon at yard level. (A copy of the BS Press Notice announcing the contraction is attached).

Dr Clarke can be expected to argue that because of the very high unemployment in the constituency the closures should be postponed and that in any case they are due to the reduction in BS's loss limit from £25m last year to £10m this year.

POINTS TO MAKE

- (i) Tyne Shiprepair has been lossmaking every year since Vesting Day and losses increased from £5.3m in 1980/81 to £7.9m last year. BS regard these losses as unacceptably high.
- (ii) There have been numerous causes of complaint by private sector shiprepairers that BS has been taking business at a loss and competing unfairly. Practically all these complaints on investigation were about contracts taken by the Tyne Shiprepair Group. It is difficult to judge whether a particular price is unfair because shiprepair consists of one off jobs. But the strongest evidence is the very high rate of loss at Tyne Shiprepair which no private



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company could sustain for a year.

- (iii) Keeping open the over capacity in BS shiprepair would therefore be only too likely to damage private sector shiprepair companies and this point was recognised by the Industry and Trade Select Committee's first Report on British Shipbuilders early this year who stated that "they would wish to see the clearest evidence within the next year that BS have started to carry out their Chairman's intention of closing, selling or getting rid of any company which continues to show no sign of viability. Meanwhile tendering at below cost should cease."
- (iv) This Government has endeavoured to help the shiprepair industry. In 1979 this Government extended the Home Credit Scheme for UK owners to cover conversions on ships costing over £1m. On Monday the Minister of State announced that credit on conversions for UK owners would be increased from 5 years to 8½ years.
- (v) Substantial aid is going to Tyneside, apart from the very substantial support to shipbuilding, the Government has provided £58m to Tyneside in Regional Development Grants and offers of Selective Financial Assistance - indeed the latter is estimated to have safeguarded around 9000 jobs and directly created about 3000 jobs.
- (vi) As part of our policy of concentrating assistance on areas of greatest need the Government is on 1 August reducing the coverage of assisted areas from nearly a half of the population to just over a quarter and this will naturally enhance the attractions of Special



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Development Areas such as Tyneside and South Shields.

DEFENSIVE

HOW CAN BS CONTRACT THEIR SHIPREPAIR ACTIVITIES WHEN THEY HAVE A STATUTORY DUTY TO HAVE FULL REGARD TO THE REQUIREMENTS OF NATIONAL DEFENCE IN ALL THEIR ACTIVITIES?

BS of course consulted the Government whether there are Defence implications in their restructuring plans for shiprepair but there is ample capacity in shiprepair taking account of capacity in the Royal Dockyards and indeed Chatham Dockyard has to go because there is surplus Royal Dockyard capacity.

ARE BS WILLING TO SELL THE YARDS TO PRIVATE SHIPREPAIR COMPANIES?

The Government position is that if the private sector is willing to take on any of these facilities, they would be most welcome. It is the employment which would be offered that is important and the Government would certainly be prepared to talk to British Shipbuilders if they need any persuasion to be willing to sell. However the position is that so far it is too early to tell whether the private sector is going to be seriously interested.



PRIME MINISTER AND MR LAMONT'S MEETING WITH DR DAVID CLARK MP
29 JULY 1982

Supplementary Note re Naval Orders

Background

The "Queen Elizabeth 2" and "Canberra" are being reconditioned at Vosper's, Southampton. Navy Department are negotiating in respect of other vessels, taking account of their owners' wishes. Tyne Shiprepairers will probably get some work but it will be too little and temporary to have any significance for BS's decision.

Line to Take

Work on repairing vessels from the South Atlantic could only have, at most, a very short term effect. It could not justify any reversal of BS's decision.



THURSDAY, JULY 15, 1982

BS SHIPREPAIR RESTRUCTURING

British Shipbuilders announced today that, as a result of appalling market conditions and consequential adverse financial performance in the Shiprepair sector, they are restructuring shiprepair companies on the Tyne, Tees and at Grangemouth.

British Shipbuilders has made strenuous efforts to achieve financial viability overall and its performance has improved dramatically with losses being reduced from £108 million in the first year of operation to a limit for the current year of £10 million.

Considerable success has been achieved throughout the Corporation, but shiprepair remains a difficult area. This is caused by the worldwide recession which has affected shipping, which in turn means that there is only limited, and highly competitive shiprepairing business available. This is a problem common to the industry worldwide, but particularly in Western Europe.

However, in certain areas of the UK there are additional problems such as the geographical location of some repair facilities in rivers or estuaries where the traditional shipping trade has been reduced, thus limiting the possibilities of voyage repairs, etc..

For further information:

*Benton House, 136, Sandyford Road, Newcastle upon Tyne, NE2 1QE Tel: Newcastle upon Tyne (0632) 326772
197, Knightsbridge, London SW7 1RB Tel: 01-581 1393*

Because of all these factors, the Shiprepair Division has been sustaining heavy losses, of more than £1 million per month in recent times. Clearly figures of this order threaten the objective of achieving viability, and would undermine other parts of the industry.

The action now being taken is intended to correct the situation taking into account the adjustments needed to cover the long-term effects of the changes in the market and to match the repair facilities offered by British Shipbuilders to the requirements of the shipping industry.

In this way, shiprepair will continue to provide services and facilities competitive with other parts of Western Europe and offer a long-term future for the companies and security for their employees.

Regrettably, the changes now being introduced could involve a total of more than 1,500 employees at the yards affected. Every effort will be made to minimise the effect on individuals and, in the first instance, the Corporation will so far as possible offer transfer and voluntary redundancy where appropriate.

Following meetings with the Shipbuilding Negotiating Committee of the Confederation of Shipbuilding and Engineering Unions, and discussions which will now take place at yard level, the situation will be kept under close review during the next three months.

It should be stated that British Shipbuilders firmly intends to remain in the shiprepair business, in accordance with its statutory duties under the Aircraft and Shipbuilding Industries Act 1977.

The detailed changes are :

Vosper Shiprepairs Ltd., Southampton : No change in labour force but continued urgent efforts to reduce overheads.

Falmouth Shiprepair Ltd. Falmouth : No change.

Grangemouth Dockyard Ltd. Grangemouth: Labour force to be reduced by 40 to 95.

Smith's Dock Ltd. Middlesbrough : This company is principally in shipbuilding and this will remain unchanged, but it will cease shiprepairing, and about 100 employees could be affected.

Tyne Shiprepair Ltd. : Shiprepair to be concentrated on North Bank of River Tyne in Wallsend Dry Docks. Labour force could be reduced by 1,400 together with other urgent efforts to reduce overheads.

ends.



THE PRIME MINISTER'S MEETING WITH DR DAVID CLARKE MP 29 JULY 1982

BRIEF ON REGIONAL INDUSTRIAL POLICY

Dr Clarke's constituency (South Shields) lies in the South Tyne Travel-to-Work-Area (TTWA) which is, and will remain after the changes in Assisted Areas (AAs) to be implemented on 1 August, a Special Development Area - the highest category of Assisted Area. The boundaries of the constituency virtually match those of the South Shields Employment Office Area (EOA) which is in the South Tyne TTWA.

2	UNEMPLOYMENT	1979	1981	July 1982		July 1982 (P)
		%	%	Nos	%	%
	South Tyne TTWA	10.7	17.1	33,890	18.7	19.6
	South Shields EOA (Nos only: no rates quoted for areas smaller than TTWAs)			8,118		8,852
	All SDAs	10.2	16.5		18.1	Not Available
	GB	5.6	11.1		12.6	13.2

3 GOVERNMENT ASSISTANCE TO SOUTH SHIELDS EOA

(i) REGIONAL DEVELOPMENT GRANTS (£'000) (Estimates)

1979/80	1980/81	1981/82	Total
960	400	310	1670

(Note: Only details of payments over £25,000 are recorded at EOA level but figures above include an estimate of smaller payments)

(ii) SELECTIVE FINANCIAL ASSISTANCE (INDUSTRY ACT 1972 SECTION 7)

Since May 1979 there has been one offer of Selective Financial Assistance of £52,500 creating 35 new jobs.

(iii) NATIONAL SELECTIVE ASSISTANCE (INDUSTRY ACT 1972 SECTION 8)

Since May 1979 there has been one minor offer of Section 8 assistance worth £175.

4 GOOD NEWS - at ANNEX 1.

5 BAD NEWS/REDUNDANCIES - at ANNEX 2.



NORTHERN REGION

6 After 31 July some 88% of the working population of the Northern Region will remain in AAs: only Wales (94%) will have a higher percentage of the working population in AAs.

7 In terms of Regional Aid per head of the working population the Northern Region received more than any other region in 1979/80 and was second to Wales in 1980/81 and 1981/82. The figures are:

	1979/80	1980/81	1981/82	
North	£47.9	£47.1	£58	(est)
Wales	£36.1	£61.5	£72.3	
Scotland	£23.6	£35.1	£45.7	

LINE TO TAKE

The Prime Minister may care to say that Dr Clarke's constituency, within the South Tyne Travel-to-Work-Area, is in a Special Development Area and industry there is thus eligible for the full range of regional aid at maximum levels. Special Development Area status is the highest category of Assisted Area status which will be enhanced from 1 August when the coverage of the Assisted Areas is reduced from nearly half the working population of the country to just over one quarter.

RPDG1a
DoI
July 1982



GOOD NEWS

Two principal companies provide the good news for the South Tyne TTWA as a whole; they are not in Dr Clarke's constituency but that area may receive some benefit.

(i) NEI -

- a) £60million contract for Power Station for Metals and Ferro Alloys of India (Reynolds, Hebburn in S Tyne will benefit) Dec 1981.
- b) £250million contract for Power Station for Rihand, India, announced in May 1982. (NEI plants in both North and South Tyne will benefit.)
- c) The introduction of a new Robotic Welding Line at NEI, Power Engineering, Gateshead which the Prime Minister visited in March, has created 100 new jobs. (But, note that NEI Clarke Chapman, Marine Engineering, Gateshead lost 98 jobs in April.)

(ii) Reid Furniture Ltd Team Valley, Gateshead

30,000sq ft extension to its factory will come into use in September 1982 - 80 new jobs.



BAD NEWS/REDUNDANCIES

A WITHIN DR CLARKE'S CONSTITUENCY

Mary Harris (Women's clothing)	147	May
CW Taylor Foundry	60	July
Crompton Parkinson (Batteries and Battery making equipment)	70	July-September

B WITHIN THE SOUTH TYNE TTWA

NCB (Boldon Colliery)	600	April-October
Marconi Radar (Felling)	290	April
Filtrona (Filter tip manufacturers, Jarrow and Hebburn)	194	May-August
Dunlop (Hydraulic hoses, Gateshead)	180	May
NEI Clarke Chapman (Marine Engineers, Gateshead)	98	April
Baker Perkins (Plant and machinery, Jarrow)	66	May-July



28th July 1982

129

Dear Prime Minister,

Meeting: Thursday 29th July at 15.45 hrs.

I thought it might be helpful if I gave you advance notice of a request I shall be making to you at the above meeting.

Eight warships were damaged during the Falklands War. Six of these are:-

- HMS Glasgow
- HMS Argonaut
- HMS Arrow
- HMS Glamorgan
- HMS Plymouth
- HMS Brilliant
- + 2 Others.

Clearly all these ships cannot be repaired quickly in the Naval Dockyards and therefore it would be helpful if one of these could be allocated to a South Shields yard which have a good record of Naval work.

Yours sincerely,

Dr David Clark MP.

NOTES FOR MEETING BETWEEN THE PRIME MINISTER AND
AND DR DAVID CLARK MP SOUTH SHIELDS ON THURSDAY
29TH JULY 1982 AT 15.45 hrs.

SOUTH SHIELDS.

UNEMPLOYMENT FIGURES.

JULY 1982.

SOUTH SHIELDS					
MALE		FEMALE		BOTH	
NO	%	NO	%	NO	%
6,263	28.9	2,589	16.3	8,852	23.6

Unfilled Vacancies			
	EO	CO	BOTH
SOUTH SHIELDS	115	15	130

MALE UNEMPLOYMENT IN SOUTH SHIELDS WILL EXCEED 40% IF CLOSURES EFFECTED.

CALCULATION.

TOTAL MEN IN, OR SEEKING WORK IN SOUTH SHIELDS.....21682

MEN UNEMPLOYED CURRENTLY IN SOUTH SHIELDS..... 6263 (28.9%).

THUS EACH 1000 MEN REPRESENTS APPROXIMATELY 5% OF TOTAL.

IT IS ESTIMATED THAT OVER 2000 MEN WILL BE MADE REDUNDANT (BOTH IN AND OUTSIDE THE SHIPYARDS) IF BS'S PLANS GO AHEAD.

THEREFORE 10% IS ADDED TO THE CURRENT FIGURE OF 28.9%.

SOUTH SHIELDS

DURATION OF UNEMPLOYMENT

APRIL 1982

Age and Duration Summary JAN 82 E O data UNEMPLOYED OVER 6 MONTHS

Males	%-age	Females	%-age	Total	%-age	(AOA) Name
3039	52.97	905	53.90	3944	53.18	SOUTH SHIELDS

Age and Duration Summary JAN 82 All data UNEMPLOYED OVER 12 MONTHS

Males	%-age	Females	%-age	Total	%-age	(AOA) Name
2020	33.66	499	25.58	2519	31.67	SOUTH SHIELDS

INCREASE IN UNEMPLOYMENT

MAY 1979

Men 3646 (15.7%)

Total 4964 (12.8%)

JULY 1982

Men 6263 (28.9%)

Total 8852 (23.6%)

1. The Facts

Shiprepairing in the local economy

- 1.1 The economy of South Tyneside has long been dominated by the traditional industries of shipbuilding and repairing, mining and heavy metal manufacture, which in 1961 accounted for 26% of the Borough's employment. The area was therefore particularly vulnerable to industrial decline. By 1978, when the Borough's total employment had fallen to just under 59,000, the proportion in these industries had fallen to 18%. The number employed in Shipbuilding and Shiprepair fell from 8,927 in 1961 to 5,647 in 1978 (see Table 1, in the Appendix).
- 1.2 The vast majority of these work either in the Hebburn shipbuilding dock of the British Shipbuilders company Swan Hunters or in Tyne Shiprepair. Current employment in the latter is as follows:
- | | |
|-----------------------------------|-------|
| Brigham and Cowan, South Shields) | |
| Middle Docks, South Shields) | 1,326 |
| Readheads, South Shields) | |
| Mercantile Dry Dock, Jarrow) | |
| Wallsend Dry Dock | 718 |
- + 348 members of staff shared between these docks, but at present mainly located in the Tyne Shiprepair headquarters in South Shields.
- 1.3 Around 1,600 people are therefore employed by Tyne Shiprepair Ltd in South Tyneside, mostly in South Shields.
- 1.4 The overall significance of shiprepairing to South Tyneside, and particularly to South Shields, is much wider than this. A study carried out by the Borough Council in 1979 estimated that for every job in the Borough's shipyards there were two further dependent jobs in directly related manufacturing industries or in general service industries. Moreover South Shields' whole traditional character and raison d'etre as a maritime centre would be severely eroded by the loss of the ship-repair yards. Many retail, commercial and leisure businesses also rely heavily upon the needs of the crews whose ships are docked in the repair yards.

MFJ

RM

21 July 1982

Dr. Clark rang me last night to say that at the meeting next week he would be bringing up the suggestion of the shipyard in his constituency being allocated a naval ship for repair.

CS

Peter Mason Esq
Department of Industry

da

File

DSB

20 July 1982

As promised, I enclose a copy of the letter which the Prime Minister has received from Dr. David Clark MP about further redundancies in his constituency.

Mr. Lamont has agreed to attend the meeting with Dr. Clark in the Prime Minister's Room at the House of Commons on Thursday 29 July at 1545 hours. Could your brief please reach us by close of play on Wednesday 28 July.

CS

Peter Mason, Esq.,
Department of Industry.

DSB

Free

250

20 July 1982

I have left a message for you to call me at the House of Commons Message Board, but this letter confirms the meeting with the Prime Minister at 1545 hours on Thursday 29 July in her room at the House. Mr. Norman Lamont will be present at the meeting.

CS

Dr. David Clark, M.P.

PRIME MINISTER

Miss Stephens.

R fix. Wm
19/7

cc: Miss Stephens
Mr. Gow

David Clark seeks a fourth closure meeting. His request is based on the announcement made by British Shipbuilders yesterday of 1,500 redundancies in their Tyne Shiprepair Group, and in their shiprepair yards at Grangemouth and Smith's Dock. A note on these redundancies is attached at A.

I know that you have said that you are always willing to see Members on closures, but you have already seen David Clark three times, and I am not sure that there is much you can say to him this time.

- Would you like me to commission from the Department of Industry a draft letter, setting out the rationale behind British Shipbuilders' decisions, and saying that you are not sure there would be much to be gained by a meeting?

or

- Do you wish to agree to see Dr. Clark again?

1 cannot refuse
Poua Shields - mt.

Wm

John Butler.
+ Norman Lambert.

X 4028

16 July, 1982



PPS

Thursday 15. July. '82

Dear Prime Minister,

R16

I had hoped that I would not find myself in the position of writing to you again in this manner.

Earlier today British Shipbuilders announced the closing of the Tyne Shiprepair Group's activities in my constituency. Three Yards; Redheads, Bigham & Cowans and Middle Docks are to close.

It is ironic that recently they refitted HMS Fearless which was so vital in the Falkland War. The men understandably are somewhat bitter.

You already are aware of the
unemployment position in South
Shields - 28% Male unemployment.

The latest redundancies will push
the figure up to 33%. I would
be most grateful if you would
grant me an interview yet again
for little if anything transpired from
our earlier conversations.

I look forward to your early
reply.

Yours faithfully

David Clark



NOTES ON SUPPLEMENTARIES

SHIPREPAIR

Q: WILL THE PRIME MINISTER INSTRUCT BS NOT TO RESTRUCTURE ITS SHIPREPAIR ACTIVITIES TAKING INTO ACCOUNT BS'S STATUTORY DUTY TO HAVE REGARD TO THE REQUIREMENTS OF NATIONAL DEFENCE IN ALL ITS ACTIVITIES?

A: No Sir. In the Government's view there are no Defence considerations which would warrant such action taking into account the capacity at the Royal Dockyards.

The Government supports the recommendation of the Industry and Trade Committee that BS should close or dispose of shiprepair interests which show no sign of becoming viable.

Q: WILL THE GOVERNMENT TAKE STEPS TO STOP UNFAIR COMPETITION FROM BS?

A: The Chairman of BS regards the heavy losses in ship repair as unacceptable, and the steps announced today are evidence of his determination to bring BS's shiprepair activities into viability.

We do not wish to see the private sector ship repair undermined by a lossmaking public sector, and his determination to restore profitability is welcome.



BACKGROUND

BS are due to declare today the following redundancies in ship repair

Tyne Shiprepair Group	1400
Grangemouth	40
Smith's Dock	100

2400 are currently employed at the Tyne Ship Repair Group, 150 at Grangemouth. Smith's Dock is a shipbuilding company which has been doing ship repair work. The reductions at Tyne Ship Repair Group do not involve the closure of the company.

The private sector has for a long time complained about unfair competition from BS, particularly from Tyne Ship Repair Group. The First Report of the Industry and Trade Committee 1981/82 on British Shipbuilders recommend BS to carry out their Chairman's intention of disposing of any company which continues to show no sign of viability and to desist from entering into lossmaking contracts on shiprepairing.

Statutory Duty

BS have a statutory duty in carrying out its activities to have full regard to the requirements of National Defence.

BS consulted the Government and were informed that we saw no defence implications in the proposed rundown taking account of the capacity in the Royal Dockyards, and there was unlikely to be any significant temporary upsurge in work as merchant ships return from the Falklands.

Prime Minister

cc ✓ PS/Prime Minister
PS/Mr Lamont
Miss Mueller
Mr Dick
Mr Walmsley
Mr Robinson EIEC



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 0002
SWITCHBOARD 01-212 7676

From the
Parliamentary Under Secretary of State

Dr David Clark MP
House of Commons
LONDON SW1A 0AA

✓
MAP

19 May 1982

Dear David,

At the meeting with the Prime Minister on 27 April one of the questions we discussed was the provision by the English Industrial Estates Corporation of small factory units in South Shields.

As you probably know, since the Industry Act 1980 the responsibility for building these factories lies with the Corporation although, of course, the Corporation consults the relevant Regional Director about its development programmes for individual regions. The Corporation also undertakes developments within the Assisted Areas in co-operation with the private sector. All these questions are of course now a matter for EIE's commercial judgement. Thus the best course would be for the Corporation to get in touch with you direct and explain how their plans are being developed. I have asked the Chairman of EIEC to contact you on this point.

I have written to you separately about the approval of the steel and shipbuilding closures.

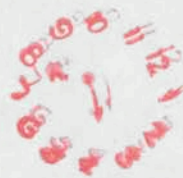
I understand that John Stanley will be writing to you about points you raised on the Coastal Protection Act and the housing issues. These are, of course, matters for his Department.

I have already sent you a copy of the announcement on the non-quota programme for steel areas. The virtually identical shipbuilding programme which includes Tyneside is also with the Commission and we expect it to be approved very shortly. I will let you know at once when this happens. My Private Secretary was not able to contact you last week following our conversation at the House, but the position on South Tyneside's application is that the current application will stand, and officials from the Department of the Environment in the region will contact the Council as soon as the programme is approved to discuss if any amendments are necessary.

I hope these comments are helpful.

Yours sincerely,
JH

JOHN MACGREGOR



20 MAY 1982

SUBJECT.

✓ Mr. MacGregor etc.



cc: JOE

JOE
pm

10 DOWNING STREET

From the Private Secretary

27 April 1982

As you know, Dr. David Clark came in for a third "closure" meeting with the Prime Minister. Mr. MacGregor was present.

We sent you late this morning a copy of the additional note on South Shields problems forwarded today by Dr. Clark.

Dr. Clark explained that further redundancies had been announced in the area since he requested the meeting. In addition, there was now some threat of further major reductions in the Plessey workforce. Today's unemployment figures showed a further increase in the area.

Against this background, Dr. Clark spoke about the four propositions outlined in the note he had submitted. On the first item, small advanced factories and nursery workshop units, Mr. MacGregor said that he had been in touch with EIC. There were already 18 units available in the area, and EIC were not keen to build too far ahead for fear of creating a sense of blight on their programme. But he undertook to look further into the possibilities.

In respect of work on sea defences, under the Coastal Protection Act 1949, and EC finance, Dr. Clark referred to his previous exchanges with the Department of the Environment. Shields did not qualify for Community finance because it received no British Government finance for the purpose. When he had drawn attention to other towns which had received UK finance, therefore providing a passport to Community finance, Environment Ministers had explained that each case was considered on its merits. He therefore hoped that if Shields could put forward a viable scheme, the Government could give it favourable consideration. The Prime Minister said that she understood the spirit in which Dr. Clark was working with the local authority to come forward with worthwhile proposals for new activity in the area. She asked him to pursue this particular one direct with Environment Ministers, but told him to make it clear that he had raised the matter with her, and that she was not unsympathetic.

With regard to the processing of EC "non quota" application for riverside improvement, Mr. MacGregor said that the Community decisions on steel closure areas were imminent, and on shipbuilding

/ closure

closure areas should follow shortly afterwards. He very much regretted the 18 months which had passed without a decision, and he was looking at the procedures. He hoped for decisions within the next 2 weeks, and had at one stage thought it possible that they might be available today. He had recently taken up the matter vigorously with the Commission's Director-General responsible for these questions.

In respect of increased cash for local authority building, Dr. Clark explained that the authority had sold 1700 Council houses, but had chosen not to apply for extra housing improvement funds, on the grounds that available funds were adequate for that purpose. There was a particular shortage of sheltered accommodation, in an area with an aging population. The authority had plans for 8 such units, costing perhaps £4 million. Funding would be difficult, as the authority expected to spend all its housing allocation for the new financial year. The Council were looking at the possibility of building some such units with sale in mind, which might be plausible in present circumstances. He hoped that some way might be found of offering funding tied to such projects.

No doubt Mr. MacGregor will be in touch again with Dr. Clark about the advanced factory and EEC "non-quota" issues. I am sending a copy of this letter to Helen Ghosh (Department of the Environment) to record the exchanges on the two matters which Dr. Clark will no doubt pursue direct, as suggested by the Prime Minister.

I should be grateful to see copies of any further letters from Ministers to Dr. Clark following up this discussion.

M. A. PATTISON

Anthony Willis, Esq.,
Department of the Environment.



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*From the
Parliamentary Under Secretary of State*

M Scholar Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON SW1

*Prime Minister
David Clark comes in for a
3rd time on Tuesday.
Note 4 is the most
informative. MAD
22 April 1982*

Dear Mr Scholar

As requested I am attaching briefing for the Prime Minister's meeting with Dr David Clark on 27 April. Mr MacGregor will also be able to attend.

Yours sincerely

Elizabeth Duck

ELIZABETH DUCK
Assistant Private Secretary

Encs.

1. Mr Andersen *E* 20/4
2. Mr Mills, APS/Mr MacGregor

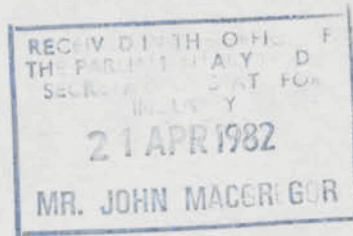
MEETING BETWEEN THE PRIME MINISTER AND DR DAVID CLARK MP

Attached is a brief for the Prime Minister for her meeting on Tuesday 27 April with Dr Clark, together with the following:

- Annex 1 - A copy of the note of the meeting between the Prime Minister and Dr Clark on March 4.
- Annex 2 - A copy of the Prime Minister's letter of 5 April.
- Annex 3 - Press cuttings relating to factory closures in Dr Clark's constituency.
- Annex 4 - Background note on South Tyne TTWA.
- Annex 5 - Background note on the North Eastern Region.
- Annex 6 - Mr Lamont's statement on the European Regional Development Fund - UK shipbuilding programme.

E. Dracup.

Mrs E Dracup
20 April 1982





UNEMPLOYMENT - SOUTH SHIELDS

MEETING BETWEEN THE PRIME MINISTER AND DR DAVID CLARK, MP ON TUESDAY
27 APRIL AT 3.30 PM

BRIEF FOR THE PRIME MINISTER

1. Dr Clark's interest in environmental matters, as a front bench spokesman for the Opposition, was reflected in the 4 major proposals he put forward at a previous meeting with the Prime Minister on March 4 and to which she replied in her letter to Dr Clark dated 5 April. A note of the meeting is attached at Annex 1 and a copy of the Prime Minister's letter at Annex 2.
2. Dr Clark has requested a further meeting because the unemployment position in his constituency has deteriorated further with the closure, during the last week of March 1982, of Tone Class Ltd, South Shields and Crushing, Screening and Engineering Ltd, Jarrow, involving a loss of 92 jobs. Local press cuttings are attached at Annex 3.
3. The two factories are situated in the South Tyne travel-to-work area, and lie within Dr Clark's constituency. Over the past 2 years, Dr Clark has become increasingly concerned about the erosion of the manufacturing base in the area.
4. A background note on the South Tyne travel-to-work area is attached at Annex 4 together with a general note on the North East region at Annex 5.
EUROPEAN REGIONAL DEVELOPMENT FUND - UK SHIPBUILDING PROGRAMME
5. Further to the Prime Minister's comments of 5 April, Mr Lamont confirmed, in a statement in the House on 19 April, that approval for the shipbuilding closure area programme was expected to be announced very soon (See Annex 6).



RECENT POSITIVE DEVELOPMENTS IN SOUTH TYNE TTWA

6. a. Over 100 companies, including many local organisations, have taken exhibition space to promote their products and services at the South Tyne Fair 82 to be held at Bede Industrial Estate from April 22-24 1982.
- b. NEI Power Engineering Ltd, Gateshead have introduced a new £6m robotic production line, creating 100 new jobs. (The Prime Minister visited the plant on her visit to the Region on 11 March).
- c. The Louise Argyl textile factory at Hebburn is operating at full capacity and a number of orders have had to be refused. Expansion plans involving taking over a nearby empty factory, creating 25 jobs are being discussed.

DR DAVID CLARK MP FOR SOUTH SHIELDS

MEETING WITH THE PRIME MINISTER TUESDAY 27 APRIL 1982 15.30 hours.

TO DISCUSS UNEMPLOYMENT POSITION IN SOUTH SHIELDS.

PROPOSALS

- a) Building of small advanced factories and nursery workshop units.
- b) Work on sea defences under Coastal Protection Act 1949 and EEC finance.
- c) Speed up the processing of EEC 'non-quota' application for riverside improvement.
- d) Increased cash for local authority building, possibly sheltered accomodation.

SOUTH SHIELDS

UNEMPLOYMENT STATISTICS

MARCH 1982

SOUTH SHIELDS					
MALE		FEMALE		BOTH	
NO	%	NO	%	NO	%
5729		1933		7662	
	26.4		12.2		20.4

Unfilled Vacancies

	EO	CO	BOTH
SOUTH SHIELDS	119	6	125

SOUTH SHIELDS

DURATION OF UNEMPLOYMENT

APRIL 1982

Age and Duration Summary JAN 82 E O data UNEMPLOYED OVER 6 MONTHS

Males	%-age	Females	%-age	Total	%-age	(AOA) Name
3039	52.97	905	53.90	3944	53.18	SOUTH SHIELDS

Age and Duration Summary JAN 82 All data UNEMPLOYED OVER 12 MONTHS

Males	%-age	Females	%-age	Total	%-age	(AOA) Name
2020	33.66	499	25.58	2519	31.67	SOUTH SHIELDS

INCREASE IN UNEMPLOYMENT

MAY 1979

Men	3646	(15.7%)
Total	4964	(12.8%)

MARCH 1982

Men	5724	(26.4%)
Total	7662	(20.4%)

SOUTH SHIELDS JC

NUMBER OF UNEMPLOYED REGISTRANTS IN SELECTED OCCUPATIONS

MARCH 1982

Occupation		Male	Female	Total	Unfilled Vacancies
Carpenters	(671)	106	-	106	3
Painters	(811)	485	1	486	1
Bricklayers	(861)	45	-	45	4
Plasterers	(862)	41	-	41	-
Semi-skilled/unskilled	(868)	139	-	139	2
General Labouring heavy labouring	(991.10)	1339	-	1339	4

Source EDS68

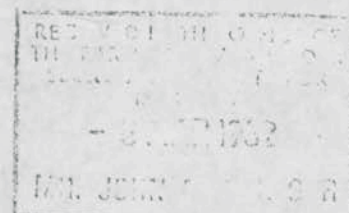
NB painters category includes ships painters



10 DOWNING STREET

From the Private Secretary

4 March 1982



Dear Anthony

As you know, the Prime Minister had a meeting today with Dr. David Clark, M.P., following the announcement of the closure of two factories owned by Mary Harris Limited. Mr. MacGregor was present.

Last year, Dr. Clark had seen the Prime Minister to discuss the closure of Ferrograph Limited. On that occasion, Mr. Tebbit was at the meeting, and the discussion centred on the possibilities of tackling urban dereliction in the constituency, and the problems of stimulating new industrial investment. This time, Dr. Clark had come equipped to raise with the Prime Minister some specific possibilities for generating new economic activity in the area. The Prime Minister welcomed this approach and will want to follow up the four specific points raised by Dr. Clark, which I set out below. The first of these is for your Department, but the remaining three are perhaps primarily for the Department of the Environment.

1. Dr. Clark said that the area had submitted two schemes as candidates for European Community assistance. The applications had been made eighteen months ago. The Commission reported that action was being held up in the Department of Industry. Mr. MacGregor said that the problem lay with the Commission, because a Community decision on the final parameters of the scheme was still awaited. He would nevertheless check the exact status of the applications.
2. Dr. Clark reported that he had privately been in touch with senior management at the Bradford and Bingley Building Society. He had established that the Society would be prepared to join others in financing a scheme worth, say, £3m. for the provision of about 300 homes. The homes would be designed to cater for applicants on the local authority housing list, and the investment would generate local employment, given that there were around 700 people from the construction industry registered as unemployed. There

/would

would be a preference for local firms in the tendering. The Society had, however, asked that the scheme should be underwritten by the Government, suggesting that there were parallels with the option mortgage scheme.

The Prime Minister was not immediately attracted by such an arrangement, because she did not believe that the Society ought to require a Government guarantee. She nevertheless undertook to investigate the potential for such a scheme. Dr. Clark handed over some relevant correspondence. I attach copies, which need to be treated as private.

3. Dr. Clark said that the local authority had also been looking at initiatives which might help to provide work in the construction field. His own building society scheme had not been developed with the local authority at this stage, but the authority had its own proposals for additional sheltered housing. The Prime Minister suggested that the local authority might have funds underspent within its capital allocation for the present year. Dr. Clark said that they claimed not to be in that position, but that he would appreciate clarification.
4. Dr. Clark said that there ought to be some scope for developing leisure activities in the area. There were possibilities in the coastline, which benefited from the absence of the less attractive forms of seafront development found in other northern resorts. One idea which he had heard discussed was to consider the reconstruction of some part of Hadrian's Wall. One of the forts, rebuilt to simulate the original working structure, could well have considerable attraction as a theme park. He knew that the leader of the Northumberland County Council was enthusiastic about this kind of possibility. There was a fort right in South Shields.

The Prime Minister said that this kind of approach would be well worth investigation. It would be necessary to engage the interest of a company with experience of large scale projects. There might conceivably be some scope for involving the National Heritage Memorial Fund. She would make enquiries.

The Prime Minister will now wish to write to Dr. Clark having made further enquiries about the prospects for progress - with or without any form of Government support - in these various directions. I should be grateful if the Department of the Environment could co-ordinate a suitable draft. I hope that we can have something by 24 March. The Prime Minister will wish to give as much encouragement as possible.

I am sending copies of this letter to Helen Ghosh (Department of the Environment), Marie Fahey (Department of Employment) and Jill Rutter (HM Treasury).

Yours ever
Mike Patterson



10 DOWNING STREET

THE PRIME MINISTER

For Information

1982 IV April 1982: 37 of paper
7/7

- Mr Franklin
- PS Minns
- PS Bee
- Mr Davies
- Miss Mueller
- Mr Cooper

Dear Mr. Clark

At our meeting of 4 March I undertook to follow up several ideas you raised as possible means of generating new economic activity in South Shields.

I understand that the two projects submitted for assistance from the European Communities hope to benefit from a small "quota free" section of the European Regional Development Fund which aims to mitigate the effects of particular Community policies. The European Commission is expected very soon to give formal approval to programmes for areas affected by the restructuring of the steel and ship building industries. We hope that authorities with eligible schemes under the ship building programme will receive their first grant payments during 1982. Officials will be in touch with South Tyneside District Council as soon as we know of the Commission's approval to the programme, to discuss the particular projects which might be covered by it.

I undertook to consider further the scheme to provide 300 homes in the South Shields area, worked out in conjunction with the Bradford and Bingley Building Society. As you know, the Government attaches great importance to extending home ownership. John Stanley has been emphasising to local authorities the opportunities that they have, often at no cost in public expenditure, to facilitate the provision of low cost housing for sale. I attach a copy of the folder accompanying the Department of the Environment film "A First

Home" which illustrates the main initiatives. The second of these, building under licence, is the one described in the letter from Mr. Gardner, the Chief Executive of the Bradford and Bingley BS, of 19 February. Under the proposal, the local authority would need to provide the land, licensing the developer to build houses and setting conditions on the type of purchaser and selling price if appropriate. The land would be conveyed to the purchaser when the house is sold. With building society mortgages, the houses could be built without any public funds; indeed, the sale of the land would give the local authority a capital receipt which could be used to increase its capital expenditure allocation. Mr. Gardner had two suggestions on ways in which the building society's investment might be protected: the option mortgage guarantee scheme and the power given to local authorities to guarantee building society mortgages in the Housing Act 1980. I enclose a copy of the Department of the Environment's Circular 5/81 which gives guidance on the use of these mortgage guarantee powers. In addition, DOE's Northern Regional Office would be happy to provide further advice. The official to contact is Mr. P. Williams at Wellbar House, Gallowgate, Newcastle upon Tyne.

We discussed work for the construction industry. I suggested that South Tyneside District Council might have some funds available from within its 1981/82 Housing Investment Programme allocation. According to the authority's own expenditure return, they had spent just under £6 m on housing investment in the 9 months to 31 December 1981. This represents only some 65% of its basic HIP allocation for just over £9 m. Taking into account also the £1.75 m of housing capital receipts generated by the authority in the same period, which may be used to increase its allocation, the proportion of total spend compared with available resources is only 55%.

Finally, we discussed scope for developing leisure activities in the area and in particular the possibility of reconstructing one of the forts on Hadrian's Wall. The fort is a scheduled ancient monument; any proposal to reconstruct it would require:

/ approval

approval of the Secretary of State for the Environment, who would need to take into account the views of the Ancient Monuments Board. The Board have hitherto advised against simulated additions to monuments (especially where, as in this case, we are uncertain about what the originals were like). One possible alternative might be to make a reconstruction separate from the original fort.

You also wrote to me on 15 March about a marine engine simulator.

The firm that is developing the slow-speed marine diesel engine machinery simulator has decided that it must proceed immediately with a second phase of development, to meet the requirements of the world market and beat the products offered by its competitors.

There is only one prototype and it will not be allocated to a College by the Department of Industry until the development work approaches completion. There are five Colleges competing for it and the choice will not be an easy one.

However, I can assure you that the factors you mention in support of the South Shields Marine and Technical College will be taken fully into account when the decision is made.

I hope that it will prove possible to make progress on some of these ideas.

Yours sincerely,
Margaret Thatcher

Dr. David Clark, M.P.

Factory folds: Meeting called

A CREDITORS meeting has now been called following the collapse of a Jarrow machine handling factory last week.

A full statement of the affairs of Crushing Screening and Engineering of the Bede Industrial Estate is to be given then.

Creditors will be given the option at the meeting, which will be held on April 14 at the New Crown Hotel, South Shields, of calling in a liquidator if they think it is necessary.

The factory closed last Friday putting 30 men out of work at what was described as "five - minutes notice."

The workforce were given a week's notice in lieu of pay and the company was slammed by a Boilermakers Society union official for their "hush-hush" tactics over the closure.

The announcement of the creditors meeting by company director Mr James Hart is the first statement the company have made since the closure.

Mr Hart has also called a further creditors' meeting at the New Crown Hotel for later in the day on April 14 to discuss the financial position of CSE (Projects) Ltd.

ANNEX 3

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As firms close, Thatcher gets hard words from South Tyneside ...



Dr Clark



Coun. Robinson

'JOBS LOSS CAN'T GO ON' - MP



Blueprint for work

COUN. Sep Robinson, of Whitburn, wants to get the economy moving by asking the Government to use the £90 a week it costs for every unemployed person to create jobs instead.

As chairman of South Tyneside's finance committee he is to ask the borough's MPs, Dr David Clark and Coun. Don Dixon, to take the plan to the Prime Minister.

"We are quite prepared to take the lead in South Tyneside to get the economy on the move

again by creating more jobs which in turn will give a better quality of life for people in the borough.

"If the Government were to give us this £90 a head, we would quite happily find worthwhile jobs for people at present in the dole queues in the borough. But without this type of help from the Government our hands are tied," he said.

He said he was going to ask the MPs to find out why the Government would not put money back into the country.

"After all, paying out £90 a week in wages instead of subsidising people to be out of work would seem to be a much more sensible course of action."

PRIME MINISTER Margaret Thatcher was being given two stark messages today from South Tyneside.

THE FIRST was a desperate cry from Dr David Clark, MP for South Shields: "Factory closures in South Tyneside can't go on." It came after the sudden closures of Crushing, Screening and Engineering, on the Bede industrial estate, Jarrow, and the Tone Class clothing factory, South Shields, within a week.

THE SECOND came from Coun. Sep. Robinson, the Council's Finance chairman, who is telling Mrs Thatcher: "Give us the £90 it costs for every person on the dole and we'll find worthwhile jobs for the unemployed."

Dr Clark is demanding a meeting with the Prime Minister over the recent factory closures in the borough.

In the past six months, eight factories have either closed, or announced cuts, with the loss of more than 700 jobs.

His move follows the sudden closures of Crushing, Screening and Engineering, of the Bede industrial estate at Jarrow and the Tone Class clothing factory in South Shields within a week.

"With another factory going, I have decided yet again to seek a meeting with the Prime Minister. Something has got to happen. We can't go on losing factories like this," he said.

Tone Class, in Taylor Street, closed with the loss of 63 jobs and 30 lost their jobs at Crushing, Screening and Engineering. Both factories left their workforces without pay.

The Marconi factory at Bill Quay is still operating, but it has already announced that 290 jobs are about to go, while Fidus Controls Ltd. at Middlefields, South Shields, decided to switch its operation to Bletchley, Buckinghamshire, with the loss of 32 jobs.

The Mary Harri's clothing factory, at Laygate, put out 90-day redundancy notices in February with its notice of closure involving 130 jobs. This followed the loss of a Marks and Spencer order.

At Hebburn, Vickers Galvanising Works also announced its closure in February with the loss of 38 jobs — with 95 lost at Fry's Diecasting and 24 at Verichrome Plating Services, both at Jarrow.



BACKGROUND NOTE ON SOUTH TYNE - APRIL 1982

1. INTRODUCTION
2. INDUSTRIAL STRUCTURE
3. PRINCIPAL EMPLOYERS
4. UNEMPLOYMENT, REDUNDANCIES
5. NEW FIRMS
6. SELECTIVE FINANCIAL ASSISTANCE
7. FACTORIES AND LAND



1. INTRODUCTION

South Tyne TTWA is part of the Tyne and Wear Metropolitan County, which is one of the six Metropolitan counties in the United Kingdom. The area has a population of 372,200 which is approximately 32% of the total for Tyne and Wear. The area was unaffected by the Assisted Area changes announced in July 1979 and has remained an SDA.

2. INDUSTRIAL STRUCTURE

	EMPLOYEES IN EMPLOYMENT (1978 CENSUS OF EMPLOYMENT)	
Primary Industries	8,072	= 5.0%
Manufacturing Industry	63,702	= 39.8%
Construction Industry	13,778	= 8.6%
Service Industry	74,533	= 46.6%
	<hr/>	<hr/>
	160,085	100%
	<hr/>	<hr/>

3. PRINCIPAL EMPLOYERS

Principal Employers include:

COMPANY	LOCATION	PRODUCT
NEI Clarke Chapman	Gateshead	Marine Engineers and power plant manufacturers
Plessey Telecommunications Ltd	South Shields	Telephone and telegraph equipment
NEI Reyrolle & Co Ltd	Jarrow/Hebburn	Electrical Switchgear
Swan Hunter Ltd	Jarrow/Hebburn	Shipbuilders
Royal Ordnance Factory	Birtley	Armaments



4. UNEMPLOYMENT AND REDUNDANCIES

The South Tyne area has a current (March 1982) unemployment rate of 17.8% (20.4% males) compared with the North Eastern Region rate of 16.2% (19.2% males) and the Great Britain rate of 12.4% (15.0% males).

More detailed figures for South Tyne TTWA are as follows:

	<u>Males</u>	<u>%</u>	<u>Females</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Mar 1982	23,618	20.4	8,494	13.0	32,112	17.8
Feb 1982	24,246	21.0	8,617	13.2	32,863	18.2
Mar 1981	20,952	18.1	7,127	10.9	28,079	15.5

REDUNDANCIES

In South Tyne TTWA, 4,404 redundancies were notified by employers to Department of Employment in the 12 months to March 1982. (Some of these intended redundancies were/may be subsequently cancelled). However, from the beginning of January 1981 to the end of December 1981, 5,594 redundancies have actually taken place. Some of the more significant notified redundancies were:

	<u>Numbers Affected</u>		<u>Date Notified</u>
	<u>Male</u>	<u>Total</u>	
British Shipbuilders, South Shields	NK	440	Apr 81
T I Churchill, Blaydon	194	210	Sept 81
Caterpillar Tractor, Birtley	758	775	Oct 81, Jan 82
Marconi Radar Systems, Felling	228	290	Feb 82



5. NEW FIRMS

Since 1966, 77 new manufacturing firms have opened up in South Tyne TTWA, 57 of which are still surviving, currently employing 4,317 people (2,701 males).

6. SELECTIVE FINANCIAL ASSISTANCE

Up to end of February 1982, assistance under the Industry Act 1972 (Section 7) (excluding assistance to the Shipbuilding industry) has been offered for 159 projects* involving a total amount of £20.0m estimated to provide 9,094 additional jobs with 8,143 jobs safeguarded.

*Project costs - £189.7m.

In addition, assistance under Section 8 has been offered for 49 projects involving a total amount of £3.7m with associated project costs of £20.2m.

7. FACTORIES AND LAND

At present there are 38* factory units available totalling 404,040 sq ft. This figure includes new advance factory units and vacant premises previously leased. (25 units totalling 118,643 sq ft were let in 1981).

In addition, a further 43 units totalling 66,940 sq ft of factory space have been announced for Tyneside.

*Factories complete and available:

Team Valley	-	25	(222,727 sq ft)
South Shields	-	7	(58,719 sq ft)
Jarrow	-	6	(122,594 sq ft)



THE NORTH EASTERN REGION - GENERAL NOTE - APRIL 1982

Population, Employment and Industry

North Eastern Region comprises the counties of Northumberland, Durham, Cleveland and Tyne and Wear. The area has a total population of 2.6 million and a working population of 1.1 million. The main centres of industrial activity are on Tyneside, Teesside and Wearside, and along the A19 and A1(M).

The Region has for much of the last fifty years experienced an unemployment rate significantly higher than the national average. The unemployment rate is currently 16.2% (19.2% male) (March 1982) compared to the national rate of 12.4% (15.0% males). The area is also characterised by a relatively low Gross Domestic Product per head (93.0% of the national average GDP per head, 1980 estimate). To a declining but still significant extent the industrial structure of the Region is based on traditional heavy industries which continue to exercise a significant influence over the comparative growth prospects of the region. (About a quarter of male jobs in the Region still depend on coalmining, metal manufacture, chemicals, shipbuilding and repairing and marine engineering).

However, new industrial activity in the sectors of light engineering, electronics and electrical goods industries, fine chemicals and pharmaceuticals and other manufacturing industries have considerably diversified the industrial structure and are providing an increasing proportion of the Region's employment. From 1966 to mid 1981 over 180 firms with outside origins established manufacturing units in the North Eastern Region and are currently estimated to be providing 28,900 jobs. In addition development of North Sea oil related activities has played an important role



in the Region's economy and are estimated to be currently providing about 4,000 jobs in the region. Further improvement will depend on the region's success in building on their existing potential and in attracting a share of the new high technology industries.

Measures of Assistance

Most of the region enjoys assisted area status at the Special Development Area, Development Area or Intermediate Area levels. Under these designations financial incentives are available to manufacturing firms and certain service activities moving into the region or who wish to expand or modernise an existing operation. These include Regional Developments Grants (SDAs and DAs only) towards capital expenditure on providing new buildings, on adaptations of existing buildings or on new machinery and plant, Selective Financial Assistance in the form of a discretionary grant for new projects providing, maintaining or safeguarding employment, and in certain cases rent free periods in government factories.

Recently announced assisted area changes for the whole of the country which will come into full operation this August will have the effect of concentrating national aid where it is most needed. National assisted area coverage will fall from 44% of the working population to 26%. In this region 97% of the insured population will remain within assisted areas - 59% in Special Development Areas which receive the maximum benefits.

The other main plank of regional development measures is the provision of advance factories which is carried out by English Industrial Estates who have their headquarters on Tyneside. Since the beginning of 1966, 665 advance factories have



been built in the region (over $4\frac{1}{2}$ million sq ft) and provide employment for approx 60,000.

In addition to these assisted area measures of assistance, the region also benefits from national schemes aimed at the modernisation and or expansion of specific industrial sectors. The provision of assistance from the European Regional Development Fund is of increasing importance to the Region, assisting both infrastructure and industrial projects.

Recent Developments

a) Infrastructure

- i. The Kielder reservoir project, now almost complete, which will provide water supplies for NE industry so that capacity constraints are not envisaged until well into the 21st century.

- ii. The building of the Tyne and Wear Metro which is providing a combined underground and surface transit system for Tyne and Wear County. Completion of this multi-million pound rapid transit system is due in 1983. The first stage of the project, linking Newcastle with the coast via the northern suburbs of Tyneside was opened in August 1980; the second stage linking Newcastle with Gateshead and South Tyneside was opened on November 15, 1981.

Along with a fine road network completed in the early seventies these are providing the region with a basic economic infrastructure second to none in the country.



b) New measures of assistance

- i. Enterprise Zones conferring tax and planning benefits on industrial and commercial activity have been designated in Tyne and Wear and at Hartlepool.

- ii. Tyne and Wear Metropolitan District Authorities and parts of Cleveland benefit from the Inner City Policies designed to produce a special focus on the economic and social problems of the inner urban areas.



MR LAMONT'S STATEMENT ON SHIPBUILDING

MONDAY 19 APRIL 1982

Supplementaries on the European Regional Development Fund, Non-Quota Section:UK Shipbuilding Programme

- Q. When will the European Commission announce its approval of the UK's programme for aid from the European Regional Development Fund to shipbuilding closure areas.
- A. The programme is currently being considered by the Commission. It corresponds very closely to the UK's programme for assistance from the Fund for steel closure areas, which is expected to be formally approved by the Commission within the next few days.
- Q. Are any difficulties foreseen in securing the Commission's approval of the shipbuilding programme.
- A. No, the programme is expected to pass through the Commission machinery in the normal way.

YOUTH INTAKE BY FIRMS 'HAS DRIED UP'

THE apprenticeship programme on South Tyneside has collapsed, it was claimed last night.

Major employers in the borough, including Reyrolles at Hebburn, the Tyne Ship Repair Group and Northern Gas, took on only 139 apprentices last year, compared with 631 in 1975.

This was said by Mr Clive

Laing, principal careers officer for the borough, at a meeting of South Shields Trades Council.

Mr Laing told members: "The future of young people in this country depends on the stability of the economy. This is why we have lost a generation of youngsters over the past five years.

"When you stand back and look at the apprenticeship system on South Tyneside

today, it is obvious that it has collapsed. The entire country is suffering in the same manner."

He said it was up to the government to provide a proper training or apprenticeship system. "But, ultimately, it is up to employers whether or not we see a revival of the apprenticeship programme."

Mr Laing also pointed out a difficulty for employers who do take on apprentices.

He said each apprentice will cost a firm about £5,000 during his first year of employment — "because, while training, he is not productive."

Mr John Sandicock, from the Post Office union, said employers should consider apprentices as "an investment in the future".

"When these kids reach 18 years of age and over, they begin to work overtime. Many of them are able to do a journeyman's job for which they receive only an apprentice's wages," he said.

Mr Laing also expressed fear for the future of 2,289 young people out of work on South Tyneside — up 1,211 from last year.

In South Shields, youngsters aged 16 and 17 make up 1,406 of this total.

Of those in South Shields, 515 are registered as unemployed at the careers office in Ocean Road, while 891 are working on various job schemes.

"These statistics show the difficulties facing young people," said Mr Laing, who added he had written to Dr David Clark, MP for South Shields, in response to a request from Dr Clark for information on youth unemployment.

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1. Mr Andersen *E 20/4*
2. Mr Mills, APS/Mr MacGregor

MEETING BETWEEN THE PRIME MINISTER AND DR DAVID CLARK MP

Attached is a brief for the Prime Minister for her meeting on Tuesday 27 April with Dr Clark, together with the following:

- Annex 1 - A copy of the note of the meeting between the Prime Minister and Dr Clark on March 4.
- Annex 2 - A copy of the Prime Minister's letter of 5 April.
- Annex 3 - Press cuttings relating to factory closures in Dr Clark's constituency.
- Annex 4 - Background note on South Tyne TTWA.
- Annex 5 - Background note on the North Eastern Region.
- Annex 6 - Mr Lamont's statement on the European Regional Development Fund - UK shipbuilding programme.

E. Dracup.

Mrs E Dracup
20 April 1982

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 20 APR 1982
 MR. JOHN MACGREGOR



HOUSE OF COMMONS
LONDON SW1A 0AA

16 April 1982

RCM

R20

The Rt Hon Mrs Margaret Thatcher MP
10 Downing Street
London W1

✓ es 20/4

Dear Prime Minister

I confirm that I will be happy to meet you on
Tuesday 27 April at 1530 hours as suggested in
your letter of 8 April.

Yours sincerely

David Clark

Dr David Clark MP

*check with
Mike Pattison
p. Brejng.*

cf. 26/4

vb

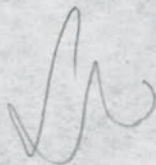
bc A C S Willis, D/IND

8 April 1982

The Prime Minister has asked me to thank you for your letter of 31 March and she would be happy to have a further meeting with you to discuss the unemployment problem in your constituency. I have asked Mr. MacGregor to attend the meeting and hope that 1530 on Tuesday 27 April will suit you. The meeting will take place in the Prime Minister's room at the House of Commons.

(SGD) CAROLINE STEPHENS

Dr. David Clark, M.P.





10 DOWNING STREET

THE PRIME MINISTER

5 April 1982

Dear Mr. Clark.

At our meeting of 4 March I undertook to follow up several ideas you raised as possible means of generating new economic activity in South Shields.

I understand that the two projects submitted for assistance from the European Communities hope to benefit from a small "quota free" section of the European Regional Development Fund which aims to mitigate the effects of particular Community policies. The European Commission is expected very soon to give formal approval to programmes for areas affected by the restructuring of the steel and ship building industries. We hope that authorities with eligible schemes under the ship building programme will receive their first grant payments during 1982. Officials will be in touch with South Tyneside District Council as soon as we know of the Commission's approval to the programme, to discuss the particular projects which might be covered by it.

I undertook to consider further the scheme to provide 300 homes in the South Shields area, worked out in conjunction with the Bradford and Bingley Building Society. As you know, the Government attaches great importance to extending home ownership. John Stanley has been emphasising to local authorities the opportunities that they have, often at no cost in public expenditure, to facilitate the provision of low cost housing for sale. I attach a copy of the folder accompanying the Department of the Environment film "A First

/ Home"

AS

Home" which illustrates the main initiatives. The second of these, building under licence, is the one described in the letter from Mr. Gardner, the Chief Executive of the Bradford and Bingley BS, of 19 February. Under the proposal, the local authority would need to provide the land, licensing the developer to build houses and setting conditions on the type of purchaser and selling price if appropriate. The land would be conveyed to the purchaser when the house is sold. With building society mortgages, the houses could be built without any public funds; indeed, the sale of the land would give the local authority a capital receipt which could be used to increase its capital expenditure allocation. Mr. Gardner had two suggestions on ways in which the building society's investment might be protected: the option mortgage guarantee scheme and the power given to local authorities to guarantee building society mortgages in the Housing Act 1980. I enclose a copy of the Department of the Environment's Circular 5/81 which gives guidance on the use of these mortgage guarantee powers. In addition, DOE's Northern Regional Office would be happy to provide further advice. The official to contact is Mr. P. Williams at Wellbar House, Gallowgate, Newcastle upon Tyne.

We discussed work for the construction industry. I suggested that South Tyneside District Council might have some funds available from within its 1981/82 Housing Investment Programme allocation. According to the authority's own expenditure return, they had spent just under £6 m on housing investment in the 9 months to 31 December 1981. This represents only some 65% of its basic HIP allocation for just over £9 m. Taking into account also the £1.75 m of housing capital receipts generated by the authority in the same period, which may be used to increase its allocation, the proportion of total spend compared with available resources is only 55%.

Finally, we discussed scope for developing leisure activities in the area and in particular the possibility of reconstructing one of the forts on Hadrian's Wall. The fort is a scheduled ancient monument; any proposal to reconstruct it would require the

/ approval

approval of the Secretary of State for the Environment, who would need to take into account the views of the Ancient Monuments Board. The Board have hitherto advised against simulated additions to monuments (especially where, as in this case, we are uncertain about what the originals were like). One possible alternative might be to make a reconstruction separate from the original fort.

You also wrote to me on 15 March about a marine engine simulator.

The firm that is developing the slow-speed marine diesel engine machinery simulator has decided that it must proceed immediately with a second phase of development, to meet the requirements of the world market and beat the products offered by its competitors.

There is only one prototype and it will not be allocated to a College by the Department of Industry until the development work approaches completion. There are five Colleges competing for it and the choice will not be an easy one.

However, I can assure you that the factors you mention in support of the South Shields Marine and Technical College will be taken fully into account when the decision is made.

I hope that it will prove possible to make progress on some of these ideas.

Yours sincerely
Margaret Thatcher

Dr. David Clark, M.P.

PRIME MINISTER

cc: Mr Gow

Miss Stephens

David Clark seeks a third closure meeting for South Shields. This request arrived on the same day as I submitted to you a draft reply following up the last meeting. But I think we should let that go without any reaction to the latest request.

You may think we ought to start to draw the line somewhere: but Dr Clark has been perhaps the most reasonable of all those who have come to see you from the Opposition benches, and he has noticeably not gone off to tell the press a different story after having had a friendly talk with you.

Agree to see him again?

Yes
no

Alan Legg Deputy Clerk
pp HAR

1 April, 1982

John Stacey
3/1/1982

Caroline

To fix meeting pl, with suitable Ministers. But well into the future. MAR 5/4

1 April, 1982

I am writing on behalf of the Prime Minister to thank you for your letter of 31 March. I will place your letter before her at once, and we will be in touch with you as soon as possible.

M. A. PATTISON

Dr David Clark, M.P.,

Factory folds: Meeting called

A CREDITORS meeting has now been called following the collapse of a Jarrow machine handling factory last week.

A full statement of the affairs of Crushing Screening and Engineering of the Bede Industrial Estate is to be given then.

Creditors will be given the option at the meeting, which will be held on April 14 at the New Crown Hotel, South Shields, of calling in a liquidator if they think it is necessary.

The factory closed last Friday putting 30 men out of work at what was described as "five - minutes notice."

The workforce were given a week's notice in lieu of pay and the company was slammed by a Boilermakers Society union official for their "hush-hush" tactics over the closure.

The announcement of the creditors meeting by company director Mr James Hart is the first statement the company have made since the closure.

Mr Hart has also called a further creditors' meeting at the New Crown Hotel for later in the day on April 14 to discuss the financial position of CSE (Projects) Ltd.

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As firms close, Thatcher gets hard words from South Tyneside ...



Dr Clark



Coun. Robinson

**'JOBS
LOSS
CAN'T GO
ON' - MP**



**Blueprint
for work**

COUN. Sep Robinson, of Whitburn, wants to get the economy moving by asking the Government to use the £90 a week it costs for every unemployed person to create jobs instead.

As chairman of South Tyneside's finance committee he is to ask the borough's MPs, Dr David Clark and Coun. Don Dixon, to take the plan to the Prime Minister.

"We are quite prepared to take the lead in South Tyneside to get the economy on the move

again by creating more jobs which in turn will give a better quality of life for people in the borough.

"If the Government were to give us this £90 a head, we would quite happily find worthwhile jobs for people at present in the dole queues in the borough. But without this type of help from the Government our hands are tied," he said.

He said he was going to ask the MPs to find out why the Government would not put money back into the country.

"After all, paying out £90 a week in wages instead of subsidising people to be out of work would seem to be a much more sensible course of action."

PRIME MINISTER Margaret Thatcher was being given two stark messages today from South Tyneside.

THE FIRST was a desperate cry from Dr David Clark, MP for South Shields: "Factory closures in South Tyneside can't go on." It came after the sudden closures of Crushing, Screening and ...

Shields, within a week.

THE SECOND came from Coun. Sep. Robinson, the Council's Finance chairman, who is telling Mrs Thatcher: "Give us the £90 it costs for every person on the dole and we'll find worthwhile jobs for the unemployed."

Dr Clark is demanding a meeting with the Prime Minister over the recent factory closures in the borough.

In the past six months, eight factories have either closed, or announced cuts, with the loss of more than 700 jobs.

His move follows the sudden closures of Crushing, Screening and Engineering, of the Bede industrial estate at Jarrow and the Tone Class clothing factory in South Shields within a week.

"With another factory going, I have decided yet again to seek a meeting with the Prime Minister. Something has got to happen. We can't go on losing factories like this," he said.

Tone Class, in Taylor Street, closed with the loss of 63 jobs and 30 lost their jobs at Crushing, Screening and Engineering. Both factories left their workforces without pay.

The Marconi factory at Bill Quay is still operating, but it has already announced that 290 jobs are about to go, while Fidus Controls Ltd. at Middlefields, South Shields, decided to switch its operation to Bletchley, Buckinghamshire, with the loss of 32 jobs.

The Mary Harri's clothing factory, at Laygate, put out 90-day redundancy notices in February with its notice of closure involving 130 jobs. This followed the loss of a Marks and Spencer order.



HOUSE OF COMMONS
LONDON SW1A 0AA

cc ✓ 1/14

31 March 1982

Rt Hon M Thatcher MP
Prime Minister,
10 Downing St.,
SW1.

Dear Prime Minister,

I am sorry to be writing to you again so soon after you kindly agreed to see me recently over a factory closure in South Shields.

However, I feel I must seek a further meeting to discuss further the unemployment problem in my constituency.

It was my hope that the problem had been arrested but only this past week two further closures have been announced. The whole industrial base of the town is going and the matter is now reaching crisis proportions of the 1930s.

Yours sincerely,

Dr David Clark

MP South Shields.

Last chime ...



THE bells of St. Hilda's ancient town centre church will ring out tomorrow in South Shields for the last time for months.

Whenever the four ton bells toll, the bell-tower sways precariously.

FIRED - JUST LIKE THAT!

NOT JARROW, IN SOUTH SHIELDS.

By OLWEN VASEY

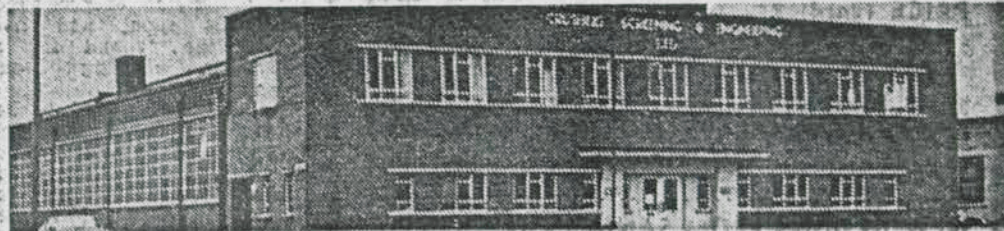
SHOCKED workers at a Jarrow factory have been sent home at "five minutes' notice" and told that the plant is closing.

The bombshell was dropped by the management on 30 men at the Crushing, Screening and Engineering plant on the Bede industrial estate.

The angry workers claim they have been given only one week's pay in lieu of notice — and now their union is considering taking the firm to an industrial tribunal.

Today Boilermakers Society district official Bob Glass slammed the company for its "hush-hush" tactics.

He said: "These men were given literally five minutes' notice. There has



been an approach from the Department of Health and Social Security. We are looking at all aspects. We may take this to an industrial tribunal."

Mr Glass added that the men were holding a meeting at the plant tomorrow to decide what action to take.

He said he thought the treatment of the workers had been unfair. "It was a shock to them. I think the company could have been more above board.

"All companies are struggling for contracts at this time, but I don't think they had any idea that this

was likely to happen."

One of the men said: "Most of the people working there were told last Friday at 3.25 p.m. not to report for work on Monday because the firm was closing."

He said some workers had been with the firm since 1954. "We were only given five minutes' notice."

An official at the factory today said: "The management does not want to comment on anything."

It is understood the firm's plant at Consett is continuing to operate and there have been no pay-offs there.

The men said their job involved quarry work of a "highly technical and heavy" nature.

Aid scheme gets special tribute

CIB TRAVEL

IT'S NOT TOO LATE TO BOOK

Intasun

LOTS OF HOLIDAYS LEFT

Princess Diana's 'first' baby



THE Princess of Wales said today that her baby is due to be born on July 1 — her 21st birthday — let slip one of the best kept Royal secrets while visiting St. Gemma's Hospice in Leeds.

The Princess was talking to 74-year-old Mr Edwin Wilson at the time. Mr Wilson said after "I told the Princess that I shared the same birthday, June 10, as the Duke of Edinburgh and she be all right if the baby was born that day. She laughed and replied, 'Oh, no it's not. It's due on July 1 — my birthday'."

The Princess wearing an emerald green maternity coat with matching hat, was greeted by a crowd on her arrival. As she toured the hospice, talking to the 38 patients, she picked up presents for herself and the baby.

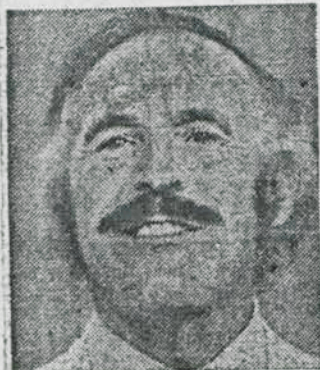
After touring the wards, Prince Charles opened the newly refurbished £2m hospice before for York by helicopter.

Henry's Oscar



HENRY Fonda with his Oscar after being named Best Actor by the Academy of Motion Picture Arts and Sciences in Los Angeles for his role in On Golden Pond. See also Page 3.

Bruce's divorce



TV personality Bruce Forsyth's eight-year marriage to Anthea Redfern was ended in a few seconds in the London Divorce Court today. Bruce, 53, named Anthea's boyfriend, millionaire hotelier Freddie Hoffman.

QUICK END TO 63 JOBS!

Shields
Gazette
3/3/82

A SOUTH Shields clothing factory was locked and deserted today after a shocked workforce was told that the firm was closing down.

A total of 63 employees are now out of work following the announcement that was made to them on Friday.

One of them told the Gazette how she was waiting for her pay on Friday and was instead told by the company owner that there would be no wages this week — and that the firm was closing.

The firm, Tone Class, opened up in Taylor Street, South Shields, three years ago.

The company owner,

Mr P. Phillips, was unavailable for comment today and is believed to be in Paris.

Since Mr Phillips made his shock announcement to the staff, a number of them have since stayed on at the factory to tidy it up. But today all had left.

Tone Class was started up on the site of the former Jo-Bel Clothing company, which closed in December 1978.

Tone Class not only used the same premises, it also retained the same machinery and took on many of the same staff.

One of the workers said: "It was just like the same place — only we had a different boss."



● Marble Index: centre, front, Colin Smith, and left to right, Graham Winter, Steven Cooper and John Winfield.

Rock band win for Shields

MARBLE is now top of the rocks, or at least the South Shields rock band Marble Index have come out on top of the pile of groups who entered a national talent contest.

The four-piece band from Harton Comprehensive beat 300 other groups from all over the country to win the Rock School contest run by the Trustee Savings Bank and the BBC Nationwide programme.

And in the process they won £2,000 for themselves and a £1,000 worth of musical equipment for the school. But it could be the final piece of glory for the band.

The group expect to split up when school breaks-up in the summer to go to different colleges across the country.

But in the meantime Colin

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Unemployment Figures

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JFF380



Secretary of State for Industry

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

31 March 1982

M A Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Mike

To be incorporated
in DoE draft below,
as indicated

LETTER TO PRIME MINISTER FROM DR DAVID CLARK MP

I attach a draft reply to Dr Clark's letter of 15 March.

2 The Department is supporting Haven Automation Ltd of Swansea in the development of a slow-speed marine engine machinery simulator. It was originally intended to do the development in two phases, putting the engine simulator itself on the market first and following this by an extension to include the peripheral machinery that makes a complete marine machinery installation.

3 However, the customer requirement, which is almost entirely abroad, is for the more extensive complete-installation simulator as is now being offered by the foreign competition. The firm has decided, entirely correctly in our opinion, that it must go ahead with the complete version before entering the market. They have applied for a further tranche of support for the second phase. Until negotiations are complete and we know both the form of the complete simulator and the probable completion date of development of the prototype, we do not wish to make a firm allocation.

4 The Department will own the prototype and the objective in placing it in a technical college that trains marine engineers is so that it can be used for training and research, and also act as a live demonstration when potential customers wish to assess the British product in relation to its foreign rivals. We have been advised by the Merchant Navy Training Board that phase 3 of marine engineer cadet training would give the optimum use for the simulator.

MAJ



5 South Shields Marine and Technical College is one of five eligible. The others are at Glasgow and Liverpool, where the social claims are at least as strong as those of South Shields, and London and Southampton. In the assessment that will form the basis of the allocation, South Shields is not a front runner; political support has also been given to the claims of Glasgow and Liverpool.

6 The local authority that runs the technical college will face considerable expenditure in installing, operating and maintaining the prototype simulator, towards none of which does the Department intend to contribute, regarding free loan of the simulator as a sufficient contribution.

7 The choice of the recipient college of the prototype will need to take into account both the local interests of the college and its suitability for demonstration and research.

8 I attach a draft reply to Dr Clark.

Yours ever

Richard Riley

RICHARD RILEY
PRIVATE SECRETARY



DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO

Dr David Clark MP
House of Commons
London
SW1A 0AA

Thank you for your letter of 15 March 1982 about a marine engine simulator.

The firm that is developing the slow-speed marine diesel engine machinery simulator has decided that it must proceed immediately with a second phase of development, to meet the requirements of the world market and beat the products offered by its competitors.

There is only one prototype and it will not be allocated to a College by the Department of Industry until the development work approaches completion. There are five Colleges competing for it and the choice will not be an easy one.

However, I can assure you that the factors you mention in support of the South Shields Marine and Technical College will be taken fully into account when the decision is made.



2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/11955/82

Your ref:

Row 131/3 30 March 1982

Dear Mike,

Thank you for copying me your letter of 4 March to Anthony Willis (DI).

You asked me to co-ordinate a draft letter for the Prime Minister to send to Dr David Clark MP, to indicate the prospects for progress on four proposals for generating new economic activity in South Shields.

I enclose a draft reply, which takes account of a contribution from Anthony Willis. You may also like some background material on the four proposals.

European Community Assistance: the schemes submitted for assistance concern a small "quota free" section of the European Regional Development Fund which seeks to mitigate the effects of particular community policies. So far, the Community has agreed that programmes to benefit areas affected by the restructuring of the steel and ship building industries should be approved. The programme for steel areas has informally been approved and the ship building programme submitted to the Commission. Formal approval is expected for both programmes later this month. In order to mount the case for a programme, DOE and DI had to invite proposals from local authorities; the two projects referred to by Dr Clark come under the ship building measure. Once approval for the programme is given, particular projects will be processed quickly. We hope that authorities with eligible schemes under the ship building programme will receive their first grant payments during 1982.

Housebuilding proposals: Dr Clark referred to a scheme to build 300 homes, worked out in conjunction with the Bradford and Bingley Building Society. The scheme is based on proposals which the Government has been strongly urging local authorities to adopt - building for sale under licence. Over 100 local authorities proposed to make land available for such schemes in 1981/82. The scheme depends on a close partnership developing between local authorities and private developers - the authority licenses the developer to build houses for sale. The freehold of the land can be transferred later

to the purchasers of the individual dwellings. The arrangement gives the authority considerable discretion on the type of purchaser (eg from council waiting lists) and the price. With private mortgages, such developments cost the authority nothing and the receipts from the land sale can be used to augment their capital expenditure allocation.

Dr Clark gave the impression that the scheme needed to be underwritten by the Government. This is not so. The Bradford and Bingley are proposing only that existing forms of guarantee might be used. First, the option mortgage guarantee scheme provides limited Government assistance to reduce option borrowers' insurance premiums (a maximum of 25% of the loan can be guaranteed in this way, and then only if the price or valuation of the property, whichever is lower, does not exceed £20,000). Probably more useful is the power that local authorities enjoy under section 111 of the Housing Act 1980 to guarantee building society mortgages against default, as a means of encouraging societies to lend in some circumstances where otherwise only the local authority would have been prepared to do so. The guarantees do not count against an authority's Housing Investment Programme allocation unless they are called upon.

You may also like to know that the Federation of Master Builders, in conjunction with the Bradford and Bingley Building Society, are to launch a drive to encourage such schemes at a press conference on 5 April which Sir George Young is to attend.

The third proposal turns on the capital allocations made to the South Tyneside authority. As the Prime Minister suggested, the authority have indeed underspent its Housing Investment Programme allocation. By the end of December 1981, they had used only £6m of their allocation of just over £9m, around 65%. In addition, they had, we understand, housing capital receipts of £1.75m unspent at the same date.

The authority's allocation for 1982/83 (£10.5m) represents an increase in real terms on this year's allocation, and a higher proportion of the regional total.

Leisure activities: the structure plan for Tyne and Wear envisages the development of leisure activities, and a local plan is currently being prepared by the Borough Council. The specific proposal to reconstruct one of the fort on Hadrian's Wall presents problems. The fort is a scheduled ancient monument; any proposal to reconstruct it would require the approval of the Secretary of State for the Environment, who would need to take account of the views of the Ancient Monuments Board. The Board have advised hitherto against simulated additions to monuments (especially where, as in this case, we are uncertain about what the originals were like). A

possible alternative would be to make a reconstruction separate from the original fort. Help from the National Heritage Memorial Fund would be a matter for the independent trustees of the Fund.

I am sending copies to Anthony Willis, Marie Fahey (DE) and Jill Rutter (HM Treasury).

Yours sincerely,
Helen Ghosh

MRS H F GHOSH
Private Secretary

DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO DR DAVID CLARK MP

At our meeting of 4 March I understand ^{to} follow up ~~four specific~~ ^{several ideas you} possible means of generating new economic activity in South Shields. ^{raised as}

I understand that the two projects submitted for assistance from the European Communities hope to benefit from a small "quota free" section of the European Regional Development Fund which aims to mitigate the effects of particular Community policies. The European Commission is expected very soon to give formal approval to programmes for areas affected by the restructuring of the steel and ship building industries. We hope that authorities with eligible schemes under the ship building programme will receive their first grant payments during 1982. Officials will be in touch with South Tyneside District Council as soon as we know of the Commission's approval to the programme, to discuss the particular projects which might be covered by it.

I undertook to consider further the scheme to provide 300 homes in the South Shields area, worked out in conjunction with the Bradford and Bingley Building Society. As you know, the Government attaches great importance to extending home ownership. John Stanley has been emphasising to local authorities the opportunities that they have, often at no cost in public expenditure, to facilitate the provision of low cost housing for sale. I attach a copy of the folder accompanying the Department of the Environment ^{film} ~~file~~ "A First Home" which illustrates the main initiatives. The second of these, building under licence, is the one described in the letter from Mr Gardner, the Chief Executive of the Bradford and Bingley BS, of 19 February. Under the

proposal, the local authority would need to provide the land, licensing the developer to build houses and setting conditions on the type of purchaser and selling price if appropriate. The land would be conveyed to the purchaser when the house is sold. With building society mortgages, the houses could be built without any public funds; indeed, the sale of the land would give the local authority a capital receipt which could be used to increase its capital expenditure allocation. Mr Gardner had two suggestions on ways in which the building society's investment might be protected: the option mortgage guarantee scheme and the power given to local authorities to guarantee building society mortgages in the Housing Act 1980. I enclose a copy of the Department of the Environment's Circular 5/81 which gives guidance on the use of these mortgage guarantee powers. In addition, DOE's Northern Regional Office would be happy to provide further advice. The official to contact is Mr P Williams at Wellbar House, Gallowgate, Newcastle upon Tyne.

We discussed work for the construction industry. I suggested that South Tyne^e District Council might have some funds available from within its 1981/82 Housing Investment Programme allocation. According to the authority's own expenditure return, they had spent just under £6m on housing investment in the 9 months to 31 December 1981. This represents only some 65% of its basic HIP allocation for just over £9m. Taking into account also the £1.75m of housing capital receipts generated by the authority in the same period, which may be used to increase its allocation, the proportion of total spend compared with available resources is only 55%.

Finally, we discussed scope for developing leisure activities in the area and in particular the possibility of reconstructing one of the forts on Hadrian's Wall. The fort is a scheduled ancient monument; any proposal to reconstruct it would require the approval of the Secretary of State for the Environment, who would need to take into account the views of the Ancient Monuments Board. The Board have hitherto advised against simulated additions to monuments (especially where, as in this case, we are uncertain about what the originals were like). One possible alternative might be to make a reconstruction separate from the original fort.

~~As you will see, there appear to be a number of possibilities for generating new economic activity in South Shields.~~

You also wrote to me on 15 March about a marine engine simulator. [then as in Do 1 draft.]

(N.P.) I hope that it will ^{now} ~~be~~ possible to make progress on some of these ideas

Dr. David Clark MP 38/3



Coming 31/3

From the Secretary of State

Mr M Pattison Esq
Private Secretary
NO10 Downing Street

22 March 1982

Dear Mr Pattison

Jonathan Rees has asked me to thank you for your letter of 16 March enclosing one from Dr David Clark MP concerning unemployment in his constituency.

This matter is primarily the responsibility of the Department of Industry, I am therefore transferring your letter and attached correspondence onto the The Rt Hon Patrick Jenkins office for reply.

Yours Sincerely,

Jane C Reynolds

Miss J C Reynolds
Assistant Private Secretary



FILE SW

30/3

Dr. David CLARK MP

10 DOWNING STREET

From the Private Secretary

16 March, 1982

I enclose a copy of a letter to the Prime Minister from Dr. David Clark, M.P. This follows a discussion which he had recently with the Prime Minister about unemployment in his constituency.

I should be grateful if you would let me have a draft reply for the Prime Minister's signature by 30 March. If the subject is one for another Department, please transfer this letter and let us know.

M. A. PATTISON

Jonathan Rees, Esq.,
Department of Trade

to D/IND. 22/3

SWP



FILE SW

10 DOWNING STREET

From the Private Secretary

16 March, 1982

I am writing on behalf of the Prime Minister to thank you for your letter of 15 March, about the placing of a Marine Engine Simulator.

I shall place this before the Prime Minister at once, and a reply will be sent to you as soon as possible.

M. A. PATTISON

Dr. David Clark, M.P.

SWP



✓ M.P.
PM
DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 0002
SWITCHBOARD 01-212 7676

From the
Parliamentary Under Secretary of State

Mrs Helen Ghosh
Department of the Environment
2 Marsham Street
LONDON SW1

16 March 1982

Helen,

PRIME MINISTER'S MEETING WITH DAVID CLARK MP

Mike Pattison wrote to me on 4 March following the Prime Minister's meeting with Dr David Clark MP, suggesting that I should provide you with a contribution to the letter she will wish to write, covering the question of South Shields' application for assistance from the European Regional Development Fund.

In fact, it is your department which will be processing these applications in the first instance, since they are in respect of infrastructure projects under the special regulation providing for non-quota aid to shipbuilding closure areas. Your letter might say, to begin with, that whilst your Department and ours has had to invite proposals from local authorities in order to compile a programme, formal applications cannot be sent to the Commission until after it has approved the UK programme. There are in fact two separate programmes - one for steel areas, the other for shipbuilding areas. They are substantially the same, and the Commission has had the final version of our steel programme since last October. We now understand that it meets with their approval, and we have therefore sent them the shipbuilding programme which we expect will be approved formally more or less simultaneously with the steel programme later this month. You would then need to add some appropriate comment about the status of the authority's applications amongst the large number I understand you have received.

Yours sincerely

Anthony Willis

A C S WILLIS
Private Secretary

20th Nov 1957



10/11/57





cc. Mr. Gow

HOUSE OF COMMONS
LONDON SW1A 0AA

15 March 1982

R16/3

The Rt Hon Mrs Margaret Thatcher MP
10 Downing Street
London W1

Dear Prime Minister

It was a pity that the wind precluded your launching the SD14 at Sunderland last Friday but I trust you were impressed by the standard of shipbuilding in the North East.

When I saw you recently you expressed sympathy about the level of unemployment in South Shields, and I forgot to mention one of the main employers in South Shields, the South Shields Marine and Technical College which is one of the top colleges of this type in the country.

I understand HMG in the form of the National Maritime Institute is considering the placing of a Marine Engine Simulator which would assist in teaching and research. For some reason there has been a delay in the announcement of the siting of the Simulator and can I draw to your attention the claims of South Shields. In addition to the College itself with the reputation par excellence we have also in the vicinity the Department of Marine Engineering at Newcastle University, Sunderland Polytechnic, British Shipbuilders Headquarters and Doxfords the marine engineers on the Wear.

I would be most grateful for any assistance you can give in the siting of this Simulator which would be a boon to our area.

Yours sincerely

Dr David Clark MP



10 DOWNING STREET

From the Private Secretary

4 March 1982

Dear Anthony

As you know, the Prime Minister had a meeting today with Dr. David Clark, M.P., following the announcement of the closure of two factories owned by Mary Harris Limited. Mr. MacGregor was present.

Last year, Dr. Clark had seen the Prime Minister to discuss the closure of Ferrograph Limited. On that occasion, Mr. Tebbit was at the meeting, and the discussion centred on the possibilities of tackling urban dereliction in the constituency, and the problems of stimulating new industrial investment. This time, Dr. Clark had come equipped to raise with the Prime Minister some specific possibilities for generating new economic activity in the area. The Prime Minister welcomed this approach and will want to follow up the four specific points raised by Dr. Clark, which I set out below. The first of these is for your Department, but the remaining three are perhaps primarily for the Department of the Environment.

1. Dr. Clark said that the area had submitted two schemes as candidates for European Community assistance. The applications had been made eighteen months ago. The Commission reported that action was being held up in the Department of Industry. Mr. MacGregor said that the problem lay with the Commission, because a Community decision on the final parameters of the scheme was still awaited. He would nevertheless check the exact status of the applications.
2. Dr. Clark reported that he had privately been in touch with senior management at the Bradford and Bingley Building Society. He had established that the Society would be prepared to join others in financing a scheme worth, say, £3m. for the provision of about 300 homes. The homes would be designed to cater for applicants on the local authority housing list, and the investment would generate local employment, given that there were around 700 people from the construction industry registered as unemployed. There

/would

would be a preference for local firms in the tendering. The Society had, however, asked that the scheme should be underwritten by the Government, suggesting that there were parallels with the option mortgage scheme.

The Prime Minister was not immediately attracted by such an arrangement, because she did not believe that the Society ought to require a Government guarantee. She nevertheless undertook to investigate the potential for such a scheme. Dr. Clark handed over some relevant correspondence. I attach copies, which need to be treated as private.

3. Dr. Clark said that the local authority had also been looking at initiatives which might help to provide work in the construction field. His own building society scheme had not been developed with the local authority at this stage, but the authority had its own proposals for additional sheltered housing. The Prime Minister suggested that the local authority might have funds underspent within its capital allocation for the present year. Dr. Clark said that they claimed not to be in that position, but that he would appreciate clarification.
4. Dr. Clark said that there ought to be some scope for developing leisure activities in the area. There were possibilities in the coastline, which benefited from the absence of the less attractive forms of seafront development found in other northern resorts. One idea which he had heard discussed was to consider the reconstruction of some part of Hadrian's Wall. One of the forts, rebuilt to simulate the original working structure, could well have considerable attraction as a theme park. He knew that the leader of the Northumberland County Council was enthusiastic about this kind of possibility. There was a fort right in South Shields.

The Prime Minister said that this kind of approach would be well worth investigation. It would be necessary to engage the interest of a company with experience of large scale projects. There might conceivably be some scope for involving the National Heritage Memorial Fund. She would make enquiries.

The Prime Minister will now wish to write to Dr. Clark having made further enquiries about the prospects for progress - with or without any form of Government support - in these various directions. I should be grateful if the Department of the Environment could co-ordinate a suitable draft. I hope that we can have something by 24 March. The Prime Minister will wish to give as much encouragement as possible.

I am sending copies of this letter to Helen Ghosh (Department of the Environment), Marie Fahey (Department of Employment) and Jill Rutter (HM Treasury).

Yours ever

Mike Paterson

*enclosure as at X above
sent to Ind, Gov + HMT
(not Emp).*

Anthony Willis Esq
Department of Industry



BRADFORD & BINGLEY BUILDING SOCIETY

From: R T Gardner, FCBSI
Chief Executive

BINGLEY
WEST YORKSHIRE
Telephone Bradford 568111

19th February 1982

PRIVATE & CONFIDENTIAL

Dear David,

Housing Development in South Shields

Further to our enjoyable dinner on Wednesday the 10th February in the House and our discussion regarding the above, I have now been able to give the matter further consideration.

As I understand it, the objectives include :

1. A potential development of up to 300 houses with appropriate environmental attractions.
2. Provision of employment for local labour.
3. To satisfy in whole or in part the Local Authority Housing list.
4. Preference to be given to a local/regional firm of builders who must be members of the NHBC for reasons well known to yourself.

I would add that in addition to the above my own personal preference would be for a local builder who is a member of the Federation of Master Builders as well as being a member of the NHBC. The reason I make this point is that the Federation of Master Builders have recently been operating a scheme which could be ideal for your project. It would also be acceptable to the Government since subsidies are not involved.

J..

The scheme is known as "Licence to Build", an outline of which is as follows :

- a. The Local Authority provides a licence for the builders to build homes to an agreed price and standard.
- b. The builder does not actually purchase the land and it is part of the agreement that upon reaching the footings stage he must offer the property to persons on the Local Authority Housing list. If, within 12 weeks of such an offer there are no buyers from the Local Authority Housing list, the agreement provides for the property to be put on the open market. It is understood that this has never actually happened in practice.
- c. The house purchaser then buys the land direct from the Local Authority and the property from the builder.

I am obtaining a copy of the draft contract in respect of "Licence to Build" and will send it to you as soon as possible.

You will note that through this scheme the Local Authority retains control of the development while the builder need only provide minimal finance (up to footings stage), the rest of the finance being supplied by Building Societies.

There is nothing new in what I have said, it being simply a form of progress mortgage which Building Societies have been doing for years. Incidentally, the builders prefer this type of progress mortgage since they themselves are not involved in interest charges !

It would not be too difficult to get several Societies to become involved in this development. Certainly Bradford & Bingley would be willing, though obviously no one Society, for obvious reasons, would want a total commitment to an Estate of 300 properties whether it be in South Shields or elsewhere. Apart from Bradford & Bingley, I am sure the local Society, the Sunderland and Shields would be interested, while the major Societies, particularly the Halifax, Abbey National and Nationwide would also wish to be involved. I am quite certain there would be no difficulty in ensuring that the necessary finance was there.

Incidentally, Bill Hilton, who is the National Director of the Federation of Master Builders is well known to me. In fact I had a detailed discussion with him about this project earlier this week. He was most interested. He assured me that in those cases where "Licence to Build" had already been involved there was no problem in selling the houses

/..

to those people on the Local Authority waiting list. He went further and stated that they had not yet come across a case where it was necessary to put the house on the open market - as indeed was mentioned in the earlier part of this letter.

Naturally Building Societies require some form of protection in case of default - to ensure that investors' interests, such as your own, are fully protected ! There are two methods of approaching this problem :

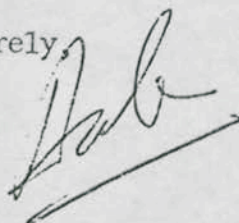
- a. The Building Society can arrange a single premium insurance guarantee policy - the premium being paid by the borrower. The premium involved can be reduced if the Government (e.g. Option Mortgage Scheme) are prepared to share part of any losses involved.
- b. The Local Authority can provide a guarantee under the 1980 Housing Act whereby in the event of a Building Society suffering a loss, a claim can be made on the Local Authority.

In the past, Building Societies have preferred (a) because of the speed of operation, some Local Authorities being rather long winded in making a decision about a guarantee. Having said that, (b) can be done at no cost to the applicant. If the Local Authority will give speedy decisions then I am quite sure the Building Societies would opt for (b) particularly as the Housing Act does give power to give a global guarantee.

I am enclosing a copy of this letter as you may wish to pass it to a "colleague".

Best Wishes,

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'D Clark', written over a horizontal line.

Dr. David Clark, M.P.,
House of Commons,
LONDON SW1A 0AA.



10 DOWNING STREET

Prime Minister

PM
Last time you saw David Clark, he pressed you to visit South Shields. You hinted that you might, if it could be arranged without advance publicity.

Next week you will be on Tyneside v Wearside, but not in his constituency. You may want to say a word about not having been able to fit in S. Shields.

MP
3/3



FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY

KENNETH BAKER'S OFFICE

Caroline Stephens
10 Downing Street
WHITEHALL

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212
SWITCHBOARD 01-212 7676

PM
6401

3 March 1982

Dear Caroline,

I enclose briefing for the Prime Minister's meeting with Dr David Clark MP to discuss the closure of the Mary Harris factory in South Shields. Mr MacGregor will attend the meeting which I understand will take place at 15.30 on Thursday 4 March in the Prime Minister's room in the House.

Yours ever,

N M McMILLAN
PRIVATE SECRETARY

M31/M31AAD



CLOSURE OF MARY HARRIS LTD FACTORIES
MEETING BETWEEN THE PRIME MINISTER AND DR DAVID CLARK MP
ON THURSDAY 4 MARCH AT 3.30 PM

BRIEF FOR THE PRIME MINISTER

1. On 5 February 1982 Mary Harris Ltd, a wholly owned subsidiary of the Vantona Group Ltd, informed the Department of Employment of the intended closure of their factories at Team Valley, Gateshead (job loss 147) and Eldon Street, South Shields involving the loss of 136 jobs.

Subsequently, Dr Clark, asked to meet the Prime Minister.

DR CLARK'S INTEREST

2. The South Shields site, which is situated in the South Tyne travel to work area, lies within Dr Clark's constituency. During the past 2 years he has asked a series of Parliamentary Questions about unemployment in the Northern Region and in South Shields. He also raised this issue in an Adjournment Debate on 1 July 1980.

More recently Dr Clark had a meeting with the Prime Minister on 24 July 1981 regarding the closure of a company in the hi-fi industry, NE Audio Ltd of South Shields.

3. Dr Clark's approach has been on the following lines:

- a) to emphasise the worsening position of employment in the North East in general and his Constituency in particular;
- b) to complain about the lack of initiatives to ease the situation.



CLOSURE OF MARY HARRIS LTD

4. The parent company, Vantona Group Ltd of Manchester employ about 9,000 people in 40 companies throughout the UK, mainly manufacturing soft furnishings, garment manufacture being a peripheral activity. One of the main outlets for Vantona household fabric products is the retail stores of Marks & Spencer Ltd who also take virtually the whole of the Mary Harris garments. Two factors seem to be relevant, first Marks & Spencer are rationalising the number of their suppliers and second they gave almost a years notice of the intention not to re-order Mary Harris garments. It is the cessation of orders from Marks & Spencer Ltd which has precipitated the current crisis. Vantona claim to be seeking alternative outlets for the Mary Harris production within the 90 day redundancy period. They are not at all optimistic that they will be any more successful than in the past year.

UK CLOTHING INDUSTRY

5. The clothing sector has been hit harder than most by the recession, suffering major reductions in employment and output and a dramatic fall in profitability in both home and export markets. Over 50,000 jobs were lost during 1980 and 1981 and 6,000 of the workforce were on short time in December 1981. Domestic production fell by 12% in 1980 and a further 12% in first 9 months of 1981.

The difficulties experienced over the past 2 years have been variously attributed to the recession, high interest rates, rising energy costs and a major de-stocking by retailers. In addition, the industry is hit by the problems of imports of low cost sources.



Government measures to assist the industry include the following

- a) re-negotiation of the Multi-Fibre Arrangement (MFA).
- b) UK industry assistance including aid under the Industry Act 1972, Sections 7 and 8.
- c) action concerning aid schemes in other Member States.

POINTS FOR DISCUSSION

6. In view of his past approaches Dr Clark is likely to raise with the Prime Minister the same issues as he has stressed previously including the reasons behind the closure of Mary Harris Ltd, the overall economic position of the Clothing and Footwear sector of industry, and the incentives available to industry and the unemployed in the North.

EMPLOYMENT INITIATIVES OPERATING IN THE NORTH EAST

7 a) In July 1981, the Prime Minister announced the setting up of 20 Information Technology Centres where young unemployed people will receive training in computing, electronic assembly and basic information technology skills. In the North East these centres are being established in Newcastle, Sunderland and Gateshead. Others are in preparation, waiting for the next phase.

b) Between April 1981 and end of October 1981, 31,500 were employed on Youth Opportunity Schemes in the North East, the target for the financial year ending March 1982 being 55,000.



c) The Community Enterprise Programme is currently providing temporary employment for around 3,650 long-term unemployed adults.

d) The number of workers covered by the Temporary Short Time Working Scheme, in the quarter ending 31 December 1981, was 4,800.

OTHER POSITIVE DEVELOPMENTS IN 1981 IN THE SOUTH TYNE TTWA

e) Reid Furniture Ltd, Team Valley are investing £500,000 in an expansion project. The current employment of 80 will be boosted to at least 160.

f) NEI Power Engineering Ltd, Gateshead are creating 100 new jobs with the introduction of their £6m ultra-modern robot production line.

g) Rohm & Haas are building a £9m plant at their Jarrow site. The plant should be built by 1983 and will mean an extra 20 jobs.

h) J Barbour & Sons, manufacturers of outdoor and protective clothing is moving into a new 28,000 sq ft factory at South Shields. Employment has expanded from 90 to 180 in the last three years.

i) A £5m development for cash and carry firm Batley Ltd is planned for 1982 at Birtley. 80 jobs will be created.

j) Munck UK Ltd, Hebburn are creating 20 new jobs to meet orders for cranes, especially designed for bulk carriers.



BACKGROUND NOTE ON SOUTH TYNE - FEBRUARY 1982

1. INTRODUCTION
2. INDUSTRIAL STRUCTURE
3. PRINCIPAL EMPLOYERS
4. UNEMPLOYMENT, REDUNDANCIES
5. NEW FIRMS
6. SELECTIVE FINANCIAL ASSISTANCE
7. FACTORIES AND LAND



1. INTRODUCTION

South Tyne TTWA is part of the Tyne and Wear Metropolitan County, which is one of the six Metropolitan counties in the United Kingdom. The area has a population of 372,200 which is approximately 32% of the total for Tyne and Wear. The area was unaffected by the Assisted Area changes announced in July 1979 and has remained an SDA.

2. INDUSTRIAL STRUCTURE

	EMPLOYEES IN EMPLOYMENT 1977 CENSUS OF EMP	
Primary Industries	7,845	= 4.9%
Manufacturing Industry	66,971	= 41.5%
Construction Industry	13,070	= 8.0%
Service Industry	73,630	= 45.6%
	<u>161,516</u>	<u>= 100%</u>

3. PRINCIPAL EMPLOYERS

Principal employers include A Reyrolle & Co Ltd, Hebburn, Electrical Switchgear; Swan Hunter Shipyards, Hebburn and South Shields; Filtrona Ltd, Jarrow, Filter Tips; Plessey-Telecommunications Ltd, South Shields, Telegraph and Telephone Apparatus; and Middle Docks and Engineering Co Ltd, South Shields, Shiprepairing and Engineering.

4. UNEMPLOYMENT AND REDUNDANCIES

The South Tyne area has a current (February 1982) unemployment rate of 18.2% (21.0% males) compared with the North Eastern Region rate of



16.5% (19.6% males) and the Great Britain rate of 12.4% (15.1% males).

More detailed figures are as follows:

	<u>Males</u>	<u>%</u>	<u>Females</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Feb 1982	24,246	21.0	8,617	13.2	32,863	18.2
Jan 1982	24,608	21.3	8,704	13.3	33,312	18.4
Feb 1981	20,878	18.1	7,218	11.0	28,096	15.5

REDUNDANCIES

In South Tyne TTWA, 4,704 redundancies were notified by employers to Department of Employment in the 12 months to January 1982. (Some of these intended redundancies were/may be subsequently cancelled.)

However, from the beginning of January 1981 to the end of November 1981, 4,924 redundancies have actually taken place. Some of the more significant notified redundancies were:

	<u>Numbers Affected</u>		<u>Date Notified</u>
	<u>M</u>	<u>F</u>	
Royal Ordnance Factory, Birtley	NK	274	(Mar 81)
Dunlop (Hydraulic Hose), Gateshead	(NK 19 29)	322 20 29	(Feb 81) (May 81) (Jan 82)
British Shipbuilders, South Shields	NK	440	(Apr 81)
Royal Ordnance Factory, Chester-le-Street	NK	274	(Mar 81)
T I Churchill, Blaydon	194	210	(Sept 81)
Caterpillar Tractor, Birtley	758	775	(Oct 81, Jan 82)



5. NEW FIRMS

Since 1966, 77 new firms have opened up in South Tyne TTWA, 20 of them have since closed. The remaining 57 currently employ 4,317 people (2,701 males).

6. SELECTIVE FINANCIAL ASSISTANCE

Up to end of December 1981, assistance under the Industry Act 1972 (Section 7) (excluding assistance to the Shipbuilding industry) has been offered for 157 projects* involving a total amount of £19.9m estimated to provide 9,030 additional jobs with 8,143 jobs safeguarded.

*Project costs - £188.8m

In addition, assistance under Section 8 has been offered for 49 projects involving a total amount of £3.7m with associated project costs of £20.2m.

7. FACTORIES AND LAND

At present there are 45* factory units available totalling 452,625 sq ft. This figure includes new advance factory units and vacant premises previously leased. (25 units totalling 118,643 sq ft were let in 1981.)

In addition, a further 43 units totalling 66,940 sq ft of factory space have been announced for Tyneside.

*Factories complete and available:

Team Valley	-	33 (272,713 sq ft)
South Shields	-	8 (62,348 sq ft)
Jarrow	-	4 (115,564 sq ft)

Unemployment Figures

Date: 11 FEBRUARY 1982.

SOUTH SHIELDS			JARROW & HEBBURN			EAST BOLDON			SOUTH TYNESIDE		
MALE	FEMALE	BOTH	MALE	FEMALE	BOTH	MALE	FEMALE	BOTH	MALE	FEMALE	BOTH
%	%	%	%	%	%	%	%	%	%	%	%
NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
5947	2142	8089	3606	1490	5096	735	279	1014	10288	3911	14199
26.3	13.5	21.0	20.4	19.6	20.1	24.2	21.5	23.4	23.7	15.8	20.8

Unfilled Vacancies

	EO	CO	BOTH
SOUTH SHIELDS	89	7	96
JARROW & HEBBURN	13	2	15
EAST BOLDON	11		11
SOUTH TYNESIDE	113	9	122

SC CSC PA PP GA DL

JD (+) NS (S/S)

Dr. D. Clark M.P.

D. Dixon M.P.



Edith Dickson, Chief Planner

Borough of South Tyneside Planning Department

Tel. (0532) 56753



HOUSE OF COMMONS
LONDON SW1A 0AA

please file.
cf. 24/2.

Prime Minister

22 February 1982

The Rt Hon Mrs Margaret Thatcher MP
10 Downing Street
London W1

Dear Prime Minister

This is merely to confirm that I shall attend
your room at the House of Commons on Thursday
4 March at 15.30, as you requested.

Yours sincerely

Dr David Clark MP

TO: JONATHAN HUDSON ESQ

CF

2/3



Dr. J. CLARK
MP

10 DOWNING STREET

Could your brief please reach us
by close of play on Tuesday
2 March.

With the compliments of

CAROLINE STEPHENS



From: R T Gardner, FCBSI
Chief Executive

BRADFORD & BINGLEY BUILDING SOCIETY

BINGLEY
WEST YORKSHIRE
Telephone Bradford 568111

19th February 1982

PRIVATE & CONFIDENTIAL

Mr David,

Housing Development in South Shields

Further to our enjoyable dinner on Wednesday the 10th February in the House and our discussion regarding the above, I have now been able to give the matter further consideration.

As I understand it, the objectives include :

1. A potential development of up to 300 houses with appropriate environmental attractions.
2. Provision of employment for local labour.
3. To satisfy in whole or in part the Local Authority Housing list.
4. Preference to be given to a local/regional firm of builders who must be members of the NHBC for reasons well known to yourself.

I would add that in addition to the above my own personal preference would be for a local builder who is a member of the Federation of Master Builders as well as being a member of the NHBC. The reason I make this point is that the Federation of Master Builders have recently been operating a scheme which could be ideal for your project. It would also be acceptable to the Government since subsidies are not involved.

J..

The scheme is known as "Licence to Build", an outline of which is as follows :

- a. The Local Authority provides a licence for the builders to build homes to an agreed price and standard.
- b. The builder does not actually purchase the land and it is part of the agreement that upon reaching the footings stage he must offer the property to persons on the Local Authority Housing list. If, within 12 weeks of such an offer there are no buyers from the Local Authority Housing list, the agreement provides for the property to be put on the open market. It is understood that this has never actually happened in practice.
- c. The house purchaser then buys the land direct from the Local Authority and the property from the builder.

I am obtaining a copy of the draft contract in respect of "Licence to Build" and will send it to you as soon as possible.

You will note that through this scheme the Local Authority retains control of the development while the builder need only provide minimal finance (up to footings stage), the rest of the finance being supplied by Building Societies.

There is nothing new in what I have said, it being simply a form of progress mortgage which Building Societies have been doing for years. Incidentally, the builders prefer this type of progress mortgage since they themselves are not involved in interest charges !

It would not be too difficult to get several Societies to become involved in this development. Certainly Bradford & Bingley would be willing, though obviously no one Society, for obvious reasons, would want a total commitment to an Estate of 300 properties whether it be in South Shields or elsewhere. Apart from Bradford & Bingley, I am sure the local Society, the Sunderland and Shields would be interested, while the major Societies, particularly the Halifax, Abbey National and Nationwide would also wish to be involved. I am quite certain there would be no difficulty in ensuring that the necessary finance was there.

Incidentally, Bill Hilton, who is the National Director of the Federation of Master Builders is well known to me. In fact I had a detailed discussion with him about this project earlier this week. He was most interested. He assured me that in those cases where "Licence to Build" had already been involved there was no problem in selling the houses

to those people on the Local Authority waiting list. He went further and stated that they had not yet come across a case where it was necessary to put the house on the open market - as indeed was mentioned in the earlier part of this letter.

Naturally Building Societies require some form of protection in case of default - to ensure that investors' interests, such as your own, are fully protected ! There are two methods of approaching this problem :

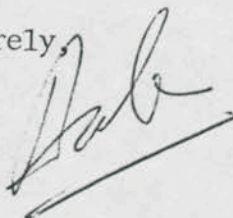
- a. The Building Society can arrange a single premium insurance guarantee policy - the premium being paid by the borrower. The premium involved can be reduced if the Government (e.g. Option Mortgage Scheme) are prepared to share part of any losses involved.
- b. The Local Authority can provide a guarantee under the 1980 Housing Act whereby in the event of a Building Society suffering a loss, a claim can be made on the Local Authority.

In the past, Building Societies have preferred (a) because of the speed of operation, some Local Authorities being rather long winded in making a decision about a guarantee. Having said that, (b) can be done at no cost to the applicant. If the Local Authority will give speedy decisions then I am quite sure the Building Societies would opt for (b) particularly as the Housing Act does give power to give a global guarantee.

I am enclosing a copy of this letter as you may wish to pass it to a "colleague".

Best Wishes,

Yours sincerely,



Dr. David Clark, M.P.,
House of Commons,
LONDON SW1A 0AA.


MFJ

L1 February 1982

Further to our conversation on the telephone this morning, I confirm that the Prime Minister will see you in her room at the House of Commons at 1530 on Thursday 4 March to discuss the closure of the Mary Harris factory in South Shields. Mr. Kenneth Baker will also attend the meeting.

CS

Dr. David Clark, M.P.





HOUSE OF COMMONS
LONDON SW1A 0AA

cc Mr Gow
Fitz Stephens
WFSR (because of
Mr Clark's earlier
invitation to PM
to visit the area
unannounced?)

PB

8 February 1982

R 9/2 Prime Minister

The Rt Hon Mrs Margaret Thatcher MP
No 10 Downing Street
London

Content to see
him on the
usual basis?

Yes Mr.

Dear Prime Minister

MAF 9/2

Sometime ago you did promise to see any MP who had
suffered a factory closure in his constituency.

Last Summer I availed myself of this offer and you
kindly agreed to talk to me about the closure of
Ferrograph Ltd.

Since then the situation has deteriorated consider-
ably and we have suffered a number of closures in
South Shields. On Friday it was announced that the
Mary Harris factory in South Shields is to close
with the loss of 130 jobs. Bearing in mind the
unemployment in South Shields is the worst on
Tyneside I would be most grateful if you would see
me to discuss this closure.

I look forward to your reply.

4 Reed
1530.

Yours sincerely

Dr David Clark MP



RR4/7

mu

pls file
w. PPS

With Compliments

Daniel Carl CLARK

HOUSE OF COMMONS
LONDON SW1A 0AA

Month	Area	Young Persons ¹		Adults ¹		Unem- ployed	% Rate	School Leavers		Male Unemp- loyed	Male % Rate	Female Unemp- loyed	Female % Rate	Unfilled Vacancies
		Boys	Girls	Males	Females			Boys	Girls					
April 1981	S/Shields	572	399	4681	1319	6971	18.1	112	120	5253	23.2	1718	10.8	75
	J/Hebburn	489	364	2937	826	4616	18.2	76	78	3426	19.4	1190	15.6	
	E/Boldon	78	57	530	161	826	19.1	-	-	608	20	218	16.8	
	S/Tyneside	1139	820	8148	2306	12413	18.2	188	198	9287	21.4	3126	12.6	103
May 1981	S/Shields					6971	19.4	143	140	5348	23.6	1623	10.2	92
	J/Hebburn					4677	18.5	95	92	3435	19.4	1242	16.3	
	E/Boldon					828	19.1	-	-	611	20.1	217	16.7	
	S/Tyneside					12476	18.3	238	232	9394	21.7	3082	12.4	123
June 1981	S/Shields					7831	20.4	616	554	5799	25.6	2032	12.8	74
	J/Hebburn					5001	19.8	289	244	3607	20.4	1394	18.3	
	E/Boldon					827	20.1	-	-	609	20	218	16.8	
	S/Tyneside					13659	20.1	905	798	10015	22	3644	15.8	105
Quarterly Averages														
2nd 1980	S/Tyneside	831	820	6654	1698	10258	15.1	344	367	7537	17.4	2721	11.0	258
3rd 1980	S/Tyneside	1641	1613	6509	2021	11549	17.0	848	883	7980	18.4	3509	14.4	186
4th 1980	S/Tyneside	1085	1198	6746	2124	11242	16.5	298	411	8042	18.5	3200	12.9	118
1st 1981	S/Tyneside	1054	1026	8027	2228	12255	18.0	219	270	9142	21.0	3133	12.6	127
2nd 1981	S/Tyneside	1139	820	8148	2306	12849	18.9	444	409	9565	21.7	3284	13.6	110

1. Separate figures for young persons and adults are only available for the first month of each quarter. The quarterly averages shown under these headings are the true figures for those months and so do not add up to the three quarterly average shown under unemployed



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 7691
SWITCHBOARD 01-212 7676

From the
Minister of State
APS/Norman Tebbit MP

Miss Caroline Stephens
10 Downing Street
London SW1

27 July 1981

Dear Caroline,

I understand that at the meeting the Prime Minister had on 24 July with Dr David Clark, which Mr Tebbit attended, he promised the Prime Minister a list of ministerial regional engagements for September and October.

I attach such a list.

Yours sincerely

Heather Archer

~~1 copy~~, please

HEATHER ARCHER

W
5/8

Enc

WFSR

Mr Tebbit suggested that PM might be able to visit difficult areas without too much aggro by taking over his itinerary at the last moment.
24 AP 30/10

MINISTERIAL ENGAGEMENTS: SEPTEMBER/OCTOBER 1981

SIR KEITH JOSEPH MP

9 October - Possible trip to the Eastern area (combined CCO/DOI)

28 October - Half day industrial visit to Maidstone; lunch with the London Chamber of Commerce and Industry

NORMAN TEBBIT MP

14/15/16 September - Visit to the South West

9 October - Visit to the British Shipbuilders facilities in the North East

12/13 October - Visit to Scotland

KENNETH BAKER MP

15 September - Visit to Mullards Southampton and open the Southampton Unit for New Technologies

22 October - Possible visit to IBM - Havant

30 October - Digital - Reading

MICHAEL MARSHALL MP

4 September - Visit to WKR - Goodwood

14 September - Opening Southampton Boat Show. Visit to Vosper Hover Marine, Southampton

16 September - Visit to PATCENTRE, Cambridge followed by the Robinson College Conference "Education of Tomorrow's Engineering Designer"

17 September - Visit to CAD/C, Cambridge Perkins Engine

22 September - IBA, Winchester

24 September - GEC Marconi - Chelmsford

JOHN MACGREGOR MP

22 September - Business Opportunities Programme - Bristol

30 September/1 October - Visit to North East

5 October - Visit to the West Country

6 October - Business Opportunities Programme - Devon

20/21 October - Possible Business Opportunities Programme -
Brighton

22 October - Possible visit to Birmingham

October - 1981 to the present
October - 1981 to the present
October - 1981 to the present
October - 1981 to the present



27 JUL 1981

subject

cc Master



cc: HO
JOE

PM

JOE

10 DOWNING STREET

From the Private Secretary

24 July 1981

Thank you for your letter of 23 July, with which you enclosed briefing for the Prime Minister's meeting this morning with Dr. David Clark MP about the closure of North East Audio Limited, South Shields.

Dr. Clark made it clear at the outset that he saw little hope of saving the Company, which was ceasing to trade today. There was, however, some prospect of one small operation, which might employ about a dozen people, being salvaged.

He had asked to see the Prime Minister in order to impress upon her the extent of deprivation in North Eastern towns. In South Shields, one in four men were out of work, and there was a prospect of a further pit closure just outside the constituency which would cost another 700 jobs. He rehearsed the history of North East Audio Limited, along the lines set out in the briefing. Mr. Tebbit confirmed that the Company had applied for all Government assistance to which it was entitled. He added that the firm had been investigated by outsiders twice, and in both cases the conclusion was that the Company had no future as then organised. Mr. Tebbit said that, if there was any suggestion that parts of the Company could be of interest to prospective purchasers he would be happy to arrange for proposals to be considered sympathetically, so far as they were compatible with NEB criteria.

Turning to the wider issues, Dr. Clark showed the Prime Minister photographs of urban clearance areas in his constituency. There was some discussion of the levels of wages which would be necessary to encourage people to return to work in preference to staying at home on social security benefits. Dr. Clark said that there was concern brewing up about the Secretary of State for the Environment's role in Merseyside. The Government might feel that it had to pump money into inner cities following the riots at the expense of other areas of the country. The Prime Minister said firmly that she would not pump funds into the riot areas at the expense of other towns which had continued to operate in a decent and orderly fashion.

Dr. Clark said that he had contemplated inviting the Prime Minister to visit the North East. The Prime Minister said that she intended to do so at some stage, but only if this could be organised so that she could genuinely see for herself without

/ being

ES

being dogged by politically motivated demonstrations. It was with this in mind that she had set off very early in the day for her recent visit to Liverpool. Dr. Clark accepted this point, and had discussed with the South Shields Chief Executive whether present conditions made it possible for the Prime Minister to make a worthwhile visit to the area.

In conclusion, Dr. Clark said that he was concerned by the lack of initiative which was now apparent in the region. The tradition in the area was of workforces employed by huge undertakings. In the face of the current recession there were disappointingly few people prepared to attempt to set up on their own in a small way. This loss of self-confidence was a major problem for the future.

When Dr. Clark left, Mr. Tebbit mentioned to the Prime Minister his own plans for visits to the North East and Scotland. He suggested that one way of allowing her an unpublicised visit to an area like the North East would be for her to take over at the last minute an itinerary already set up for him. The Prime Minister said that this would be worth considering, and Mr. Tebbit agreed that you would keep this office informed of his plans.

I am sending copies of this letter to David Edmonds (Department of the Environment) and John Halliday (Home Office) in view of the Prime Minister's reference to the Secretary of State for the Environment's assignment on Merseyside.

M. A. PATTISON

Peter Mason, Esq.,
Department of Industry.



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
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SWITCHBOARD 01-212 7676

*From the
Minister of State*

PS/Norman Tebbit MP

Mike Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

23 July 1981

Dear Mike

You wrote to Jonathan Hudson enclosing a letter to the Prime Minister from Dr David Clark MP about the closure of North East Audio Limited, South Shields. As you know it has been agreed that Mr Tebbit should be present at the meeting in view of the NEB's substantial involvement in the company.

I attach a background brief and speaking notes on the closure of the NEB's regional role, together with a note on the South Tyneside area.

Yours sincerely

Peter Mason

PETER MASON
Private Secretary



Brief for the Prime Minister's Meeting with Dr David Clark MP,
Friday 24 July 1981

NORTH EAST AUDIO LIMITED (NEAL)

Line to take

1 I understand that the decision to appoint a Receiver was taken by North East Audio & bankers following two independent reports ^{which concluded} that the company was not viable in the long term.

2 The NEB made strenuous efforts to interest other UK electronics companies in taking on North East Audio's operations ^{the} as a going concern and in providing funding needed to make it viable in the long term. However they received no firm expressions of interest. In the circumstances and in the light of the two consultants reports the NEB themselves did not feel that further investment of taxpayers' money would be justified.

3 (If further NEB investment is suggested). The NEB are required to operate commercially and to make investments only when they foresee an adequate rate of return within a reasonable period. We have recognised the importance of the NEB in the regions by giving them an investment role in industrial undertakings in the English Assisted Areas. But they cannot continue to prop up loss making companies with taxpayers money where they have no long term future.

NEB's Regional Role

4 The Guidelines that we issued in August 1980 gave the NEB a clear regional role and we regard this as a high priority. The Board are continuing to seek viable investment opportunities in the Northern Region: in particular through their Anglo-American Venture Fund which they have established to develop advanced technology businesses in the English Assisted Areas.

5 The NEB is of course only one of the public bodies operating in the region. Its role is not as broad as that of the Scottish or Welsh Development Agencies which also carry out factory building and small business activities which in England are done separately by the English Industrial Estates Corporation, Cosira and the Department of Industry's Small Firms Counselling Service. The Northern Region has benefitted more than any other from investments by the EIEC, and since we came into office more than £175 million has been paid in regional development grants, a third of the total RDGs for Great Britain. Regional aid to the Northern region in 1979-80 alone amounted to £48 per head, more than in other parts of the country.

6 (Effect of NEB/NRDC Merger): We do not intend that there should be any immediate change in the functions which the two organisations perform. The NEB's regional role is important and will continue.



Brief for the Prime Minister's Meeting with Dr David Clark MP,
Friday 24 July 1981

NORTH EAST AUDIO LIMITED (NEAL)

Background

Dr Clark has asked to see the Prime Minister about the recent closure of North East Audio in South Shields, with the loss of 120 jobs.

2 The company was formed in 1972 specialising in the production of specialised audio and electronic recording equipment for professional and semi-professional use eg by broadcasters and for monitoring. In 1977 it acquired Ferrograph Ltd at South Shields which was then under threat of closure by its parent company Wilmot Breeden Ltd. Ferrograph was a long-established company producing a similar range of products including certain specialised defence items for GCHQ Cheltenham and for overseas buyers through MOD.

3 To enable NEAL to raise the finance to acquire Ferrograph the NEB invested £439,000 in the company for 49% of the equity. The balance of the shares remained with the NEAL management (20%) and ICFC (31%). NEAL made a small profit in 1978 and 1979 but it became clear that the company had a number of major weaknesses which would have to be remedied if it was to have a long-term future. In particular its product range was too broad while the management, although technically strong, lacked adequate sales and production experience. From mid 1979 accordingly the NEB with the assistance of the MOD sought to find an industrial buyer which could provide the necessary management capability. However, although all the major electronics companies were approached none showed any firm interest in taking NEAL on as a going concern.

4 Meanwhile NEAL ran into increasing liquidity problems. The NEB, therefore, commissioned a report by Price Waterhouse which concluded that there was no short term solution to the company's financial difficulties and that the existing management was inadequate. The NEB then reviewed the position with ICFC and NEAL's bankers (Barclays) and engaged a firm of management services consultants, Bamford Hall to assist NEAL's management while the company's future was assessed. They too concluded that the company has no long term future. In the circumstances the NEB concluded that they would not be justified in providing further funds. And in the absence of any buyer willing to take on the company Barclays decided to appoint a receiver at the end of April.



Confidential

(5 In reviewing NEAL's future the NEB kept in close touch with the MOD. Although the MOD expressed regret at the possibility of closure they did not feel that there were compelling defence reasons for keeping it in operation (there are alternative UK suppliers of NEAL's equipment).

6 Although NEAL's problems stem mainly from its own management and financial weaknesses, virtually all companies in this specialised audio products sector are currently in difficulty. These generally small businesses have been dependent on narrow markets for electronic products of more sophisticated design with higher performance than is needed by the mass domestic market and their growth had been based on a traditionally high ratio of exports (up to 60%). For the last two years, exports have been cut back by the strength of sterling and this year cash flow problems at the worst time of the year (sales reach an annual peak in the autumn) have been aggravated by the suspension of VAT repayments on exports due to the Civil Service dispute. The general problems in this sector may have contributed to the failure to sell the North East Audio as a going concern.

NEB Regional Role

7 The NEB operates in the North East through its Northern Region Board in Newcastle. This was strengthened in December 1979 by the appointment of prominent local businessmen under the Chairmanship of Mr Paul Nicholson (Chairman, Vaux Breweries) and by the rationalisation of the executive organisation. Nevertheless the NEB have consistently found difficulty in identifying suitable projects in the area and with the closure of NEAL their total investment in the area has fallen to £1 million in 4 companies. The NEB, are, however, making a major effort to identify new opportunities especially through their £2 million Anglo-American Venture Fund established in November 1980 to develop new advanced technology business in the English Assisted Areas, including seeking out opportunities for the manufacture of high technology products already launched successfully in the USA. Investment opportunities are identified by Anglo-American Venture Management (based in Manchester) jointly owned by the NEB and the Californian Venture Capitalist Mr Jack Melchor.



NEAL - Regional Selective Assistance

8 The company received a loan of £10,000 under Section 7 of the Industry Act 1972, to assist its establishment in Newcastle and a further loan of £6000 was made available in 1974. Finally in March 1978 the company was offered an interest relief grant of £139,740 to assist the purchase of Ferrograph. NEAL then moved to the ex-Ferrograph factory at South Shields increasing its own employment from 17 to 149. The company subsequently had difficulty in making prompt repayments of the Industry Act Loans advanced but they were finally repaid in full in 1980. Three of the four payments, amounting to £115,080, on account of the Interest Relief Grant offer have been advanced to the company, the last payment being made in June 1980. In April 1981 the company applied for the final Interest Relief Grant payment of £24,660; at that time it employed 117 people. Payment was not made because of the uncertainty over the company's future.



ANNEX

BACKGROUND NOTE ON SOUTH TYNESIDE

1. INTRODUCTION

South Tyneside is part of the Tyne and Wear Metropolitan County, which is one of the 6 Metropolitan counties in the United Kingdom. The area has a population of 160,500 which is approximately 14% of the total for Tyne and Wear. The area was unaffected by the Assisted Area changes announced in July 1979 and remained an SDA.

2. INDUSTRIAL STRUCTURE

	EMPLOYEES IN EMPLOYMENT 1977 CENSUS OF EMP	
Primary Industries	7,845	= 4.9%
Manufacturing Industry	66,971	= 41.9%
Construction Industry	13,070	= 8.0%
Service Industry	73,630	= 45.6%
	<hr/>	<hr/>
	161,516	100%
	<hr/>	<hr/>

3. PRINCIPAL EMPLOYERS

Principal employers include A Reyrolle & Co Ltd, Hebburn, Electrical Switchgear; Swan Hunter Shipyards, Hebburn and South Shields; Filtrona Ltd, Jarrow, Filter Tips; Plessey-Telecommunications Ltd, South Shields, Telegraph and Telephone Apparatus; and Middle Docks and Engineering Co Ltd, South Shields, Shiprepairing and Engineering.

4. UNEMPLOYMENT AND REDUNDANCIES

The South Tyne area has a current (June 1981) unemployment rate of 17.2% (19.7% males) compared with the Northern Region rate of 16.0% (19.1% males) and the Great Britain rate of 10.9% (13.3% males). More detailed figures are as follows:-

	Males	%	Females	%	Total	%
June 1981	22,749	19.7	8,358	12.8	31,107	17.2
May 1981	21,550	18.7	7,248	11.1	28,808	15.9
June 1980	16,483	14.3	6,882	10.9	23,365	12.9



REDUNDANCIES

On South Tyneside intended redundancies notified by employers to Department of Employment in the 12 months to June 1981 numbered 7,452 of which 4,771 were males. (Some of these intended redundancies were/may be subsequently cancelled). However, from the beginning of January 1981 to the end of March 1981, 1,853 redundancies have actually taken place. Some of the more significant notified redundancies were:-

	<u>M</u>	<u>T</u>	<u>Date Notified</u>
Royal Ordnance Factory Birtley	(200 UK	222 274	Dec 80 Mar 81
Dunlop (Hydraulic Hose) Gateshead	(UK 19	322 20	Feb 81 May 81
NEI Reyrolle Ltd Hebburn	664	800	Jan 81
British Shipbuilders South Shields	UK	440	Apr 81

5. NEW FIRMS

Since 1966, 77 new firms have opened up on South Tyneside, 20 of them have since closed. The remaining 57 currently employ 3,334 people (3,246 males).

6. SELECTIVE FINANCIAL ASSISTANCE

Up to end of May 1981 assistance under the Industry Act 1972 (Section 7) (excluding assistance to the Shipbuilding industry) has been offered for 153 projects* involving a total amount of £18.3m estimated to provide 8,474 additional jobs with 8,282 jobs safeguarded.

*Project costs £176.5m

In addition assistance under Section 8 has been offered for 49 projects involving a total amount of £3.7m with associated project costs of £20.2m.

7. FACTORIES AND LAND

Since 1966 83 factories totalling 630,000 sq ft have been approved for South Tyneside. At present there are 14 advance factories complete and available totalling 86,302 sq ft (16 factories with a total area of 99,200 sq ft were let in 1980). In addition there are 8 factories totalling 28,000 sq ft under construction. A further 20,000 sq ft of factory space has been announced for Tyneside, the number and size of units has yet to be determined.

South Tyne

At present there are 14 advance factories complete and available totalling 86,302 sq ft.

Factories complete and available

Jarrow	1 x 15,000
S Shields	1 x 15,000
	1 x 5,000
	5 x 6,146
	2 x 6,286
Team Valley	2 x 1,500
	2 x 2,500



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23 JUL 1981

Unemployment Statistics

Further to your request to Stephen Clark I am forwarding information which I hope will assist in your meeting with the Prime Minister.

1. Adult Unemployment - as at 29.6.81

	Male		Female		Both	
	No.	%	No.	%	No.	%
South Shields	5,799	25.6	2,032	12.8	7,831	20.4
South Tyneside	10,015	23.1	3,644	14.7	13,659	20.1

2. Youth Unemployment - as at 26.6.81

	Male	Female	Both
South Tyneside Careers Offices	1,144	1,090	2,234
Numbers in Special Measures: (primarily YOP and Community Industry)			1,326
Numbers registered available for work			3,560

Clive Laing, Principal Careers Officer, points out that with 5th formers now leaving school at the end of May these figures represent the peak. However the numbers likely to go into the special measures this year will increase from 2,700 placements in 1980 to 3,500, and the Careers Service are under enormous pressure to meet a Christmas guarantee as opposed to an Easter guarantee.

3. Comparison of Adult Unemployment with May 1979

May 1979

	Male		Female		Both	
	No.	%	No.	%	No.	%
South Shields	3,802	16.3	1,306	8.4	5,108	13.2
South Tyneside	6,565	14.9	2,292	9.7	8,857	13.1

c. Mr. Gow



10 DOWNING STREET

MR. WHITMORE

HLI 20 vi

I have had great difficulty in finding a slot for Dr. David Clark, M.P. to come and talk about the closure of a factory in South Shields. But we have now gone firm on Friday, 24 July at 0900 and I have managed to get Mr. Tebbit. I cannot do next week and Dr. Clark is not around in August.

A handwritten signature in blue ink, appearing to be 'D.S.' or similar, written in a cursive style.

20 July 1981

BF
23/7/81



CAROLINE

Meeting arranged
for Friday 24th
at 0900.

Cl-20/7

10 DOWNING STREET

THE PRIME MINISTER

17 July 1981

Dear Dr. Clark.

Thank you for your letter of 14 July, about the closure of North East Audio Ltd., South Shields.

I am of course ready to see you about this, and I will ask my office to be in touch with you about a time. It may not be possible to hold a meeting immediately, because of my forthcoming absence for the Ottawa Summit, followed by a number of meetings here with foreign visitors at the time of the Royal Wedding.

Yours sincerely
Margaret Thatcher

Dr. David Clark, M.P.

HL

14 July 1981

I enclose a letter to the Prime Minister from Dr. David Clark, M.P., about the closure of North East Audio Ltd., South Shields.

The Prime Minister has agreed to meet Dr. Clark. Caroline Stephens will be in touch with you to find out when Mr. Baker would be able to attend a meeting between the Prime Minister and Dr. Clark. We would be grateful if you could provide the usual short brief a day ahead of the meeting.

MICHAEL PATTISON

J.C. Hudson, Esq.,
Department of Industry.

14 July 1981

I am writing on behalf of the Prime Minister to acknowledge your letter of 14 July. I will place your letter before the Prime Minister and you will be sent a reply as soon as possible.

MICHAEL PATTISON

Dr. David Clark, M.P.



HOUSE OF COMMONS
LONDON SW1A 0AA

14. 7. 81

R14

Rt. Hon Mrs M. Thatcher MP.
Prime Minister.

Dear Prime Minister,

Closure : North East Audio Ltd. South Shields

I learned today of the final closure of the above company and in light of your previous offer of some little time ago I would very much like to see you to discuss the matter.

This closure is against the background of peak unemployment in South Shields of over 25%.

Yours sincerely

D. David Clark and

Love overcomes any barrier . . . and certainly Cupid has found a way into the hearts of these two handicapped youngsters. Gazette photographer JIM APPLEBY caught this tender moment at yesterday's PHAB Club, Jarrow, sports day for the handicapped at Boldon Community Centre.

Northern Gas. He said they were willing to man centres where people could call out an emergency team, but Northern Gas said this was not adequate. Emergency cover was withdrawn when workers

Street Gazette 13 July 1981

125 jobs go as battle to save factory ends

THE South Shields-based Neal - Ferrograph factory will close this summer, throwing 125 people on the dole.

Cash flow problems and high interest and exchange rates have hit the firm, which makes high quality audio equipment.

The company — North-East Audio Ltd — went into the hands of the receiver in April, but hopes were high that it would be sold as a going concern.

It continued to trade while Mr Roger Spoor, a partner in the Newcastle office of the accountants Arthur Young, McLelland, Moores looked for a new owner.

But today Mr Alan Marlow, insolvency manager at the same office, said the firm was expected to stop trading by the end of this month.

Sixty people have already been laid off recently and he added that the 65 people still working at the factory would lose their jobs.

"It is a great disappointment to the receiver. We had fairly high hopes that there would be a sale and a considerable number of people did show interest."

Mr Marlow said some



lines of production would be taken over and made by other companies and NEAL'S assets would be sold.

The closure means the end of a fight to save the factory by Mr Alan Helliwell.

He took over the former Wilmot Breeden works four years ago, helped by a £400,000 investment from

the National Enterprise Board.

Mr Helliwell had worked at the old firm as chief executive before forming his own successful North East Audio Company.

When he returned he said he was "putting heart back into the body" and hoped to build the workforce back to the 400 level it had been in the sixties.

MELLISH TO QUIT

Mr Robert Mellish, 68-year-old former Labour Government Chief Whip, said today he does not intend to stand again at the next election.

Mr Mellish, who has represented Bermondsey for 35 years, told his constituency party of his decision.

