

*A. Saunders*

GWYDDFA GYMREIG  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-233 3000 (Switsfwrdd)  
01-233 8545 (Llinell Union)



WELSH OFFICE  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-233 3000 (Switchboard)  
01-233 8545 (Direct Line)

*Oddi wrth Ysgrifennydd Gwladol Cymru*

*From The Secretary of State for Wales*

CONFIDENTIAL

8 November 1979

*Vm*

*Dear Peter,*

Further to my Secretary of State's letter of 5 November, I am now sending to you speaking notes against questions following my Secretary of State's proposed statement next Monday. I would be grateful for your comments before the end of the week. The speaking notes have been drafted on the assumption that our Secretary of State's statement will specifically refer to grating of SDA status to the Shotton Travel-to-Work area.

Copies of this go to the Private Secretaries to the recipients of Mr Edwards' letter of 5 November.

*Yours ever*

*G. C. G. CRAIG*

G. C. G. CRAIG  
Private Secretary

Peter Stredder Esq  
Private Secretary to the  
Rt Hon Sir Keith Joseph Bt MP  
Department of Industry  
Ashdown House  
123 Victoria Street  
LONDON  
SW1E 6RB



## SECRETARY OF STATE'S SHOTTON ANNOUNCEMENT - ADDITIONAL SPEAKING NOTE

1. Special Development Area status for the Shotton Travel-to-work area

I know the importance which is attached to this in the area. Special Development Area status will bring the maximum level of regional assistance to the whole of Deeside and this, together with the recent upgrading of the Wrexham Travel-to-work area to SDA status, means that the areas in Wales where nearly 80% of the Shotton workers live will have Special Development Area status. Given the overall reduction in the number and size of Assisted Areas this should be a powerful incentive to attracting new developments into the area.

2. Resources already committed

The Welsh Development Agency have already spent or committed £3.6 million and BSC (Industry) Ltd £3.1 million on the development of the Deeside Industrial Park. In addition the Agency have undertaken a programme of industrial estate development and factory building in the wider Shotton and Wrexham Travel-to-work areas. This is, of course, in addition to the expenditure incurred by local authorities in developing their own estates in the area.

3. Resources specially earmarked for Shotton

Over the next 4 years £15 million will be earmarked for work in the area affected by the Shotton steel closure.



4. The Welsh Development Agency's overall resources

The Agency's resources have had to take their share of the recent reduction in public expenditure but it is right that steel closure areas should have priority. I am awaiting the Agency's proposals on the distribution of their allocation for next year between their various functions but I would expect factory building to figure very prominently in their thinking.

5. How will the Agency spend the earmarked resources and when?

This will be a matter for discussion with the Agency. But the first objective [as my statement made clear] is to get ahead with all speed with the development of the Deeside Industrial Park. Thereafter the Agency will undertake further site development and provision of factories in the area affected by the closure.

6. How much factory space will be provided? What will the total expenditure be in 1980/81?

This will be for discussion with the Agency. We will need to take into account other developments which we hope will come from the private sector.

7. Role of the private sector

We are anxious to secure the maximum possible private sector participation in the provision of industrial sites and factories. Discussions to this end are already under way involving my own and other Departments and the various Government Agencies. The aim will be to enable the private sector to play a full part in this kind of development.



8. How does this compare with the resources given to Ebbw Vale and Cardiff?

The special programmes being undertaken by the Agency for the Ebbw Vale and Cardiff steel closure areas are well under way and these will continue and will not be affected by demands on the agency for dealing with the Shotton area. What we have learned from the Cardiff and Ebbw Vale experience is that we have to adjust the programmes to the special needs of each area and the infrastructure already available. In the case of Shotton we are concentrating on the development first and foremost of one large industrial site and this is our first priority. In addition it will be important as I have said to secure the maximum possible private sector involvement in new factory developments.

9. Will the earmarked resources for Shotton be at the expense of other areas in Wales?

No. The money [£15 million] that I have earmarked for Shotton is quite separate from the rest of the Agency's allocation and is not at the expense of other areas. The Agency has, of course, had to take its share of the recent public expenditure reductions. Inevitably there will be some spreading out of the Agency's overall programme and the priorities within it are a matter for the Agency. The special WDA programmes for Cardiff and Ebbw Vale will, of course, continue.

10. Persons registering for employment: Number of jobs needed

Going on past experience in other steel closure areas in Wales, about 80% of redundant workers register for employment in the first



few months after closure. The actual number will, of course, depend on several factors including the age of the redundant workers: about 65% of the Shotton workers are aged under 50 and about 22% are aged over 55.

Only if pressed. I know of these calculations by the local authority but these depend on a variety of assumptions and I believe they give much too gloomy a picture.

11. Special resources for training

The Manpower Services Commission are satisfied that the facilities available for training in Clwyd, including the Wrexham Skillcentre and the Kelsterton College of Further Education, or at centres within daily travelling distance elsewhere, are sufficient to cope with the likely demands for retraining.

12. Will BSC (Industry) provide additional help?

BSC (Industry) are already developing about 150 acres of the land they own at Deeside Industrial Park which adjoins the Agency's land and have already committed over £3 million for its development. I have no doubt they will be stepping up their efforts to attract incoming industry into the area.

13. EEC Assistance

There has already been substantial help from the EEC for projects in Clwyd amounting so far to nearly £12m and there is more in the pipeline. ERDF will continue to be available and in addition we will be looking to the possibility of support from the non-quota sector of ERDF as well as help from the European Coal and Steel Community.



14. What is being done for Wrexham?

The Agency will be considering the need for additional provision for this area where about 9% of the Shotton workforce live. But Hon Members will know that there are already over 2,000 jobs in the pipeline for the Wrexham Travel-to-work area as well as nearly 1,000 in the Shotton Travel-to-work area.

15. Help for loss of rateable value

There is an automatic adjustment mechanism in the Rate Support Grant system which takes account of losses of rateable value, though it takes more than a year to come through.

16. Improved road communications

Progress has already been made on improving road communications; for example, a dual carriageway route has already been completed from Queensferry to Lea-by-Backford which will become the western terminal of the M56 when the extension works now under way are completed in 1980. Other works are in the pipeline with starts scheduled from 1980 onwards.

17. Will Bersham Colliery be affected?

The coke ovens at Shotton are not included in the closure programme. Thus the future of Bersham will not be affected on that account.



18. Coal to oil liquefaction plant at Point of Air

As Hon Members will know from the answer given by my Rt Hon Friend the Secretary of State for Energy on 8 November, the Government and NCB have selected Point of Air Colliery as the most suitable site for the proposed two oil-from-coal pilot plants. He will be considering a commitment to construction of the plants in the light of the design study expected next spring. It is too soon to say anything more about this project at this stage but its construction and operation could offer additional employment in Clwyd, quite apart from playing a very important role in the overall energy research programme.

19. A taskforce for Shotton

My Department has already been in very close touch with all the interests involved on a contingency basis and I will ensure this is maintained. If there is a case for more formal arrangements I will certainly consider it.

20. Why has the Government waited until now for action?

We should hardly be expected to do anything until after the BSC had taken their decision. My noble friend the Lord Trenchard made it clear on 12 July that the Government would be giving urgent consideration to upgrading Shotton and reviewing the possibilities of providing help for new factory building - this is precisely what we have done.



21. The proposed help for Shotton is inadequate

No one will deny the serious blow this closure is to the area. But the right conditions for successful redevelopment are there as has been demonstrated already by the success of the Deeside Industrial Park where of the 17 factories built by the Agency all but 2 are firmly allocated.

We have an excellent and adaptable workforce, a strategic location, good and improving communications, some first class industrial sites, special development area status incentives and the resources for further industrial site development and factory building.

22. Will the rate support grant settlement take into account the special needs of North East Wales?

The rate support grant system already takes into account the needs of particular areas.

23. Redundancy payments by BSC

What is proposed and negotiated for redundancy payments is, of course, a matter for BSC. I understand compensation will be discussed at the national level with the TUC Steel Committee although detailed negotiations will take place at individual works. The Corporation have already said publicly that their earlier decision to keep steel making going until 1982/83 will be taken into account in the negotiations.

24. Urban Programme

Over the past 3 years more than £320,000 has been approved under the urban programme for expenditure on special social, educational and





environmental projects in the Deeside, North East Clwyd and Wrexham areas. The urban programme can also give support to suitable industrial and employment creating projects and will continue to be available to assist local authorities in coping with particular urban difficulties.

My officials are in touch with the authorities in the Shotton area who have put forward a number of projects for funding under the 1980/81 programme. These are now being considered along with those from other authorities in Wales and particular attention will be given to the needs of the Deeside area in allocating available resources.

25. Jobs in the pipeline for Deeside

There are already about 1,000 jobs in the pipeline for Deeside and British Aerospace's membership of the European Airbus Consortium has secured jobs at Broughton for a number of years. These make a valuable contribution to the total employment opportunities in the Area.

WELSH OFFICE

November 1979

6 3 4 2 1  
L  
P  
6  
6  
1 2 1  
6 3 4 2 1

NOV 8 1979

