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THE PRIME MINISTER

14 May, 1981

Dear Mr. Goldstein,

Thank you for your letter of 16 April commenting on matters raised in our recent discussion. Perhaps I could take up some of your points.

I welcome the initiative taken by Merseyside Ltd. in conjunction with the Manpower Services Commission (MSC) to help unemployed young people. On the question of further support for apprenticeship training, we take the general view that industry itself is responsible for meeting its long-term needs for skilled labour. However, the Government is, through the MSC's Training for Skills Programme, providing substantial funds to help meet, on the margins, the shortfall in critical long-term training requirements as identified by an industrial training board or other representative body on behalf of an industry. Some 25,000 places are currently being supported and future plans provide for continuing support at roughly the same level.

I am afraid there are no surplus funds available for assisting continued training of apprentices after the first year on the lines proposed.

Your paper refers to the possibility of assistance from the European Social Fund. The Fund can provide assistance towards the first year training of apprentices taken on in addition to normal requirements and the MSC receives an allocation

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from the Fund for the Training for Skills Programme. I regret, however, that the Fund cannot provide assistance towards full apprenticeship training nor can it fund 100 per cent of the costs of a scheme. Virtually all schemes for which Fund assistance is sought must be in receipt of financial assistance from public funds. A public body running a scheme can apply for up to 50 per cent of its own expenditure on running costs.

I am afraid that there is no possibility of relocating a Government Department to the Exchange Station site. The 1979 decision not to proceed with the previously planned dispersal moves there was taken only after very careful consideration. There would have been considerable Exchequer costs well into the mid-1980s, and with the overriding need to cut public expenditure we were forced to the conclusion that it did not make sound financial sense to carry them through.

Nevertheless, Merseyside is already having some special treatment. The Government recognized in its review of the dispersal programme in 1979 that Merseyside had special needs, and announced on 20 December of that year that 1,250 Civil Service posts would be dispersed from London to Bootle. Planning for these moves is proceeding and they will be completed as soon as possible. Merseyside in addition is receiving a further 1,200 short-term posts in the Office of Population Censuses and Surveys in connection with the 1981 Census. This is again in Bootle since accommodation there is already available and since the jobs are temporary. I am afraid that this is as far as we can go, and I cannot hold out any hope of any further major relocation of any Government Department to central Liverpool.

On tunnel tolls, I am afraid that there can be no question of writing off any of the debt owed to the Exchequer in respect of the Mersey Tunnel. Shortly after coming to office, we considered very carefully what the Government's policy towards tolled crossings should be, in the light of representations made

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by your Council and other Toll Authorities. You will know from Norman Fowler's Parliamentary Answer of 27 July 1979 that we decided that users of major estuarial crossings should continue to pay tolls sufficient to cover maintenance and the ultimate repayment of the capital debt. I understand that an increase in the level of tolls later this year was proposed which would, of course, help enable the Tunnel's finances to be kept on the right course.

I have taken note of your suggestions that the Speke Enterprise Zone might be extended to cover the whole of the northern airfield and that you would be able to suggest alternative sites in Merseyside should the City Council decide not to adopt the present proposals for Speke.

As you know the City Council have now accepted our invitation to prepare an Enterprise Zone scheme for Speke within boundaries which are effectively determined by the terms of the invitation. In deciding these boundaries, one of the principal considerations was the availability of the land in the fairly short term. Whilst it would be open for the City Council to make a case later on for extension of the Zone when your plans for the airport are firmer, we would not at present wish to change the proposals for Speke - indeed we could not do so without restarting the whole process towards designation.

I understand that British Gas have made detailed studies of the various potential sites for the servicing base (or bases) for the Morecambe gas field. This is a decision on which the company must use their commercial judgement; however, I am sure that the merits of Merseyside will be fully taken into account.

I appreciate your desire to see offshore construction work come to Cammell Laird, though I am sure you will realise that the division of work within British Shipbuilders must remain a matter for that organisation's commercial judgement.

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I understand that in fact Cammell Laird and Scott Lithgow tender separately for work and, while Cammell Laird have no offshore work in hand at present, they are actively pursuing a number of possibilities for semi-submersible drilling rig construction.

Turning to the Morecambe project in particular, British Gas propose that development drilling should be carried out from two rigs of a jack-up design (rather than semi submersibles); the first of these has been ordered from UIE at Clydebank, and British Shipbuilders have declined to tender for the second. The production phase will centre around a number of small fixed steel platforms, and it is likely that these will be ordered from established platform fabricators, although this of course will again be a matter for British Gas' commercial judgement.

Yours sincerely  
Ray Goldrein

County Councillor Neville Goldrein