



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

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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

ID (+) NS (S/S)

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