



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.

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 <sup>took</sup> understand to follow up <sup>several ideas you</sup> ~~four specific~~ 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.

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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<sup>e</sup> 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%.

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~~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 <sup>now</sup> ~~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,

Janet 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