



PRIME MINISTER

## LIVERPOOL (TATE AND LYLE CLOSURE)

1 When we met on 4<sup>✓</sup> March we agreed that a special effort was needed in Liverpool to ease unemployment and to demonstrate the Government's concern about the special problems of the area.

2 I have been taking action in two ways to help the position following the closure of Tate and Lyle's sugar refinery. I am exploring with Tate and Lyle ways in which they can use their suggested "dowry" to foster new ventures and I have put the company in touch with Paddy Naylor and Job Creation Ltd. I am also discussing - with David Young's help - how to ensure the rapid redevelopment of the sugar refinery site. Some of the buildings may be suitable for conversion as nursery or starter units but there are problems with demolishing some specialist buildings. The English Industrial Estates Corporation may be able to help but my intention is that Tate and Lyle should gain credit for its initiative (and that it should meet as much as possible of the cost). Michael Heseltine is seeking to ensure that problems with the Urban Development Corporation and the Enterprise Zone are removed as quickly as possible and at his meeting on 5 March he asked for several other possible measures to be examined.

3 We have accepted that Liverpool presents special difficulties in terms of its divided community and its previous dependence on service industry. These make its problems - and perhaps those





of Clydeside - unique. But we need to recognise that, if we do too much or too publicly, we could cause resentment elsewhere since other areas regard themselves as being at least as deserving. For example, Liverpool's unemployment rate in February was 16.2% representing 77,000 people out of work (Glasgow's figures were 14.2% and 84,000). Teeside, however, had figures of 16.4% and 37,000 and even Birmingham (not eligible for any regional measures) had figures of 12.4% and over 86,000. People in these areas can claim that they have a better record on industrial relations and that Merseysiders are in some part to blame for much of their predicament.

4 In the circumstances we must I think be careful to avoid giving our activities any wider national publicity. We must also weigh carefully whether we would be wise to give the impression that it is possible to do much more; it would be very difficult - if not impossible - to give other areas this kind of concentrated attention in terms of staff resources or money. I suggest that, when Michael Heseltine has considered the scope for action available to him, we should meet again to review just how far we can go to help Liverpool without creating problems elsewhere.

5 I am copying this minute to Jim Prior, Peter Walker, Michael Heseltine, Leon Brittan and to Sir Robert Armstrong.

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20 March 1981