



10 DOWNING STREET

THE PRIME MINISTER

30 July, 1984

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ce D O E  
D/M  
DTI

M. Alison.

Dear Mr. Udale

When Kenneth Baker and I met you on 5 July, you expressed concern that South Shields, and the North East generally, should receive its fair share of support under various Government schemes. Kenneth will be in touch with you separately on the specific industrial matter we discussed.

I have had officials in Departments look at the take up of these schemes in the South Shields area, and I have to agree that it is not entirely encouraging. The main schemes involved are.

(i) Industry Act Assistance: South Shields received around £470,000 in 1983/4, which amounted to 0.4% of the aid taken up in the Northern region. This is a good deal below the rate one would have hoped in an area employing 2.3% of the workforce in the North East. But this, as I know you realise, is not a sign of Government neglect, but reflects the take up of the support which is demand-led.

(ii) Small Firms Assistance: There were 156 enquiries over the last year at the Small Firms Clinics held at the South Shields Job Centre. This represents about 1% of the region's enquiries, again, well below what might be expected. While we do not have any figures for loan guarantees given to small firms in the South Shields area the Northern region as a whole has had a low take up of the scheme at around £19 million.

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(iii) Under the Urban Programme, South Tyneside received nearly £4 million of the £34 million allocated to Local Authorities in the Northern region designated under the Inner Urban Areas Act 1978. The total allocation to such authorities throughout the country was £231 million. South Tyneside has increased its use of Urban Programme to build up the economic infrastructure in the area. One of these projects concerns Plessey's own factory in South Shields and we have supported an application for European Regional Development Fund assistance for the Enterprise Centre being planned there and will consider very sympathetically the application we are expecting for support under the Urban Programme. Tyne and Wear Enterprise Trust, who are involved in the project, do valuable work in advising small businesses and they received £50,000 of Urban Programme support this year.

(iv) Additionally, South Tyneside has been invited to put forward private sector schemes for support under the Urban Development Grant Scheme. The up take of this has been disappointing. Only three schemes were submitted, and all of these have been withdrawn. One further scheme has been submitted this year and this is being looked at actively now. The position is slightly better in the Northern Region as a whole, where UDG offers have been made for £11 million, involving a total investment of £40 million.

(v) I have seen your correspondence with Peter Morrison about the Community Programme. Currently the Northern Region's allocation of the 130,000 filled places is 12,500. This is nearly 2,000 more places than a strict share based on the number of long term unemployed in the region would normally allow, and as such the Northern region does have an advantage here for the moment. In South Tyneside, 657 of the 669 places available have been filled, and the rest will be filled very shortly.

(vi) There are places available immediately on the Enterprise Allowance Scheme in the North East, and we will certainly consider making more places available if the need arises. I have to say, however, that take up of the scheme is lower than expected compared with other parts of the country. Nevertheless 2,200 people have entered the Scheme in the Northern Region since it started there on 1 August 1983. In addition, for young people, we will go on providing as many places under the Youth Training Scheme as is necessary to meet the needs of young people eligible under the scheme.

This is a slightly mixed picture. The low take up of the schemes available is not the result of lack of promotion by Government of them. Take up of Industry Act Assistance tends to be low because of the particular industry mix of the area which has followed a pattern of decline in employment and activity. The disappointing take up of a small firms schemes and start ups under the Urban Development Grants and Enterprise Allowance Schemes seem to stem from the same root causes, of a fairly under developed independent small firms sector, and an apparent lack of individual enterprise in the area.

Ultimately, our support schemes can only work if people are prepared to take them up. I believe that the central Government support available at the moment is adequate, and we are doing our best to attract applications to the schemes. But ultimately, it is up to the people of South Shields to make use of these schemes. In an area which has been traditionally dominated by large-scale industry, I know that there is no strong tradition of people starting up small businesses of their own, but I would hope that the Government's attempts to reward individual effort and initiative in the economy as a whole will, while this process has started slowly in the Northern region, mean that

our schemes will be taken up to a larger degree there in the future.

The Directors of the three Departments' Regional Offices in Newcastle stand ready, as in the past, to help local interests in every way possible, and to consider constructively with you and them how take-up of the various schemes might be improved.

Yours sincerely

Margaret Thatcher

Dr. David Clark, M.P.



10 DOWNING STREET

Dear Mr. M.

You promised a  
letter to David Clark  
about the take up  
~~the~~ various schemes in  
South Shields. The story  
is very depressing.

D.



DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215)  
GTN 215) 5147  
(Switchboard) 215 7877

From the Minister of State  
for Industry and Information Technology

RT HON KENNETH BAKER MP

Tim Flesher  
10 Downing St  
London SW1

26 July 1984

*Dear Tim,* *Get the info*

DR DAVID CLARK - PLESSEY SOUTH SHIELDS

Your letter of 5 July asked for a letter for the Prime Minister to send to Dr Clark on the take-up of various Departments' support schemes in the S. Shields area, and a commentary of why, as you will see the attached draft confirms, this is so low.

I have put together a draft for the Prime Minister to send incorporating the contributions we have had from the Departments of Employment and Environment in a slightly shortened form. I have, to save time, had our regional office in Newcastle clear this with their DoE and DEmpl counterparts. The respective Private Offices were content with this approach.

You will by now have received a separate minute from Mr Baker to the Prime Minister (not copied to other Departments) dealing with the interest shown by an overseas company in the Plessey factory site and the news we received yesterday that they had decided against locating there. You may wish to consider along with it whether you will wish to handle the draft letter attached differently as a result.

I am copying this to Peter Smith in the Department of Employment and Andrew Allberry in the Department of Environment.

*Yours  
Neil*

N M McMILLAN  
Private Secretary

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DRAFT LETTER FOR THE PRIME MINISTER

LANABR

Dr David Clark MP  
House of Commons  
LONDON  
SW1A 0AA

When Kenneth Baker and I met you on 5 July, you expressed concern that South Shields, and the North East generally, should receive its fair share of support under various Government schemes.

*Kenneth will be in touch with you separately on the ~~and not~~ specific industrial matter we discussed*

I have had officials in Departments look at the take up of these schemes in the South Shields area, and I have to agree that it is not entirely encouraging. The main schemes involved are

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The Directors of the three Departments' Regional Offices in Newcastle stand ready, as in the past, to help local interests in every way possible, and to consider constructively with you and them how take-up of the various schemes might be improved.

Dr. David Clark: P.M. March 84.

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Caxton House Tothill Street London SW1H 9NF  
6400  
Telephone Direct Line 01-213.....  
Switchboard 01-213 3000

Tim Flesher Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

file  
no acting  
19 July 1984

Dear Tim,

Thank you for copying your correspondence to Neil McMillan of 5 July, concerning the meeting which the Prime Minister held to discuss the aftermath of the Plessey closure in South Shields. I now attach a draft reply and also some tables which I hope you will find useful. A copy of a letter from Peter Morrison to David Clark of 16 July on the same subject is also enclosed.

I apologise for the delay in sending this response.

Yours sincerely,  
Judith Rutherford

JUDITH RUTHERFORD  
Private Secretary

I have seen your correspondence with Peter Morrison at the Department of Employment about the Community Programme. As you know The North and the North West responded promptly to the opportunities offered by the Community Programme and gained temporary use of some places which could not be used immediately in other parts of the country. However as Peter Morrison has said, and I agree, it is right that in the longer term places on this Programme should be allocated according to the incidence of long term unemployment so that an unemployed person has an equal chance of access to a job supported under the Programme, irrespective of where he or she lives. On this basis, the Northern Region's share of the 130,000 filled places available nationally was 10,600 whereas 12,500 places were allocated to them. We have announced that the re-distribution of additional places will not have to be completed until October 1986. Until then the Northern Region will have an advantage over other parts of the country. The position last month was that Northern Region had 12,610 people in jobs supported by the Programme, while in South Tyneside 634 of the 659 places available were filled and the remainder will be filled very shortly.

Places are available immediately on The Enterprise Allowance Scheme in the North-East, whereas in some other parts of the country applicants must wait up to 16 weeks before joining. If the need arises we would certainly consider making more places available for the North-East because take-up is lower than expected, given the level of unemployment. You will remember that I did make a point at our meeting that there may be a lack of a tradition of individual enterprise in the region and this seems to be borne out by the interest that has been shown in this scheme.

Unemployed people have equal access to jobs and training opportunities provided by our measures eg in 1983/84 we provided sufficient places under the Youth Training Scheme to meet the needs of eligible young people in all parts of the country and this will hold true for 1984/85.

**COMMUNITY PROGRAMME****Northern Region**

(1) Allocated places	12,500
(2) Filled places	12,610
(3) Approved places	15,722
(4) Authorised places	15,555

**South Tyneside**

(2) Filled places	635
(3) Approved places	659
(4) Authorised places	659

(1) Region's share of national target of 130,000 filled places.

(2) Places occupied by long term unemployed people.

(3) Places on projects which have been approved for support under the Programme.

(4) Places on projects which have been approved for support on the Programme where the Manpower Services Commission has given the sponsor authority to recruit unemployed people for the jobs which the project has created.

1 In April 1984 Northern Region's allocation of places was 12,500 places. On the basis of a national allocation of 130,000 places this will be reduced to 11,000 by October 1985 and to 10,600 by October 1986.

2 The majority of places in South Tyneside has been taken up by South Tyneside Metropolitan Borough Council.

3. The Northern Region's share of unemployment in the Community Programme's client group (18-24 year olds unemployed for more than 6 months, 25 year olds and over unemployed for more than a year) has been constant at 8.2% - 8.3%. Their planned share of CP places (October 86) is 8.2%.

## YTS FIGURES NORTHERN REGION

	1983/84		1984/85
Approved Places To 31.3.84		<u>Planned Places</u>	
MODE A	16769	MODE A	15995
B1 - CP	5246	B1 - CP	3879
TW	2435	TW	2491
ITEC	380	ITEC	500
B2	<u>3928</u>	B2	<u>3045</u>
	28758		25910
Entrants To 31.3.84		<u>Planned Entrants</u>	
MODE A	13870	MODE A	17390
B1 - CP	5224	B1 - CP	3790
TW	2639	TW	2490
ITEC	419	ITEC	555
B2	<u>3557</u>	B2	<u>3020</u>
	25909		27245
In Training at 31.3.84			
MODE A	10001	MODE A	68
B1 - CP	3334	B1 - CP	221
TW	1660	TW	240
ITEC	320	ITEC	4
B2	<u>2592</u>	B2	<u>11</u>
	17907		544
		At 31.5.84	
		MODE A	10596
		B1 - CP	3935
		TW	1094
		ITEC	435
		B2	<u>1285</u>
			17345

## YTS Figures for South Shields and Hebburn

		<u>1983/84</u>		<u>1984/85</u>
<u>Approved</u>				
	Mode A	- 1114	Mode A	- 76
	B1-CP	- 374	B1-CP	- 300
	TQ	- 187	TW	- 189
	ITeC	- 45	ITeC	- 45
	B2	- 166	B2	- Nil
		1887		610
<u>Entrants</u>				
	Mode A	- 937	Mode A	- 20
	B1-CP	- 360	B1-CP	- 136
	TW	- 242	TW	- 46
	ITeC	- 45	ITeC	- 1
	B2	- 224	B2	- Nil
		1808		203
<u>Intraining</u>				
at 31.3.84	Mode A	- 690	Mode A	- 634 at 19.7.84
	B1-CP	- 304	B1-CP	- 311
	TW	- 141	TW	- 156
	ITeC	- 38	ITeC	- 37
	B2	- 106	B2	- 65
		1279		1203

Schemes in the area are considered good quality and all are up to standards set by the MSC.

No separate figures for South Shields

ENTERPRISE ALLOWANCE SCHEME

	EAS TAKE ON TO 10.8.84.	%	unemployed(thousands) (14.6.)	%
London	3824	9.6	369.6	12.7
Southern	6187	15.5	420.1	14.4
South West	3195	8.0	179.3	6.2
Midlands	7150	17.9	520.7	17.9
North West	7728 (including Cumbria)	19.2	445.0	15.3
Y&H	3767	9.4	280.1	9.6
Northern	2306 (excluding Cumbria)	5.8	204.0	7.0
Scotland	3206	8.0	329.1	11.3
Wales	2644	6.6	162.9	5.6
TOTAL	40,007	100.0	2910.8	100.0

## Northern Region - EAS Teams Coverage of TTWA

	Take on	%	unemployed(thousands)	%
Newcastle	636	27.6	50.8	24.9
* Gateshead	638	27.7	62.9 <sup>(1)</sup>	30.8
Darlington	473	20.5	35.2	17.3
Middlesborough	559	24.2	55.1	27.0
<u>TOTAL</u>	<u>2306</u>	<u>100.0</u>	<u>204.0</u>	<u>100.0</u>

There are no waiting lists in Northern Region area and there does not seem to be the demand even if more places were allocated.

\* (1) Includes Chester-le-Street, Seaham and Washington (Darlington EAS area) and Prudhoe (Newcastle EAS area).

JOB RELEASE SCHEME

On the full-time Scheme at 4 July 1984 123 people were in receipt of the allowance who had their applications handled by the South Shields Jobcentre. The figure for the Northern Region at this date is 5184.



Minister of State

Our Ref: PO 12390

Dr David Clark MP  
House of Commons  
LONDON SW1A 0AA

Department of Employment  
Caxton House Tothill Street London SW1H 9NF  
Telephone Direct Line 01-213.....7.790.....  
Switchboard 01-213 3000

16 July 1984

*David*

Thank you for your recent letter and the enclosed copy of one from Mr K Stringer, Director of Education of South Tyneside Metropolitan Borough Council, about the Community Programme.

I wrote to you on 30 March 1984 and 29 May 1984 about the redistribution of Community Programme places within your constituency. As part of this exercise the Borough Council has been asked for the present to reduce the size of its agency from 600 to 500 places. The reduction in the number of places available will inevitably intensify the competition for support under the Programme and, in consequence, local officials and Area Manpower Boards have to make judgements between projects. They have been asked to give priority to projects which are most likely to improve the long term unemployment prospects of the participants and which produce the highest level of practical benefit to the local community. All new proposals and renewal applications must be assessed against these guidelines.

We are at present reviewing a number of the Government's employment schemes and I am aware of the popularity of and competition for funding under the Community Programme. An announcement on the future of the Programme will be made in due course.

I understand that Brian Baxter, the local Area Employment Manager met Mr Stringer and other representatives of the Borough Council on 26 June 1984 when the problems outlined by Mr Stringer in his letter were discussed and the Education Department were invited to submit a request for extra places. When this is received by the Manpower Services Commission it will be carefully considered, but, as I am sure you will appreciate, I cannot prejudge this local decision. I will of course keep you fully informed of developments.

I hope this is helpful. Thank you again for writing

*Peter Morrison*  
PETER MORRISON



2 MARSHAM STREET  
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

19 July 1984

*Dea Pirvate Secretary*

*Ar  
19/7*

As you know, Tim Flesher copied to us his letter to you about the Prime Minister's recent meeting with local MPs to discuss the Plessey closure in South Shields.

This Department is not, of course, directly involved in assistance to the unemployed or small businesses. Nevertheless, it does support through the Urban Programme local authority schemes involved in this area, as well as projects which have a more general impact on the local economy by improving the local infrastructure. South Tyneside is a "Programme Authority" and as such receives an allocation of Urban programme resources. It is also about to put to the Department a scheme for the conversion into managed workshops of the factory that Plessey themselves are vacating.

A contribution to the draft letter to Dr Clark, covering these points, is enclosed. Within the total amount of resources allocated nationally to the Urban Programme, we are satisfied that South Tyneside is receiving its full share. We are less happy about the number of Urban Development Grant projects coming forward from the authority. As the draft points out, these are demand-led and depend upon suitable projects coming forward from the private sector. Nevertheless, action is being taken by the Department to try and increase the number of successful projects; South Tyneside is among a small group of authorities being offered grant for the employment of "facilitators" to aid local authorities and developers in putting together UDG schemes, and both the UDG appraisers (seconded from the private sector to examine schemes put forward) and the Department's Regional Office are doing what they can to stimulate interest in projects locally.

I hope that the enclosed draft provides you with sufficient material. I am copying this letter to Tim Flesher and Peter Smith.

*Yours,*  
*Andrew Allberry*

A C ALLBERRY  
Private Secretary

Private Secretary to  
The Rt Hon Kenneth Baker MP

CONTRIBUTION BY DEPARTMENT OF THE ENVIRONMENT TO DRAFT LETTER  
FROM THE PRIME MINISTER TO DR DAVID CLARK, MP

In addition to programmes specifically aimed at providing support to the unemployed and small businesses, there is also the assistance which is given to South Tyneside under the Urban Programme. As a "programme authority", South Tyneside has received this year an allocation of £3.93m. Its share is broadly commensurate with the relative scale of its urban deprivation, and is part of a total of £34m allocated to authorities in the Northern Region designated under the Inner Urban Areas Act 1978 out of the £231m given nationally to such authorities. With the Government's encouragement, South Tyneside have made a good effort in recent years to increase the proportion of their UP resources devoted to economic projects, which has risen from 37% in 1981/82 to 49% in 1984/85, and there has been a good uptake of grants to private firms under the Tyne and Wear Act 1976 and the Inner Urban Areas Act 1978, for which £150,000 has been allocated this year.

Plessey's own factory is the subject of a proposed Urban Programme project, involving its conversion into a new enterprise centre and managed workshops, consisting of 100 small units. The project is the result of an initiative by Northern Engineering Industries, who commissioned the consultants, Job Creation Limited, to undertake a study of how additional job opportunities might be created in South Tyneside. The project will involve both the public and private sectors and the enterprise centre will be managed by the former head of the local enterprise agency at

Consett. The Government has supported an application for ERDF money for the project, and will consider sympathetically an application for UP support, when this is received from the local authority.

One of the agencies involved in the project is the Tyne and Wear Enterprise Trust (Entrust), who are actively involved in advice to small businesses and to those wishing to set up in business on their own. They receive support from the Urban Programme (£50,000 this year), and have a local office in South Shields.

As well as having their own UP allocation, South Tyneside have also been invited to submit private sector schemes for assistance under the Urban Development Grant scheme. Unfortunately, not as many schemes have come forward as we would have wished. Only three schemes were submitted by South Tyneside in the first year of the grant's operation, all of which were ultimately withdrawn. One further scheme has been submitted this year, and this is currently under consideration. The problem here is that the grants are demanded and depend on interest from the private sector. In an effort to improve South Tyneside's performance, steps are being taken to improve awareness of the grants locally. The position is somewhat better in the Northern Region as a whole with offers of £11m of UDG having been made so far, involving total investment of £40m.

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P. Curran  
3/84