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cc: MA (12/9)
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10 DOWNING STREET

13 September, 1984

THE PRIME MINISTER

Dear Mr. Cuthbert

Thank you for your letter of 25 August about the difficulties facing Mr. & Mrs. Cuthbert of 44 Mowbray Road, South Shields, Tyne and Wear.

I fully understand the disappointment felt by Mr. & Mrs. Cuthbert at not being able to raise the necessary finance for their proposed business venture. I hope that they will not be deterred by this setback. Under the Loan Guarantee Scheme it is the banks who are responsible for carrying out the commercial appraisal of all prospective borrowers and it is banks who must decide whether they are prepared to submit an application to the Department of Trade and Industry for a guarantee.

As part of their assessment the banks need to consider many factors including the potential viability of the project and the personal commitment of those who will be running the business. The commitment need not always be measured in terms of finance and the banks are urged to take other considerations into account. But ultimately it must be for the banks to decide how much of the prospective business's overall financing requirement should be met from the proprietor's own resources. This decision will depend a great deal on individual circumstances but it is worth remembering that the view taken by one bank may not be shared by another. With 30 banks and financial institutions currently offering Loan Guarantee Scheme facilities it may be well worth the effort of shopping around.

JH

To help in their search for finance Mr. & Mrs. Cuthbert might find it useful to discuss their plans and difficulties with one of the experienced small business counsellors working for the Department of Trade and Industry's small firms service. An appointment with a business counsellor can be arranged by contacting the Small Firms Centre at the following address: Centre House, 3 Cloth Market, Newcastle upon Tyne, NE1 3EE (telephone 0632 325353 or dial the operator and ask for Freefone 2444).

A local counselling service is also provided by the Tyne and Wear Enterprise Trust Limited, SWS House, Stoddart Street, Newcastle upon Tyne NE2 1AN (telephone 0632 614838).

I do hope that Mr. and Mrs. Cuthbert decide to persevere, and that their efforts are rewarded.

Yours sincerely
Margaret D. Clark

Dr. David Clark, M.P.



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

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

From the Minister of State
for Industry and
Information Technology

RT HON KENNETH BAKER MP

Timothy Flesher Esq
10 Downing Street
LONDON
SW1

10 September 1984

Dear Tim,

Col
Pte type. ²¹⁵
029

Thank you for your letter of 29 August
enclosing one from Dr David Clark MP.

I attach a draft for the Prime Minister's
consideration.

Yours,

Neil

N M McMILLAN
PRIVATE SECRETARY

ST2AAF

Dr David Clark MP
House of Commons
LONDON
SW1A 0AA

RAM

September 1984

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To help in their search for finance Mr and Mrs Cuthbert might find it useful to discuss their plans and difficulties with one of the experienced small business counsellors working for the Department of Trade and Industry's small firms service. An appointment with a business counsellor can be arranged by contacting the Small Firms Centre at the following address:
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I do hope that Mr and Mrs Cuthbert decide to persevere, and that their efforts are rewarded.

ackd 29/8

file

da

29 August 1984

I enclose a copy of a letter which the Prime Minister has received from Dr. David Clark M.P.

I should be grateful if you would provide a draft reply for the Prime Minister's signature, to reach this office by 12 September.

Timothy Flesher

Neil McMillan, Esq.,
Department of Trade and Industry.

RW

~~CC MCA~~



HOUSE OF COMMONS
LONDON SW1A 0AA

25 August 1984

PP

Rt Hon Margaret Thatcher MP
10 Downing Street
London W1

R29

Dear Prime Minister

30 July

You will recall that you wrote to me recently about Grant Aid to businesses in South Shields.

Since then I have received the enclosed letter which I think you might find of interest and about which I would greatly appreciate your comments.

Yours sincerely

Dr David Clark MP

Enc.

SHERLOCK (HOME) IMPROVEMENT AGENCY

44 Mowbray Road, South Shields, Tyne and Wear. ne33 3au.

B & S CUTHBERT

0632 564446.



Dear Dr. Clark,

On reading the Shields Gazette on Friday August 3rd 1984. I was most annoyed at the suggestions made that people of South Tyneside, were not taking the full opportunity to start up in business for themselves.

It was implied that the government backed loan systems were freely available, together with all the other grants, and in this area were not being used to their full extent,

As to the points above, I feel that they are misleading. I would like to explain how impossible it is to obtain these grants.

My wife and I would like to set our own business up. The company would be called Sherlock Home Improvements, we have both been employed in direct selling for several years. We have done 18 months market research and we have also been on a parttime course for small businesses, which we paid for. My wife has just completed a 10 week course with MSC, which she was paid for. To gain acceptance on to the course your business has to be viably sound. We also got our accountant to do a profit and loss acc, feasibility study, balance sheet, everyone except bankers feel that our project has a very good chance of succeeding.

We have spent approx. 3,000 pounds out of our own pockets and several hundred hours of work. Upon taking this to our local banks we are told I am sorry but we do not think very much of the government loans scheme, at the time the loan scale was 80% 20%. We at the time offered to put into the company £3,000 cash and our family car, but we were told that this was not enough, we asked for £20,000 to start the company on a sound foundation.

We were told if you put in £10,000 the bank would put up the rest. I am only a working man trying to better myself and my family. There is no way I could afford to put £10,000 in to it, if I could I would. I have been to several banks and they all regret that they cannot help us. Especially with a government loan scheme, except if I can put up 50%, with my house as security.

As for incentives from local councils, there is very little on offer at South Shields or South Tyneside. In South Shields there is no rent free periods, also I would have to pay full rates of £2 11p in the pound.

If our company was helped to start, I would be taking 5 people off the dole, we have been trying to get backing since Dec 1983. As for other grants we are told that they are discretionary, and if you qualify they are paid out 3 to 6 months after you have started up. Which to me is not a lot of help, as the money is needed at the start.

We have been talking to a lot of people, who like ourselves are trying to start up in small businesses, but they were given the same answers by banks.

My wife and I are going to start our company with nothing and if that is not trying then I do not know what is.

It is annoying when we hear of millions of pounds being lost or wasted by large companies, to think we are only asking for 80% of £20,000. It makes me sick.

I feel if the backing were made available our company would have more chance of succeeding and expanding, thus in turn taking more people of the dole, than it would be by us starting with nothing.

I also feel that it would be better for you, if I were repaying you a loan instead you are having to pay five people's dole.

The schemes that are running seem to be aimed at keeping people out of work. In South Shields you are given no encouragement or incentives.

WE hope this letter gets some attention and lets you see some of