



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....

Switchboard 01-213 3000 GTN Code 213

Facsimile 01-213 5465 Telex 915564

CONFIDENTIAL

The Rt Hon John MacGregor MP
Chief Secretary
HM Treasury
Parliament Street
LONDON SW1

*NBPN at
tin stage*

23rd July 1986

John
WEST CORNWALL

Paul Channon and I recently discussed the possibility of putting together a package of employment measures to help West Cornwall in the event of further redundancies in the tin mining industry. I attach a note, which Paul Channon has already seen, outlining a possible package.

I accept that the cost of these measures would have to be met from within my Department's existing resources. I have in mind, however, a possible approach to RTZ to see whether they would be able to put a limited amount of money into the area to encourage enterprise, as Shell have done in other areas.

We might also approach other Departments who could assist in developing businesses in West Cornwall. One possibility would be for the Ministry of Defence to encourage Culdrose to purchase locally. Another would be for MAFF to encourage ADAS to offer advice on rural development in the area.

The scale of such a package would depend of course on the decision about whether to offer RTZ grant assistance to develop their mines in Cornwall and I shall be pursuing all this further with colleagues once that decision is known. We may need to act quickly, however, if a package of measures is to be announced at the same time as the decision on the RTZ application, and there is one element of the package on which I need to seek your agreement.

As you know under the current rules for the Enterprise Allowance Scheme, applicants must be receiving unemployment or supplementary benefit at the time of application and have been out of work for 8 weeks. This means that tin miners in West Cornwall who were made redundant in April will not qualify for the scheme until the autumn since they are not eligible for benefit while getting wages

in lieu of notice. And the same problem will arise in connection with any RTZ employees who are made redundant on this basis. I should like to make a limited exemption from the eligibility rules of the scheme for tin miners, and other people in West Cornwall, to allow them to enter EAS 8 weeks after being made redundant.

The number of people involved is likely to be small. Even if one in ten of the redundant tin miners applied for EAS, we are talking only about 130 people at most. And there are no other large scale redundancies in prospect in the area. As I have said, I intend to absorb the costs involved within my existing resources as we are of course only bringing forward expenditure which is likely to be incurred anyway.

I have no doubt that we can make a strong case for a special package of measures to help the area, including a change in the EAS eligibility rules, and could resist pressure from other areas for similar treatment. I hope therefore you will be able to agree to this change.

Paul
Hawthorne

I am copying this letter to the Prime Minister, Geoffrey Howe, Paul Channon, John Biffen, John Wakeham and Robert Armstrong.

CCBG

A/ EMPLOYMENT PACKAGE FOR CORNWALL

- 1 The scale of tin-mining redundancies in West Cornwall calls for a package of employment measures.
- 2 Employment measures are already available in the area and additional resources could be diverted to West Cornwall (defined in this case as three local travel to work areas - Falmouth, Helston, Penzance and St Ives. These extra resources could be used
 - to expand existing schemes (Annex 1)
 - to alter the rules of existing schemes and so change their impact (Annex 2).
 - or to introduce new initiatives (Annex 3)
- 3 The aim of the package is to provide a flexible range of schemes which will meet the needs of the people who have been made redundant. Assistance is concentrated on those who might start up their own businesses and aims to meet their needs through advice, training, premises and financial support.
- 4 The package should be co-ordinated by a DE/MSD official located in one local organisation, such as the West Cornwall Enterprise Agency. Private sector involvement should be encouraged by expanding the coverage of the existing Falmouth Community Action Programme.

Tourism

- REU and West Country Tourist Board (WCTB) could make special efforts to encourage applications for section 4 grants but no further resources needed
- English Tourist Board (ETB) could be invited to consider possibility of setting up Tourism Development Action Programme (TDAP) in the area but no extra resources would be needed
- ETB could be asked to encourage WCTB to expand marketing of tourism in the area and look at new ways of selling West Cornwall eg through joint ventures with British Rail and the private sector. This would mean diverting resources from elsewhere in the region.

Existing schemes - extra resources for West Cornwall

- 1 Job finding advice - extra staff resources are needed to improve the job finding service and perhaps provide a mobile service. /Perhaps 2 or 3 staff/
- 2 Enterprise Allowance Scheme - additional needs could be met by transferring resources within the region.
- 3 Community Programme - Extra places could be provided in West Cornwall by switching 250 places within the region. Such places might concentrate on renovating workshops (to help new small firms) and environment schemes (to help tourism). Extra places might be provided by switching resources away from other regions
- 4 Training for Enterprise - more training, particularly enterprise training and training for skills could be used. For example, one possibility would be to provide a two day training facility for EAS entrants. The extra resources needed might amount to £100,000, and might be met by switching resources within the region.
- 5 Small Firms Service - extra resources could be put into the local SFS services. One possibility would be to increase the Business Development Services which include a free business check-up for small firms and which might, if appropriate, then refer firms on to the consultancy services available under the DTI's Business Improvement Services.

Existing schemes - rules changed to cover redundant tin-miners in West Cornwall

1 Enterprise Allowance Scheme

- redundant tin-miners will not qualify for EAS until the autumn since they are not eligible for benefit while getting wages in lieu of notice
- tin-miners could be made eligible for EAS by changing rules of eligibility so that they could enter EAS 8 weeks after being made redundant. Such wider eligibility would need to cover anyone made redundant in the area. This rule change would have to be agreed with the Treasury.

2 Job Clubs

- length of time on the unemployment count is a condition of job clubs too.
- redundant workers in West Cornwall might be made eligible for job clubs. Alternatively, a version of Restart courses might be given to the redundant tin miners together with a job club follow up - at the cost of extra staff /1 person/.

ANNEX 3 New employment initiatives in West Cornwall

- 1 Loans to small businesses. There is a need to provide small loans, between £1,000 and £10,000?, which are only provided with difficulty by commercial banks. Granting such loans would require an assessment system and finance. An assesement system might be provided through a panel of local businessmen, perhaps drawn from those involved in the Falmouth Community Action Programme. Such an assessment system would need to be separate from the SFS or West Cornwall Enterprise Agency (although perhaps follow-up counselling from either could be condition of such loan). Finance might be sought from RTZ for a loan fund on the Shell Enterprise model.

- 2 Small Workshops

Small workshops for start-up businesses are often cited as an essential part of encouraging the birth of firms. CP renovation of local authority workshops may help in West Cornwall English. Industrial Estates have a presence in the area but their requirements for rates of return means high costs for small workshops. DTI might subsidise EIE to provide small workshops in West Cornwall?

Also if DTI help to fund Control Data Corporation's plans for small workshops, some might be sited in West Cornwall?