

SUBJECT.

✓ Mr. MacGregor etc.



cc: JOE

JOG

pm

10 DOWNING STREET

From the Private Secretary

27 April 1982

As you know, Dr. David Clark came in for a third "closure" meeting with the Prime Minister. Mr. MacGregor was present.

We sent you late this morning a copy of the additional note on South Shields problems forwarded today by Dr. Clark.

Dr. Clark explained that further redundancies had been announced in the area since he requested the meeting. In addition, there was now some threat of further major reductions in the Plessey workforce. Today's unemployment figures showed a further increase in the area.

Against this background, Dr. Clark spoke about the four propositions outlined in the note he had submitted. On the first item, small advanced factories and nursery workshop units, Mr. MacGregor said that he had been in touch with EIC. There were already 18 units available in the area, and EIC were not keen to build too far ahead for fear of creating a sense of blight on their programme. But he undertook to look further into the possibilities.

In respect of work on sea defences, under the Coastal Protection Act 1949, and EC finance, Dr. Clark referred to his previous exchanges with the Department of the Environment. Shields did not qualify for Community finance because it received no British Government finance for the purpose. When he had drawn attention to other towns which had received UK finance, therefore providing a passport to Community finance, Environment Ministers had explained that each case was considered on its merits. He therefore hoped that if Shields could put forward a viable scheme, the Government could give it favourable consideration. The Prime Minister said that she understood the spirit in which Dr. Clark was working with the local authority to come forward with worthwhile proposals for new activity in the area. She asked him to pursue this particular one direct with Environment Ministers, but told him to make it clear that he had raised the matter with her, and that she was not unsympathetic.

With regard to the processing of EC "non quota" application for riverside improvement, Mr. MacGregor said that the Community decisions on steel closure areas were imminent, and on shipbuilding

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closure areas should follow shortly afterwards. He very much regretted the 18 months which had passed without a decision, and he was looking at the procedures. He hoped for decisions within the next 2 weeks, and had at one stage thought it possible that they might be available today. He had recently taken up the matter vigorously with the Commission's Director-General responsible for these questions.

In respect of increased cash for local authority building, Dr. Clark explained that the authority had sold 1700 Council houses, but had chosen not to apply for extra housing improvement funds, on the grounds that available funds were adequate for that purpose. There was a particular shortage of sheltered accommodation, in an area with an aging population. The authority had plans for 8 such units, costing perhaps £4 million. Funding would be difficult, as the authority expected to spend all its housing allocation for the new financial year. The Council were looking at the possibility of building some such units with sale in mind, which might be plausible in present circumstances. He hoped that some way might be found of offering funding tied to such projects.

No doubt Mr. MacGregor will be in touch again with Dr. Clark about the advanced factory and EEC "non-quota" issues. I am sending a copy of this letter to Helen Ghosh (Department of the Environment) to record the exchanges on the two matters which Dr. Clark will no doubt pursue direct, as suggested by the Prime Minister.

I should be grateful to see copies of any further letters from Ministers to Dr. Clark following up this discussion.

M. A. PATTISON

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Department of the Environment.