

COVERING RESTRICTED

Reference

Mr C Stevens
No. 10 Downing St

cc Miss Goulding DoI/PB
Mrs Dracup DoI/NERO

PM's MEETING WITH DR CLARK,MP, 7 DECEMBER

Please find attached regional industrial brief on South Shields and South Tyneside for the PM's meeting later today with Dr Clark,MP. I understand the meeting is in connection with the closure of a South Shield's dog biscuit factory, S C Lowe, a subsidiary of Luda Meaties Pet Foods and employing 92.

The major part of the brief is taken from a fortunately recent brief prepared for one of our Ministers who met a delegation from South Tyneside and I hope this is satisfactory in the circumstances surrounding your briefing request. Naturally, we would appreciate much longer notice for any future briefing of this sort.

A J Foran

A J FORAN
Department of Industry
RPDG 1b
Room 411 Kingsgate House
212 0572

7 December 1982

*PS Sections 4 & 5
are incomplete - I will
phone the missing data
over to you*

A J Foran
included on briefing

*Seen & agreed
by [unclear]
7/12/82*

COVERING RESTRICTED



SOUTH SHIELDS CONSTITUENCY/SOUTH TYNESIDE TTWA - BACKGROUND NOTES

1. INTRODUCTION

Dr David Clark's Parliamentary Constituency of South Shields is contained within the South Shields Employment Office Area (EOA) which forms part of the South Tyneside Travel-to-Work Area (TTWA) together with the following EOAs: Birtley, Bladen-on-Tyne, Chester-le-Street, East Bolden, Felling, Gateshead, Jarrow/Hepburn and Prudhoe.

The following notes relate to the South Tyneside TTWA with particular reference to South Shields EOA.

South Tyne TTWA is part of the Tyne and Wear Metropolitan County, which is one of the six Metropolitan counties in the United Kingdom. The area has a population of 372,200 which is approximately 32% of the total for Tyne and Wear. The area was unaffected by the Assisted Area changes announced in July 1979 and has remained an SDA.

2. INDUSTRIAL STRUCTURE

		Employees in Employment 1978		
		% Distribution		
		South Tyne	Northern Region	Great Britain
Primary Industries	(8,072)	5.0	5.3	3.3
Manufacturing Industry	(63,702)	39.8	33.7	32.0
Construction Industry	(13,778)	8.6	7.2	5.5
Service Industry	(74,533)	46.6	53.8	59.2
TOTAL	(160,085)	100.0	100.0	100.0

Figures in brackets show actual employment for South Tyne in 1978 - latest available.

3. MAJOR EMPLOYERS (Manufacturing)

Name of Firm	Location	Product
NEI Clarke Chapman	Gateshead	Marine Engineers and power plant manufacturers
Plessey Telecommunications Plc	South Shields	Telephone and telegraph equipment
NEI Reyrolle	Jarrow/Hebburn	Electrical Switchgear
Swan Hunter (British Shipbuilders)	Jarrow/Hebburn	Shipbuilders
Royal Ordnance Factory	Birtley	Armaments
Caterpillar Tractor Co Ltd	Birtley	Earth moving equipment



4. UNEMPLOYMENT

New counting system

<u>October 1982</u>	Males		Females		Total	
	Nos	Percent	Nos	Percent	Nos	Percent
South Shields EOA	5,884		2029		7,913	
South Tyneside TTWA	24,705	21.4%	8569	13.2%	33,274	18.5%
North East Region	149,581	22.3%	51,602	11.9%	201,183	18.2%
Great Britain	2,127,400	15.8%	807,900	8.7%	2,935,300	12.9%
<u>November 1982</u>						
South Shields EOA	5,943		1,991		7,934	
South Tyneside TTWA	24,799	21.5%	8428	13.0%	33,227	18.4%
North East Region	150,180	22.4%	50,927	11.7%	201,107	18.2%
Great Britain	2,147,626	15.9%	803,215	8.7%	2,950,841	13.0%

5. VACANCIES

Reported Vacancies on 8 October 1982

South Shields EOA	116
South Tyneside TTWA	453

Reported Vacancies on 11 November 1982

South Shields EOA	123
South Tyneside TTWA	440

Note Following a 1977 MSC survey, the vacancy figures shown probably understate the true position in the North East by about 50% and in GB by about 36%.

6. REDUNDANCIES

In 1981, 5,594 redundancies in the South Tyne TTWA were notified to the Department of Employment. In the period January to September 1982, 4,140 redundancies have been notified.

Major redundancies notified include:



	<u>Numbers Affected</u>		<u>Date Notified</u>
	<u>Male</u>	<u>Total</u>	
Caterpillar Tractor, Birtley	758	775	Oct 1981, Jan 1982
Marconi Radar Systems, Felling	228	290	Feb 1982
National Coal Board, Baldon Colliery	600	600	March 1982
Tyne Textiles Ltd, Felling	220	220	Sept 1982
Filtrona Ltd, Jarrow	194	194	May 1982, Aug 1982
Tyne Shiprepair Ltd, South Shields	663	663	Sept 1982

7. NEW FIRMS

Since 1966, 77 new manufacturing firms have opened up in South Tyne TTWA, 57 of which are still surviving, currently employing 4,317 people (2,701 males).

8. INDUSTRY ACT 1972 ASSISTANCE, 1 OCTOBER 1981 TO 30 SEPTEMBER 1982

Regional Development Grant

Individual payments of £25,000 and above only

South Tyneside TTWA	- £8,884,000
South Shields EOA	- £135,000

Section 7 (Regional Selective Assistance)

South Tyneside TTWA 12 offers, total offer value: £1.8m associated employment:
567
total project costs: £14.1m

South Shields EOA Nil

Section 8 (National Selective Assistance)

South Tyneside TTWA Nil BUT 1 May 1979 to 30 September 1981:
23 offers, total offer value £323,000, total project
costs £1.6m

South Shields EOA Nil



Industrial Estates/Advance Factories

In the South Tyneside TTWA, 57 factory units totalling 60, 381 sq m are complete and available, including 13 units totalling 6,271 sq m which are reserved. Of the 57 units, 5 are on a site in the South Shields EOA and a further 5 on a site bordering the neighbouring Jarrow/Hepburn EOA.

9. RATES & POLITICAL COMPOSITION

(a) RATES (pence per £ of rateable value)

	Rate 1981/82	Rate 1982/83	% Change
South Tyneside MBC	107.5	129	+ 20
Gateshead MBC	123	139.6	+ 13.5
Tyne & Wear MCC	47	51.2	+ 8.9

(b) COUNCILLORS

South Tyneside	Labour 45	Progressives 10	Others 5
Gateshead	Labour 55	Conservative 8	Others 3

(c) MEMBERS OF PARLIAMENT

D G Clark	Labour	South Shields
B Conlan	Labour	Gateshead East
D Dixon	Labour	Jarrow
J Horam	Social Dem	Gateshead West
J D McWilliams	Labour	Blaydon
G H Radice	Labour	Chester-le-Street

10. MAJOR POSITIVE DEVELOPMENTS IN THE SOUTH TYNE TTWA

<u>Company</u>	<u>Location</u>	<u>Project</u>	<u>New Jobs</u>	<u>Value of Contract</u>
Port of Tyne Authority/National Coal Board	Tyne Dock South Shields	Joint project for new coal handling and shipping facility		£7m+
Reid Furniture	Team Valley	£1/2m expansion programme	80	
NEI Reyrolle Ltd	Jarrow/ Hebburn	Switchgear for Power Station at Rihaud, India		£3m
Marconi Radar	Felling	NATO contract for 4 Martello radars - heavy work to be carried out at Felling works		£20m



11. LOCAL ISSUES

Dr Clark accompanied a delegation from South Tyneside Metropolitan Borough Council to Mr Norman Lamont (MoS/Industry) on 11 November last to discuss the effects of the closure of BS shiprepair yards in the area. A copy of the note of the meeting is attached at ANNEX 1.

The three major points raised are currently being followed-up, viz

- (a) social and economic problems of high unemployment,
- (b) establishing a joint public/private sector team and
- (c) Port of Tyne Authority's charges.

~~A copy of a press cutting concerning the closure of S G Lowe is at ANNEX 2.~~

Department of Industry
RPDG Div

December 1982



NOTE OF MEETING HELD IN ROOM 901 ASHDOWN HOUSE AT 3.00 pm ON
THURSDAY 11 NOVEMBER

Present:

Mr Lamont
Mr Atkinson - NERO
Mr Beale - SBP
Mr Joyce - RPDG

South Tyneside Borough Council

Councillor V Fitzpatrick JP - Leader
Councillor S Robinson JP
Councillor A L Elliott
Councillor M E Lightfoot
Councillor M B Pigott JP
Mr S Clark - Chief Planner
Mr F Thompson - Chief Executive

Mr Don Dixon MP (Jarrow)
Dr David Clark MP (South Shields)

1 The Council requested the meeting to discuss the proposed closure of the BS shiprepair yards on the south side of the Tyne and the consequential effects this would have on the economic and social life of the Borough.

2 Dr Clark began by saying that the South Shields area, faced with the closure of these yards, already had a male unemployment rate of about 30%. Mr Dixon pointed out that these closures would push up the unemployment rate in certain areas to about 50%.

3 Councillor Fitzpatrick then made an opening statement for the Council saying that BS intended closing the four yards on the south of the Tyne but had then decided to retain Middle Dock, for which he was grateful. He expressed concern about the BS Corporate Plan and the proposed closures and felt the shiprepair industry was all but lost. He realised that new technology would replace jobs but felt at least one unit should remain open therefore retaining basic skills in the area. He wondered whether naval vessels needing repair could be directed to South Tyne yards and whether the Government could retain shiprepairing on the Tyne. On top of the general rundown of the area, the closure of the shiprepair yards would be a devastating blow. He mentioned that Lord Bellwin had visited the area recently to discuss, with the Council, an increase in their Urban Development programme allocation.

28 22/11



4 Mr Thompson repeated the need for help with naval orders. He pointed out that if the yards closed, then skilled men would leave the area. Many thousands of people needed the support of shipbuilding and repairing and if these disappeared the Tyne area would have a dismal future.

5 Councillor Robinson said that the area had four collieries in 1968 and now there was only one. There was now a similar situation with shipyards. He enquired whether BS could form an industrial development company as BSC(I) had done in Consett. This enterprise was helping to relieve the unemployment situation there. He thought a "high powered group" could be set up, financed by BS, the Government and large firms in the area. Such a group could give direct help and guidance which were needed urgently to generate business activity. He said the Council were prepared to help themselves, but they needed outside help and ideas.

6 Councillor Lightfoot said the Borough was suffering badly because of its reliance on old heavy engineering industries which were all undergoing restructure. The Borough was not receiving enough help from Government to alleviate the acute social problems being caused by unemployment and the general rundown of the area. The Council were only too keen to have a diversified industrial base, but could not do this by themselves.

7 Councillor Fitzpatrick said there was a glimmer of hope for the Borough in that Nissan had not yet decided on a particular area for their proposed car plant. Also the Council hoped to gain an additional enterprise zone. The area merited long term Government assistance because of much dereliction and unemployment.

8 Mr Thompson said tht since 1974 the Council had been engaged in a vigorous programme of industrial development and had built in conjunction with the EIEC and the County Council 153 small factory units of which 134 had been underletted. The Council was very impressed by BSC's efforts in Consett and hoped that BS could do the same in South Tyneside. The two areas had very similar problems.

9 Councillor Lightfoot said that the Council had tried to encourage new firms to set up in the area and most of the factories built had in fact gone to small firms but this had created only 120 new jobs. However, there had also been 1,000 BS jobs lost in the area which was equivalent to 10 years job creation work by the Council. The area therefore needed a major new employer.

10 Councillor Fitzpatrick mentioned that the Port of Tynemouth Authority had received three licences for offshore oil exploration and the Authority had the largest area in the UK for developing related offshore activities. He wanted the authority to create an offshore repair yard and use the skills already in the area.



11 The Minister pointed out that existing offshore yards around the country did not have enough work. Councillor Fitzpatrick said that BS were closing yards because of the change in trade routes but if an oil terminal were to be based just off the mouth of the Tyne then it would make sense to have related service industries nearby.

12 The Minister then responded to the points that had been raised. He said he appreciated the enormous problems the area faced. He mentioned that since Dr Clark had met the Prime Minister the situation had altered. Shiprepair losses had grown and many complaints had been received from private sector ship-repairers about the situation. There was a lot of competition in shipbuilding and too much capacity. Giving BS more money would not necessarily change their view towards shiprepair. Many private sector yards had also closed.

13 On the BSC(I) point, the Minister said BSC(I) had worked on this for a long time and had a depth of experience. He did not think BS had the necessary experience to set up an enterprise trust but would certainly explore the possibility with Mr Atkinson. The Minister went on to say any requests for assistance would be looked at sympathetically and where discretionary aid could be added to automatic grants, this would be considered carefully. The area qualified for some EEC aid and had received £2.5 million from the non-quota section of the ERDF and would probably receive more in the second round. The Government were constantly pressing the EEC for more help for our steel and shipbuilding industries.

14 Mr Lamont said the Nissan project was still live, and the Government wanted them to come to the UK. Nissan had decided to rethink their plans because of the world climate in the vehicle industry. Specific sites were not yet being considered. On enterprise zones, the Government was considering the Tyne area amongst others and would soon make an announcement. Regarding setting up a high powered group, the Minister said he was happy for DOI/DOE officials to liaise with the Council on this and other matters.

15 Dr Clark said the immediate problem would be to get through the next six months: the unemployment rate would be 35%. He asked if a few "wise men" from business (perhaps 3, costing about £100,000 on salaries) could be seconded who could help attract the necessary business to the area. Their salaries could be paid by BS or the Government. The Minister said he would talk to BS about this but they already had enough problems of their own. It was unlikely that they would want to lose their own people, or allocate their own cash for this purpose. The Council might be in a better position to find these businessmen but this was something that the DOI/DOE Council group could explore. Mr Thompson said he realised BS may not find them, but asked if the DOI could talk to Plessey, who might be able to second someone. Mr Atkinson said it would certainly be useful to talk about this.



Councillor Robinson asked if the Government would provide financial backing. The Minister said he would consider this. Dr Clark said there was only one firm in the area employing over 1,000, the rest employed less than 250. These small companies would not have the kind of expertise that was required. The expertise of multinationals was required - perhaps using businessmen from BP or Shell. Mr Atkinson doubted whether regional bosses could take on this work and suggested that men at headquarters of major companies, like Plessey, might be able to.

16 Councillor Pigott said at present ships called at the Tyne merely to clean their tanks and then had to go abroad for repairs because of the lack of dry dock facilities. Furthermore, he admitted it was expensive to dock on the Tyne and he thought the Port of Tyne Authority's charges should be looked at. Docking was so expensive mainly because dredging facilities were almost nil and the Council had questioned the PTA on this but had received no response. Mr Atkinson said that he knew of the dredging problem but was not aware of particularly high charges. Joint discussions might be useful. Councillor Fitzpatrick said the PTA had concentrated on redeveloping coalstrips but had neglected the river. The Council were looking to the PTA to release land to relieve this problem. The Minister said he would take this up with the Department of Transport.

17 Councillor Piggott asked what would happen to the repair yards once they had closed and whether BS would sell them. The Minister said BS were pessimistic about selling shiprepair yards. Complaints from private sector yards were geared towards closures. BS would like to sell, but there were no buyers. Councillor Elliott said he knew of two possible buyers but BS would not negotiate. Dr Clark asked what the Government's policy is towards the sale of BS repair yards. The Minister said if the yards were sold he would be delighted. However, he had heard of no offers to buy BS yards. He also had no powers as yet to order BS to stop their shiprepair activities.

18 Councillor Robinson mentioned that South Tyneside has particular potential for tourism. An urban development grant is being sought for the development of a holiday village. The Minister asked if there was much tourism, and whether there was local interest in this idea. Councillor Fitzpatrick replied that there were very few hotels and local interest was confined to small businessmen. There were no "big names" interested.

19 Councillor Elliott said the rundown of the repair yards was the last resort. The yards must remain open and the Government had the power to achieve this. The running down of industries was creating great social problems in the inner cities and the Tyne was now as bad as anywhere else. Keeping the yards open longer would provide some much needed breathing space. The Council was unable to solve all the problems alone.

20 Councillor Pigott asked what influence the Minister had over BS's decisions. The Minister said that obviously BS kept him informed but decisions on closures were a matter for BS's



commercial judgement. The Government had given BS large amounts of money which had averted closures which would otherwise have happened. The BS shiprepair situation was desperate, losing £50 million since nationalisation and £8 million this year. The private sector was also suffering badly.

21 Councillor Fitzpatrick said the Council ran an industrial/^{fair} in 1981 and 1982 and local industries received some business as a result. They had used an empty EIE factory for the fair but it was now to be broken down into small units which may mean the loss of the premises for further fairs. The Council would therefore like financial assistance to hire Temple Park exhibition hall next time. The Minister said this sounded a good idea and asked Mr Atkinson to follow this up.

22 Councillor Fitzpatrick summed up by saying it was very important that BS retain Middle Dock, which had done a good job on HMS Fearless. He recognised the difference between BSC(I) and BS regarding the setting up of an industrial development company in the Tyne area. He said the Council would talk to large firms in an attempt to encourage executives to help the council. He hoped the area would receive more EEC cash and an extra enterprise zone. Any help on their urban development grant application would be appreciated.

23 The Minister acknowledged that the Council had very serious problems. He emphasised that the Council and Government should look together for executives and DOE and EIE should be involved in this. The Council should inform BS and DOI of any potential buyers of BS yards.

Glen Lockey
GLEN LOCKEY
MOS Office
Rm 11.03 Ash
212 5902

19 November 1982

cc PS/Mr Butcher
PS/Mr MacGregor
Miss Mueller
Mr Dick
Mr Russell
Mr Beale
Mr Pearcey
D/NERO

PM



10 DOWNING STREET

Prime Minister

An up to date

Constituency brief on South

Shields will arrive tomorrow

morning.

LN

8/12



Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the
Parliamentary
Secretary's Office

Caroline Stevens
Prime Minister's Office
10 Downing Street
London SW1

6 December 1982

Dear Caroline

... I enclose a note for the Prime Minister for her meeting with Dr David Clark MP at 4.15 pm on Tuesday 7 December. The Parliamentary Secretary here, Mrs Peggy Fenner, will be attending this meeting.

Yours sincerely

Nickolas J. Way

N J WAY
Private Secretary

NOTE FOR THE PRIME MINISTER

MEETING WITH DR DAVID CLARK MP - 7 DECEMBER 1982

BACKGROUND

F C Lowe & Son Ltd, a company manufacturing dog biscuits in South Shields, made 95 workers at their factory redundant on 19 November, and announced that the factory would close entirely in 3 months' time. The reason for the closure appears simply to have been the company's poor trading performance, although the pet food industry as a whole has survived the recession well. Dr Clark has told the media that he will do all he can to keep the factory going, and at one stage joined a picket line of redundant workers.

LINE TO TAKE

The Prime Minister will wish to:-

- assure Dr Clark that all the facilities of the Manpower Services Commission will be made available to help the workers affected find new jobs or train for alternative employment;
- explain that according to the Government's information all redundant workers have received their full entitlement to redundancy pay (or pay in lieu of notice); and
- if Dr Clark asks about the chances of the Government providing financial assistance to keep the factory going, point out that any application the Company may make will be considered according to the criteria that are normally applied, but that without knowing the Company's full circumstances it is not possible to say whether any aid might be available.

NOTE FOR THE PRIME MINISTER

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2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref: H/PSO/18021/82

Your ref:

32 DEC 82

ENTERPRISE ZONES

Thank you for your letter of 16 November, in which you referred to our exchange in the House on the previous day.

As I said on that occasion, I understand the disappointment felt in South Tyneside at the fact that the Council's application for an enterprise zone was not preferred. A large number of authorities have inevitably been disappointed, since, in England, over 50 applications were submitted and only 9 new zones announced. I should make it clear that, in deciding upon these applications, we certainly had regard to unemployment levels, but we considered other factors as well, notably the rate at which land proposed for designation could be made available for development, and the applicant authority's proposals for relaxing planning controls.

As far as the Northern Region is concerned, our view was that it was appropriate to establish one additional enterprise zone, and that Middlesbrough had made the strongest case. You ask specifically about unemployment rates. In October 1982, the total unemployment rate for the Teesside TFWA (which includes Middlesbrough) was 20.1%; the equivalent figure for South Tyneside was lower, at 19.3%. As I have stressed, however, the unemployment level was only one of the factors which we considered in reaching our decisions.

I cannot accept the charge that the Government is failing to respond to the particular difficulties faced by your area. South Tyneside Metropolitan Borough Council is a programme authority under the Inner Urban Areas Act 1978, and in 1982/83 some £3.23m has been allocated to the Council under the Urban Programme. In addition, South Shields is designated as a special development area under regional policy. I think that these arrangements demonstrate a considerable commitment on the part of Central Government to tackling South Tyneside's problems.

MICHAEL HESELTINE