

se mastes

SUBJECT

CONFIDENTIAL

NOTE OF A MEETING HELD AT 1115 am ON MONDAY 30 MARCH 1981  
AT 10, DOWNING STREET,  
TO DISCUSS MERSEYSIDE

---

Present: THE PRIME MINISTER  
(In the Chair)\*

CHANCELLOR OF THE EXCHEQUER

SECRETARY OF STATE FOR INDUSTRY

SECRETARY OF STATE FOR THE ENVIRONMENT

SECRETARY OF STATE FOR TRANSPORT

MINISTER OF STATE, DEPARTMENT OF EMPLOYMENT

PARLIAMENTARY UNDER SECRETARY OF STATE, DEPARTMENT OF TRADE (Lord Trefgarne)

MR. D. YOUNG, DEPARTMENT OF INDUSTRY

MR. E. SORENSON DEPARTMENT OF THE ENVIRONMENT

MR. J.R. IBBS, CENTRAL POLICY REVIEW STAFF

SIR ROBERT ARMSTRONG

MR D.J.L. MOORE

(\* The Chancellor of the Exchequer took the Chair from 12 noon when the Prime Minister left for another meeting).

---

The Meeting discussed a note of 20 March by the Central Policy Review Staff (CPRS) on possible measures to help Merseyside. They also had before them minutes to the Prime Minister of 18 March from the Secretary of State for the Environment and of 20 March from the Secretary of State for Industry.

CONFIDENTIAL



**CONFIDENTIAL**

In discussion of current issues the following were the main points made:-

(a) In spite of the wide range of generous financial inducements on offer from the Government, Merseyside had become unattractive to manufacturing industry because of its record of bad labour relations and of excessive union power. Both British Leyland and Vauxhall had been attracted to the area by financial assistance offered by previous Governments, but it was thought that their presence had led to pressures to increase wages locally and not to net increases in local employment. Traditionally a good deal of the strength of the area had lain with service industries and the trade sector, and the Government was more likely to get value for its money in future if assistance were to be directed to helping service industries and small firms rather than manufacturing industry. It should, however, be recognised that some manufacturing investment in the area had paid and that some firms, such as Plessey had a good labour relations record.

(b) After considerable difficulties, the statutory invitation to prepare an Enterprise Zone (EZ) at Speke had been issued and the Zone should be designated before the Summer Recess.

- 2 -  
**CONFIDENTIAL**



**CONFIDENTIAL**

(c) Following Parliamentary approval of the necessary Orders, the Merseyside Urban Development Corporation (MDC) had become a legal entity on 25 March. The Secretary of State for the Environment hoped to lay Vesting Orders before the Easter Recess which would cover 500 acres of land within the UDC area. The Secretary of State for Transport was dealing with difficulties over the vesting of a site in the Wallasey Dock area owned by the Mersey Docks and Harbours Company (MDHC). The MDHC saw this as the only site suitable for deep water development; they were cautious over land sales which would lose them rental income and from which the proceeds would go not to them but to their stockholders.

(d) Tate and Lyle planned to close their sugar refinery in Liverpool on 3 April. They had not yet indicated any willingness to offer more than the £1 million 'dowry' which their chairman had agreed to make available to foster new ventures. Plans were going ahead satisfactorily, however, for the implementation of this scheme, although no announcement would be made of it until the refinery had been closed and the workers had left the site. In the meantime, although it was thought that the workforce recognised that the severance pay on offer was generous, union leaders were still raising objections to it. It was unfortunate that their action was based on a show of hands rather than proper postal ballot of the workforce.

**CONFIDENTIAL**



**CONFIDENTIAL**

(e) It would be preferable not to appoint a "Minister for Merseyside", since that would lead to pressure to appoint other Ministers for other problem areas. It would be better for one Minister to take the lead in a particular area and to ensure that the efforts of the various Departments concerned were coordinated. It was clear that progress was often held up by the conflicting interests of the various local authorities involved and that concerted effort was needed to push decisions through. This might be done by sustained visits by a senior Minister, although care should be taken to avoid any presumption that this implied the availability of more public money.

(f) The Department of Employment were hoping that, subject to reaching agreement with the unions, the Manpower Services Commission (MSC) could place more young people with the Social Service Departments in Merseyside as had already been done in Swansea. It was suggested that it would be preferable to have more young people going into commerce, where the MSC had proved very slow to respond to opportunities offered by companies such as Marks and Spencer. It was noted that the Minister of State, Department of Employment, would consider further with the Department of the Environment and other Ministers concerned the implications for pay of young people, of the setting up of the EZ and also the question of a special deal on

**CONFIDENTIAL**



**CONFIDENTIAL**

Merseyside on rates of pay for young people.

THE PRIME MINISTER, summing up this part of the discussion, said that experience with the Speke EZ, the MDC and with other cases on Merseyside underlined the importance of the Ministers concerned exerting strong and sustained pressure to ensure that the various local authorities, statutory corporations, and Government Departments reached agreement and made progress in good time. She would reflect further on what she might say about this, and about the strengths and weaknesses of Merseyside, when she visited Neston on 10 April. In the meantime the Secretary of State for Transport should ensure that the problems of land currently owned by the MDHC were resolved quickly. The Minister of State, Department of Employment, should speak to Tate and Lyle to encourage them to consider the possibility of a ballot if that were thought necessary to demonstrate that the workforce, as distinct from the union leaders, recognised the generosity of the severance terms on offer. It was important that good progress should be maintained on setting up new ventures on the Tate and Lyle site and every effort should be made to urge the company to increase their proposed £1 million dowry.

THE MEETING -

1. Invited the Secretary of State for Transport to seek an early resolution of the difficulties over the transfer

**CONFIDENTIAL**



**CONFIDENTIAL**

of land currently held by the Mersey Docks and Harbours Company.

2. Invited the Minister of State, Department of Employment to consult further with Tate and Lyle, as indicated by the Prime Minister, on the measures necessary to secure agreement to the severance pay offered to workers at the Liverpool sugar refinery.

3. Invited the Secretary of State for Industry to continue to encourage the rapid re-development of the Tate and Lyle refinery site in Liverpool and to seek to persuade the company to increase their offer of £1 million for a dowry for new ventures.

In further discussion of new initiatives, and of areas requiring further study, the following were the main points made:-

(a) It was agreed that the CPRS should investigate further the areas which they had listed in Sections B and C of paragraph 29 of their note of 20 March, with the exception of their proposal B.11 on the MDC boundaries and development plan which the Secretaries of State for Environment and Transport were pursuing. In this further work they should, however, take account of the considerable doubts of the meeting over the case for any development of Speke Airport. Speke had already benefited from substantial capital investment, and it was unlikely that anything more could

- 6 -  
**CONFIDENTIAL**



**CONFIDENTIAL**

be justified in view of the facilities already available at the nearby Manchester Airport.

(b) It was noted that the Department of Industry were currently looking at the possibility of increasing assistance available to service industries by switching to them within existing overall public expenditure provision and under the present statutes, some of the funds currently available for support of manufacturing industry.

(c) In his minute of 18 March, the Secretary of State for the Environment had put forward proposals to encourage private sector house builders to build 1,000 houses for sale on Merseyside next year against a guarantee by local authorities that they would cover the costs in the event of the houses not being sold at the beginning of the 1982-83 financial year. He would ensure that any resulting public expenditure was met from within his present provision.

(d) The Minister of State, Department of Industry, and the Chief Secretary, Treasury, were considering separately a contract for a drilling rig to be made by Cammell Laird which would be important in preserving employment at that shipyard.

**CONFIDENTIAL**



**CONFIDENTIAL**

THE CHANCELLOR OF THE EXCHEQUER, summing up this part of the discussion said that the Meeting agreed that it would be helpful to have an early overall view of the possibilities for further action to help Merseyside. The CPRS should, therefore, consider further those proposals listed in Sections B and C (other than B.11) of paragraph 29 of their note of 20 March. In doing so, they should take account of the strong doubts expressed at the Meeting over the case for further investment at Speke Airport. They should aim to complete their work within about five weeks, when they should circulate a report as a basis for decisions by Ministers on which were the issues worth further, in-depth examination, and by whom.

THE MEETING -

4. Invited the Central Policy Review Staff to circulate in early May a further report on Merseyside on the lines indicated by the Chancellor of the Exchequer in his summing up of their discussion.

**CONFIDENTIAL**