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10 DOWNING STREET

THE PRIME MINISTER

11 February 1985

Dear Mr. Kilroy-Silk,

When John Butcher and I met you on 24 January you expressed concern at the high level of unemployment in the Knowsley area and the consequent effects on local commercial activity. I said that I would write, setting out the measures which the Department of Trade and Industry is taking in relation to the Prescott redundancies at BICC and also detailing the take-up in Knowsley of the various grant and other schemes available for business development and job creation.

So far as the redundancies at the BICC Prescott site are concerned, the Department of Trade and Industry's Regional office has had extensive discussions with BICC management at various levels about the prospects for retention of as many jobs as possible on the Prescott site. The bringing together of the various parts of the BICC Components operation in the unit currently used for metallic cable manufacture is the most effective way to achieve this, and the Department has indicated to BICC its willingness (subject to certain assurances) to extend the terms of a previous offer of selective assistance which will assist BICC in its plans for the rationalisation and consolidation of the Components Division on the Prescott site.

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The Department recognises the importance for Prescott that the Optic Fibre Cable facility of BICC should be located in the area. You will know that the company is in negotiation with Knowsley Council and English Estates about the provision of a site and building for this facility on what is known as the old BIP site at Prescott. Both Department of Trade and Industry and Merseyside Task Force officials are closely involved in these negotiations and it is hoped that the siting of the Optic Fibre Cable facility on that site with the provision of over 200 jobs will be confirmed shortly. I think that you will agree that this would constitute a highly desirable outcome, providing longer term security for BICC employees at Prescott.

This administration has given substantial support to encourage business development and job creation throughout the Knowsley area. I have asked officials to look at the take-up of the variety of Government schemes which are available in the Knowsley area to encourage business development and job creation. The main schemes are:-

- (i) Industry Act Assistance. In the period from 1 April 1983 the Department of Trade and Industry has made 29 offers of selective assistance for projects involving £49 million investment in the Knowsley area. The value of these offers amounts to £3.6 million with over 3,000 associated jobs either created or safeguarded.

- (ii) Small Firms Assistance. In the 6 months from July 1984 to December 1984 some 698 individual first time counselling sessions were given by the Small Firms Service in Merseyside, of which 39 related to enquiries from Knowsley. Take-up of the Enterprise Agency's services has been disappointing, but its Board is looking at measures to increase public awareness of what it has to offer.

- (iii) Over £300,000 was set aside in Knowsley Borough Councils 1984/85 Urban Programme for grants to assist private sector firms and new businesses, 75 per cent of which was funded by central Government. Over £200,000 of this has already been taken up and Knowsley's bid for 1985/86 has been increased to over £500,000 in anticipation of increased take-up in the future. In addition, substantial aid was given to industry in Knowsley through the Merseyside Task Force.
- (iv) Additionally, Knowsley has been invited to put forward private sector schemes under the Urban Development Grant Scheme. So far, three schemes have been taken forward including one for the provision of High Tech Units at Caddick Road, Knowsley Industrial Park, with a cost of £308,000.
- (v) As you know the Community Programme provides temporary job opportunities of up to a year's duration to help the long term unemployed. Of the 130,000 places available under the Programme, 6,680 places have been allocated to the Merseyside area and of these 6,669 are currently filled. The Knowsley area has been allocated 1,036 places from the Merseyside total, but thanks to the strength of local initiative and support for the Programme, has in fact currently filled 1,214 places.
- (vi) As many places under the Youth Training Scheme as are necessary to meet the needs of young people in Knowsley are being made available. In 1984/85 there were 2,039 such places. For Adult Training the total number of starts for 1985/86 will be 733, including 400 places at the Kirkby annex on work related skill assessment. The training

division of the Manpower Services Commission area office is currently examining the scope for running a business course at St Helens Technical College specifically for ex-BICC staff. The response to the Enterprise Allowance Scheme in the North West Region generally has been very encouraging and since the Scheme was introduced nationally in August 1983 some 12,700 unemployed people in the region have taken advantage of these facilities to help start their own business; of these over 4,000 were from the Merseyside area. At the moment just over 2,700 in Merseyside are receiving the allowance, and further places are available. As you know we are expanding the Scheme in April to allow for a national take-on rate of up to 1,250 entrants per week.

I believe that the range of central Government support schemes available is both relevant and effective and we are doing our best to attract applications for the schemes.

I do understand that the unemployment situation in Knowsley is a serious one, but you will see that the contribution made by the various central Government support schemes is not insignificant. Our support schemes can only work if people are prepared to take them up. In an area like Knowsley, I know that there is no strong tradition of people setting up small businesses of their own, but I would hope that the Government's attempts to reward individual effort and initiative in the economy as a whole will encourage a greater take-up in the future. The local authorities in the Merseyside area can also play an important part in helping to create the sort of climate which fosters local enterprise and encourages new industry to locate in the area.

Yours sincerely
Margaret Thatcher