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CONFIDENTIAL FILING.

Prime Minister's Meeting with
Sir Peter Blaker MP and Mr.
Norman Muscampbell MP.

PRIME
MINISTER

JANUARY 1985

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
15.1.85,							
<p>PREM 19/1604</p>							

SUBJECT
cc Master.



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10 DOWNING STREET

From the Private Secretary

15 January, 1985

Dear Paul,

Sir Peter Blaker MP and Mr. Miscampbell MP came to see the Prime Minister today to discuss the loss by Blackpool of Assisted Area Status. Mr. Trippier was also present.

Sir Peter explained that he recognised that on the criteria used in establishing Assisted Area Status, Blackpool did not qualify although this was clearly a marginal decision. Nevertheless, Blackpool did suffer from severe unemployment which looked as if it was going to increase. This was partially the result of the fact that the tourist industry was becoming less labour-intensive; for example holiday flats were increasingly replacing hotels and boarding houses. In the town of Blackpool unemployment was running at nearly 18 per cent and it was only brought below the criterion for Assisted Area Status by its inclusion with Lytham St. Anne's, which had very low unemployment, in a larger Travel to Work Area. Exclusion from regional assistance would mean that many of the large capital projects such as the renovation of the Winter Gardens which were required to attract tourists would not now be undertaken. Some projects such as a major indoor beach area were receiving European assistance but that would run out during the course of this year. The prospect, therefore, was one of increasing unemployment in the town of Blackpool with the figure rising to well above that of areas receiving assistance. Neither Sir Peter nor Mr. Miscampbell expected that the decision to exclude Blackpool could be reversed before Regional Policy was debated, but they hoped that when the Assisted Area map was reviewed the question of whether Blackpool itself could qualify as a Travel to Work Area could be considered. The present arrangements, especially those linking Blackpool with Lytham St. Anne's, were irrational and Blackpool itself seemed to qualify under most of the criteria used to establish Travel to Work Areas.

The Prime Minister said that she recognised the problems caused for Blackpool by the shift of emphasis in the tourist trade. In this context Mr. Trippier noted that an enterprise agency of the kind which had been successful elsewhere in Lancashire had recently been established in Blackpool. On the question of the Assisted Area map, however, the Prime Minister said that the criteria which had been used to draw up the map were as objective as possible and the current map, covering as it did 35 per cent of the population, was the maximum allowed under European rules.

The Government would, however, take into account the points made by Sir Peter and Mr. Miscampbell and if and when the Assisted Area map was reviewed or the Travel to Work Areas revised, the position of Blackpool would be considered once again.

I am sending a copy of this letter to Judith Rutherford (Department of Employment).

Your ever

T. Flesher

(Timothy Flesher)

Paul Madden, Esq.,
Department of Trade and Industry

Too late NBPW
AP
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Andrew Turnbull Esq
Private Secretary
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15 January 1985

Dear Andrew

A message has reached me that the Prime Minister will this evening attend a dinner also to be attended by Sir Peter Blaker MP. I understand that Mr Lamont met Sir Peter yesterday and during the course of their conversation the issue of the Travel to Work Area (TTWA) in which Blackpool is situated arose.

This is of interest primarily because Assisted Areas are defined using TTWAs. I understand that DTI have already sent you a note on Regional Policy as it affects Sir Peter's constituency. ... The enclosed note on the Travel to Work Area may also be of some help.

I am copying this letter to Mr Trippier's office as I understand he will also be attending the dinner.

*Yours sincerely
Judith Rutherford*

JUDITH RUTHERFORD
Private Secretary

TRAVEL-TO-WORK AREA REVIEW

1 Travel-to-Work Areas (TTWAs) represent an approximate division of the country into self-contained labour market areas, ie areas within which most people live and also work, and vice versa. They are also the smallest geographical areas for which the Department of Employment publishes percentage rates of unemployment.

2 TTWAs were reviewed in 1984, using commuting pattern data obtained from the 1981 Census of Population. The results of the review were published in the supplement to the Employment Gazette on 27 September 1984. TTWAs were used as the 'building blocks' for the Assisted Areas drawn up by the Department of Trade and Industry.

3 To qualify as a TTWA, an area had to have self-containment ratios of at least 75% (70% if its working population exceeded 20,000). Self-containment ratios are calculated by dividing the number of people who live in the area and also work there by the total number of workers who live in the area; and, conversely, by dividing the total number of people who work in the area and also live there by the total number of people who work in the area.

4 The Blackpool TTWA is composed of Blackpool and parts of the Fylde and Wyre District Council areas. It is known that Sir Peter would have favoured a smaller TTWA restricted to the immediate vicinity of Blackpool. However the components of the existing TTWA together met the necessary criteria and would not have done so separately. In fact the new TTWA is very similar to, and slightly smaller than, the previous TTWA area.

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14 January 1985

David Barclay Esq
Private Secretary to the
Prime Minister
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PRIME MINISTER'S MEETING WITH SIR PETER BLAKER MP AND MR NORMAN
MISCAMPBELL MP ON TUESDAY 15 JANUARY AT 5.30PM

I am pleased to enclose a briefing note on which the Prime
Minister may wish to draw, and can confirm that Mr David Trippier
will attend from this Department.

EDWARD BLADES
Private Secretary

JH5APM



ASSISTED AREA STATUS - BLACKPOOL TTWA

Background

Under the new Assisted Areas map announced by Mr Lamont on 28 November the Blackpool Travel-to-Work Area became non-Assisted, having formerly been an Intermediate Area.

2 The decision has not been well received in the area and local press reports have indicated all party support for a campaign to try and get the decision reversed.

3 On the basis of the objective criteria used to measure an area's need for Assisted Area status the Blackpool TTWA was not a candidate. Although its unemployment rate in December 1984 was 16.5% compared with a rate of 15.8% for all Intermediate Areas as they are currently constituted, unemployment in the area is known to be affected by seasonal trends as tourism is a major source of employment in the area's economy. The annual unemployment rate for the period July 1983 - June 1984 was 14.3% compared with 15.5% for all Intermediate Areas.

Line to Take

The Blackpool Travel-to-Work Area now has an unemployment rate which is above the national average but that is true of many areas which are not included in the new Assisted Areas map. Furthermore, in reaching decisions on the new map, we took account not just of employment but of a number of other factors. On the overall criteria used for making comparisons with the country generally, Blackpool did not justify Assisted Area status.

JH4ARP

RPla

14 January 1985

Memorandum to the Prime Minister

From Peter Blaker and Norman Miscampbell

January 1985

BLACKPOOL'S CASE FOR RETAINING ASSISTED AREA STATUS

Blackpool's level of unemployment far exceeds that of all Intermediate Areas and most Development Areas as now designated in the North West. It is comparable, at 20.2%, with Liverpool's 20.7%.

Its average unemployment figure for 1984 was higher than that of any of the 27 Intermediate Areas in England except three.

The unemployment rate of the Blackpool and Fylde TTWA is itself well above that of some Intermediate Areas. From past experience these figures are bound to worsen during the winter.

Comparative Unemployment Rates: North West Intermediate Areas

	December 1984	1984 Average
Blackpool LA	20.2	17.8
Blackpool TTWA	16.5	14.9
* Accrington & Rossendale	14.3	14.5
* Blackburn	15.0	15.1
* Bolton & Bury	16.6	16.4
* Manchester	14.3	14.4
* Oldham	13.8	14.1
* Rochdale	17.1	16.8
* Intermediate Area		

Blackpool's rate of unemployment has recently been increasing fast:

Increase in average % of unemployment between 12 months to December 1983 and twelve months to December 1984

Blackpool LA	1.8
Blackpool TTWA	1.3
Lancashire	.7
UK	.6

If this trend continues Blackpool's situation will be even more serious.

All of the now designated Intermediate Areas in the North West already receive other forms of regional assistance from Enterprise Zones or through their designation under the Inner Urban Areas Act while Blackpool, with higher unemployment, receives no such help.

Blackpool fully complies with the criteria for recognition as a separate TTWA and has a larger working population (60,000) than two-thirds of the TTWAs in the region.

Blackpool has pursued a policy of self help and a number of projects are planned or under way. These could be lost with the loss of Assisted Area status. These include:

The Sandcastle indoor leisure complex. Cost £16.5m.
Private enterprise venture supported by the Local Authority.
Grant of £1.5m received from ERDF for first phase.

Modernisation of the Winter Gardens to keep up with other new conference halls.

Renewal of the runway at Blackpool airport.

A central road and car and coach parks for tourism.

Improvement of coast protection works.

Development of 70-acre industrial estate. Infrastructure mostly completed (joint venture with Fylde and Wyre authorities).

The most serious prospect is loss of ERDF funds for these and other projects. If the Corporation has to pay more of their cost it would be penalised by the Government.

Most of the projects listed are related to tourism or conference business. The Government's policy on help to tourism is hard to follow. It seems that ERDF assistance will be available for tourism (or conference centres) in places such as Wolverhampton, Sheffield and Oldham, but not in Blackpool. The funds available for tourism from the ETB are tiny and would not be given for projects such as those listed.

REGIONAL POLICY

Speaking Notes

GENERAL LINE TO TAKE

The Government remains committed to an effective regional policy. The former policy was both expensive - over £4 bn in the last 12 years - and inefficient - each job created cost on average £35,000 of taxpayers money. The new policy announced by my hon Friend yesterday will save £300 million of taxpayers money each year and will also ensure that the remaining expenditure of about £400 million a year is directed more effectively towards the creation of new jobs.

Characteristics of New Policy

The new policy will:

- link the regional development grant directly to the projects which create new jobs rather than those which simply reallocate them;
- reduce the bias against new service sector jobs in the existing policy;
- extend the map of assisted areas to cover 35% of the working population rather than 27% as at present, and thereby extend the areas eligible for support from the European Regional Fund.

Distribution of Savings between England/Wales/Scotland

Half the savings are expected to arise in England; one-third in Scotland; and less than one-fifth in Wales. This is very similar to the present pattern of expenditure.

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Regional Policy

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Incidents

General Complaints about the Withdrawal of Assisted Area Status

The map of assisted areas is based on relative unemployment rates combined with a number of other indicators, such as, the industrial structure and growth in the labour force. The Government considered that overall the position in X did not justify it continuing to receive preferential treatment over the rest of the country.

Particular Areas

Birmingham

We have made substantial parts of the West Midlands intermediate areas in recognition of the problems they face. In addition, Birmingham partnership area will remain one of the largest beneficiaries from the Urban Programme, with an allocation of over £24 million for 1984/85. Birmingham will also continue to benefit from the European Regional Development Fund.

[In recognition of the new help which is being given to the West Midlands, my hon Friend the Member for Coventry South West (Mr Butcher) will no longer be directing a particular interest in the West Midlands as opposed to other parts of the country.]

Scotland

Scotland's share of intermediate areas has not changed and its share of areas eligible for regional development grant has increased. The whole of the Highlands and Islands Development Board area will continue to receive assistance, not just from the Board but also from the European Regional Development Fund.

South West of England - Against the criteria applied in drawing up the map, most of the South West of England did not justify preferential treatment.

Plymouth will continue to have intermediate area status in view of its heavy dependence on shipbuilding and repair.

Areas Affected by Pit Closures

The criteria applied to areas affected by pit closures were exactly the same as to the rest of the country. However, my Rt Hon Friend the Secretary of State for Energy announced yesterday that the capital of the new NCB Enterprise Company, formed to assist new business in such areas, has been doubled. This figure will be kept under review and increased further when the need arises.

28 November 1984

