

2
PRIME MINISTER

27 November 1987

VISIT TO MIDDLESBROUGH

I spent two days in Middlesborough this week - sitting in on Restart interviews and visiting a number of other employment, training and 'inner cities' initiatives. While the structure of unemployment seems to be similar to that we have observed elsewhere - with the primary problem being to remotivate and retrain the long term unemployed back into work - the apparent lack of local leadership will make a natural economic recovery very difficult to achieve. The UDC may therefore have a particularly crucial role.

1. YTS appears to be running successfully, as elsewhere, with no problems in finding work placements despite high local unemployment. However, a smaller proportion of early leavers are in employment - 35% in the Cleveland area as against 48% nationally - and a higher proportion leave YTS with nothing to go to (42% against 30.8%) - possibly reflecting demotivation about future job prospects.
2. JTS (the new adult training scheme for the unemployed) has had the same problems in recruiting trainees as elsewhere, reflecting poor publicity and criticism from the unions. However, those who stick it are finding the scheme very successful, as in other areas. The man who confronted you with 1,000 job applications on your recent visit has been accommodated on a JTS scheme to undertake training with a small printing firm - and is apparently now an enthusiastic supporter of the scheme (though not yet of the Government!) As with YTS, there appears to be no problem finding work placements - with a high proportion of those placed expected to find permanent work with their employer.

Two training agents I spoke to commented that the

significant early drop out of trainees put in work placements often resulted from the difficulty individuals found in adapting to 'work discipline' after several years of unemployment. They backed the move to a more flexible programme that Norman Fowler is pursuing, since it will allow these individuals to be tested out on less demanding community projects before being put back into a normal employment situation.

Both agents also commented on the significance of the local black economy - even in Middlesbrough - as one reason why many dropped out early once they realised that they did not have to attend in order to continue receiving benefits. Our reforms will also help tackle this problem.

3. The Inner Cities "Task Force" is having some modest success in stimulating activity in the local community - for example good industry/school links, and sponsorship a the youth enterprise scheme. However, several people commented that our preferred model of strong business leadership will be difficult to achieve in Middlesbrough because of the lack of business leaders within the community. My predominant impression of Middlesbrough is of a very flat social structure - primarily a working class dormitory for the steel mills and ICI works of former years, with no obvious pockets of wealth and culture in the city and very few locally based family firms. The Chairman of the Local Enterprise Agency - himself an architect - found it difficult to name more than one or two business leaders with links to the city; even the (rather bureaucratic) managers of the Billingham ICI plant live some miles away in the Yorkshire villages. As a result local entrepreneurial leadership will take some time to develop.
4. Unlike some other cities, restoration of derelict land will not of itself provide much of a stimulus. A short tour of the city confirmed what several people had told me - that

Middlesbrough has plenty of empty land waiting for someone to come and develop it.

5. In these circumstances the new UDC you visited is likely to be much more central to the efforts to rejuvenate the area than elsewhere; much will depend on their efforts in attracting a new industry and new management talent.

Conclusion

All in all, a particularly depressing community, where the problems of demotivation of the unemployed and the lack of strong business (or local authority) leadership make it difficult to see self-ignition occurring rapidly.

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