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Confidential Filing

PM's Meeting with Peter Fry MP
to discuss the footwear and
Clothing Industries

PRIME
MINISTER

May 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
2-6-81							
25-6-81							
27-7-81							
18-11-81							
23-11-81							
7-12-81							
14-12-81							

PREM 19/569

From Mr. Peter Fry MP.



HOUSE OF COMMONS
LONDON SW1A 0AA

cc I.G.

na

MAF

PM

14th December, 1981.

Dear Margaret

R17

PPS

Thank you very much for your letter of the 9th December, 1981.

I look forward to pursuing this matter with Patrick Jenkin in the near future.

Yours truly
Peter

The Rt. Hon. Margaret Thatcher MP,
Prime Minister,
10 Downing Street,
London. SW1.



file 8
c/ld

10 DOWNING STREET

9 December, 1981

THE PRIME MINISTER

Dear Peter,

Thank you for your letter of 16 November. I am sorry to hear that you are not satisfied with the assistance you have received from the Department of Industry in your efforts to promote employment in your constituency.

I understand Patrick Jenkin will see you to discuss your concerns. His office will be contacting you to arrange a meeting.

Yours

Margaret

Peter Fry, Esq., MP.

15



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

PS/ *Secretary of State for Industry*

4 December 1981

Mike Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

*Type in PM at
col. G.*

*MIP
PLXII*

Dear Mike,

Thank you for your letter of 23 November seeking a reply for the Prime Minister to send in response to Peter Fry's letter of 16 November.

Mr Fry has maintained contact with Ministers here on the question of the sale of BL's Wellingborough Foundry to a consortium and he has led a deputation from the Wellingborough Council to discuss assistance for the area generally. His frustration is clearly the result of the Government's inability to aid him directly, although Ministers have endeavoured to explain the Department's position as fully as possible. So far as the sale of the foundry is concerned, Ministers have taken the line that BL's decision to close the plant was made in their own commercial interests and that it is not appropriate for the Government to intervene in the negotiations between BL and the potential purchasers of the foundry. Even so, Ministers have gone to some length to ensure that BL and the Wellingborough consortium were in touch and fully understand the other's positions.

On the question of regional assistance, Ministers told Mr Fry that they would keep an eye on the movement of Wellingborough's unemployment rate compared with that of the national average and that, if the position were to change markedly, they would be willing to reconsider the question of assisted area status.

... My Secretary of State has agreed to meet Mr Fry to discuss his criticisms and we are arranging a suitable date. I attach a short draft reply for the Prime Minister to send to Mr Fry in the interim.

Yours sincerely,
Caroline Varley
CAROLINE VARLEY
Private Secretary



DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO:

Peter Fry Esq MP
House of Commons
London SW1P 0AA

Thank you for your letter of 16 November. I am sorry to hear that you are not satisfied with the assistance you have received from the Department of Industry in your efforts to promote employment in your constituency.

I understand Patrick Jenkin will see you to discuss your concerns. His office will be contacting you to arrange a meeting.



Fry
PM

10 DOWNING STREET

From the Private Secretary

23 November 1981

I enclose a copy of a letter to the Prime Minister from Mr. Peter Fry, M.P. You will see that Mr. Fry is very dissatisfied with his relationship with the Department of Industry over the BL Foundry at Wellingborough.

I should be grateful if you could let me have a draft reply for the Prime Minister's signature by 4 December. I understand that Ian Gow is likely to have a word with your Secretary of State about Mr. Fry's approach.

M. A. PATTISON

I.K.C. Ellison, Esq.,
Department of Industry.

MR. GOW

JS

RM

Please see the attached letter from Peter Fry, expressing his disappointment at the efforts of the Department of Industry following his discussion with the Prime Minister on the future of the BL Foundry at Wellingborough. I propose to send this to Patrick Jenkin's Private Secretary, making it clear that the Prime Minister's reply will need to be handled on a political level. But I thought I should first ask you whether you want to speak to Mr. Jenkin direct about the correspondence.

M. A. PATTISON

18 November 1981

A

file

ds

17 November 1981

I am writing on behalf of the Prime Minister to acknowledge your letter of 16 November. I will place it before her at once and you will be sent a reply as soon as possible.

M A PATTISON

Peter Fry, Esq., M.P.

1

From Mr. Peter Fry MP.



HOUSE OF COMMONS
LONDON SW1A 0AA

16th November, 1981.

Dear Margaret.

Perhaps you will recall the letter you kindly wrote to me regarding the BL Foundry at Wellingborough. You did ask Norman Tebbit who was then Minister of State for Industry to see what he could do to assist in a purchase of the site, and I have been in negotiation with him, and lately with Norman Lamont who has succeeded him. I want to put very firmly on record my extreme disappointment of what I regard as the lack of assistance given. The line seems to have been taken that the Government has to lean over backwards not to offend BL Management. Why on earth this should be so, when BL would not be in existence if it were not for the hundreds of millions of pounds of the taxpayers' money, is rather beyond me.

You may be interested to know that over 150 of the former workforce were prepared to invest their own money, in excess of £100,000, in the venture, and this is something I would have thought the Government would have welcomed. However, unfortunately we have discovered that there is very little help forthcoming. This combined with the decline of my constituents' traditional industry, footwear, leather and clothing, means that the unemployment rate is soaring, with the number of school-leavers increasing. Together with representatives of the local Council we have tried to get further Government assistance, again without success. On the other hand we see other areas being showered with gifts, not only from Westminster, but from the EEC as well. It is getting to the stage where I have to ask myself, how long can I watch my constituency become an industrial desert without taking some kind of action.

You have always personally been concerned and interested, but quite honestly I have not had the kind of assistance from the lower echelons of your Government that I might have expected. I am only writing to you now to express my very grave concern, my personal uncertainty, and disappointment at what I regard as the ambivalent attitude of the Department of Industry, which apparently intends to go on showering out money to BL to assemble Japanese cars, but not assist home based industries, which unlike BL are likely to be profitable.

*Yours ever
Peter*

The Rt. Hon. Margaret Thatcher MP,
Prime Minister,
10 Downing Street,
London. SW1.

JMF

PM

CF

27 July 1981

Thank you for your letter of 17 July, recording the outcome of Mr. Tebbit's enquiry about the BL foundry at Wellingborough, following the Prime Minister's meeting with Mr. Fry, M.P.

The Prime Minister has noted this. She does not intend to write again to Mr. Fry.

M. A. PATTISON

P.E. Mason, Esq.,
Department of Industry.

JMF



DEPARTMENT OF INDUSTRY
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From the
Minister of State

PS/Norman Tebbit MP

Mike Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Prime Minister

*The outlook for the Wellingborough
foundry is gloomy. There seems no
need for you to write again to
Mr Fry - at least, at this stage.*

17 July 1981

MS

Don Mich

MPD 22/11

I wrote to you on 19 June setting out what had been done to follow up the possible interest of the Perkins Engine Company in BL's Wellingborough Foundry, as reported by Mr Peter Fry MP.

Mr Tebbit has now received a reply - from Mr Ray Horrocks, Chairman and Chief Executive of the BL Cars Group - to his letter to Sir Michael Edwardes about the future of the Wellingborough Foundry. Mr Horrocks sets out the reasons for the closure of the foundry - to reduce fixed costs and to increase capacity utilisation at the other two Cars foundries - and the reasons for the closure of Wellingborough rather than one of the other two foundries. These were that the other foundries (Beans at Tipton, Staffs and the Longbridge foundry) have recently benefitted from modernisation, Longbridge is within the assembly plant site, it was cheaper to transfer work from Wellingborough to Beans than vice versa and, finally, to make Wellingborough viable would have required taking even more work from the private sector. Mr Horrocks says that these points have been fully explained to Perkins, and that BL would be prepared to respond to any commercially attractive proposition which would obviate the need to close Wellingborough.

Perkins have carried out a detailed appraisal of the foundry and the work they could place there (from other suppliers). They conclude they could take about 50% of the foundry's capacity. However, they are still only interested as a customer, not as a prime mover in purchasing and running the foundry. Neither Perkins nor BL are aware of a potential purchaser for the foundry.



Mr Tebbit does not consider there is much more the Government can do, since both BL and Perkins are aware of each other's position. He is, however, meeting Mr Fry and representatives of the Wellingborough Council on 30 July, at their request, and I shall let you know if anything new emerges at that meeting. In the meantime, given the terms of the Prime Minister's letter of 25 June to Mr Fry, a further letter to Mr Fry would not seem to be necessary.

Yours sincerely
Peter Mason

PETER MASON
Private Secretary



Prime Minister ↓

c D Lind

10 DOWNING STREET

THE PRIME MINISTER

25 June 1981

Thank you for your letter of 11 June recording the outcome of your discussion with the Managing Director of Perkins Engine Company about his company's interest in the BL foundry at Wellingborough.

As I promised when we met on 9 June, I have now asked Norman Tebbit to pursue all the issues as quickly as possible. In the end, the matter will of course have to be decided according to the commercial interests of both companies, but I can assure you that the Government will keep in touch with events and will seek to ensure that all possible routes have been considered by the companies.

While I am of course very interested in the progress of this matter, I suggest that in the first instance you keep in touch with Norman; I have asked that I see copies of all relevant correspondence.

Would you tell your constituents that I fully understand and share their concern.

(SGD) MARGARET THATCHER

Peter Fry, Esq., M.P.

↓



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From the
Minister of State

PS/Norman Tebbit MP

Mike Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

19th June 1981

Dear Mike

As requested in your letter of 15 June, I attach a draft letter for the Prime Minister to send to Peter Fry MP in reply to his letter of 11 June recording his discussions with Perkins.

The Prime Minister may be interested to know that officials in this Department have received from Perkins details of their interest in the Wellingborough Foundry which generally tally with Mr Fry's report. The company do seem to be seriously interested in the foundry's future, though they call this a "passive interest" because, as Mr Fry notes, lack of finance on the part of Perkins means that they are unable to buy the foundry from BL themselves. There is also the problem of BL's wish to take the existing Wellingborough work (including that done for Perkins) to their other foundries in order to increase capacity utilisation there. Each of these aspects will obviously have to be closely considered by each company.

In line with the Prime Minister's wishes, Mr Tebbit has written to Sir Michael Edwardes at BL advising him of the Government's interest in this matter; I attach for your information a copy of his letter.

*Yours sincerely
Peter Mason*

PETER MASON
Private Secretary

Enc

DRAFT

Addressed to:

Peter Fry Esq MP
House of Commons
London
SW1A 0AA

File No.

Copies to:
Mr Tebbit

Originated by:
(Initials and date)

Seen by:
(Initials and date)

Enclosures :

Type for signature of

Prime Minister
.....
(Initials and date)

DEPARTMENT OF TRADE AND INDUSTRY

Thank you for your letter of 11 June recording the outcome of your discussion with the Managing Director of Perkins Engine Company about his company's interest in the BL foundry at Wellingborough.

As I promised when we met on 9 June, I have now asked Norman Tebbit to pursue all the issues as quickly as possible. In the end, the matter will of course have to be decided according to the commercial interests of both companies, but I can assure you that the Government will keep in touch with events and will seek to ensure that all possible routes have been considered by the companies.

While I am of course very interested in the progress of this matter, I suggest that in the first instance you keep in touch with Norman; I have asked that I see copies of all relevant correspondence.

COMMERCIAL IN CONFIDENCE



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

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SWITCHBOARD 01-212 7676

From the
Minister of State

Norman Tebbit MP

Sir Michael Edwardes
Chairman
BL Ltd
35-38 Portman Square
London W1

19th June 1981

D Michael,

I am writing to you about the future of one of the plants which BL Cars announced on 12 May was to be closed as part of the corrective action in BL to enable the company to contain its cash position. The plant is the Wellingborough Foundry, and understandably Peter Fry, the MP for Wellingborough, is concerned at the effect on his constituency. You will know that he secured an adjournment debate on Friday 5 June; and on 9 June the Prime Minister saw him. I was present at that meeting, and the Prime Minister has asked me to raise the matter with you.

It appears - and you or BL staff will be aware of this by now - that the Perkins Engine Company, who already purchase castings from Wellingborough, may be interested in sourcing more of their requirements there if this would keep the foundry in business. I understand that Perkins are examining the possibilities urgently. I realise that such a proposal could well affect BL's own plans for their other foundries, to which work from Wellingborough was to be sourced to increase their capacity utilisation. A further aspect to be borne in mind concerns the ownership of the foundry: Perkins may not be able to take this over, and it would seem that third party involvement may well be necessary.

Of course, the eventual result will have to be on a commercial basis between BL, Perkins and any third party, and I am not seeking to influence your commercial judgement in any way. Nevertheless, I felt that I ought to inform you of the Government's interest in this matter, and I hope that a mutually acceptable outcome can be reached.

NORMAN TEBBIT

*We touched on this last night and
I entirely understand your position.*

Norman

FILE

VLS

24/6.

Mr. Peter FRY MP

15 June 1981

I enclose a letter to the Prime Minister from Mr. Peter Fry, M.P., following his discussion with her about the Wellingborough Foundry, in which your Minister participated.

Last week's decision at MISC 56 on coking coal ought to be one more positive factor in this situation. The Prime Minister would be grateful if Mr. Tebbit could follow up the issues surrounding the Wellingborough Foundry as quickly as possible. She would also be grateful for a short draft reply which she could send in the meantime, promising Mr. Tebbit's active involvement. It would be helpful if you could let me have something by 24 June.

M. A. PATTISON

Peter Mason, Esq.,
Department of Industry.

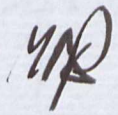
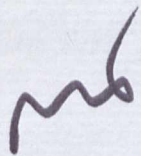
VB

PRIME MINISTER

Here is a follow-up from Peter Fry to your discussion about the Wellingborough Foundry.

You will see that he has found some hopeful signs from his contact with Perkins, but there are problems.

Last week's decision about the pricing of coking coal should be another positive factor. We will arrange for Mr. Tebbit to follow up the Wellingborough issues vigorously, and we will let you have a short draft reply to send to Mr. Fry.



15 June 1981

FILE

VLB

15 June 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 11 June, about Wellingborough Foundry.

I will place your letter before the Prime Minister at once, and a reply will be sent to you as soon as possible.

M A PATTISON

Peter Fry, Esq., M.P.

✓

From Mr. Peter Fry M.P.



cc 19 ✓

R15/6

11th June, 1981.

HOUSE OF COMMONS
LONDON SW1A 0AA

Dear Prime Minister.

May I thank you for giving up so much of your time to discuss the problems of Wellingborough. I really do appreciate this and I know my feelings are shared by many of my constituents that with such a hectic schedule you can still spare the time to consider the problems in my constituency.

You kindly agreed that Norman Tebbit and his Department would give all the help they possibly could over the possible takeover of the BL Foundry by Perkins Engines. After our meeting I did contact the Managing Director of Perkins Engines and he informed me that they are interested in the Wellingborough Foundry and could provide 80% of the capacity of the Foundry. This was good news, however, there are two snags.

Firstly because of the state of their own finances they feel unable to invest more than a 49% shareholding in any new Company based at Wellingborough. This would necessitate setting up a Management team whose main task would be to provide site and plant. This could well be obtained from BL at a reasonable price for if the majority of the present workforce were re-employed BL would save £5 million in redundancy payments. Obviously, though, speed is essential and decisive. I do believe that if the Department of Industry co-operate there is a real possibility of success and this would certainly be in the best interest of my constituents, and in the long term the saving of British Industry, as if Perkins were not satisfied with the products of the BL Foundry their work could go overseas.

The other problem is that BL obviously would want to retain Perkins work not only at other Foundries but that hitherto done at Wellingborough. There are grave doubts as to whether this could continue for long. Indeed the notice issued at Longbridge threatening to buy castings outside their own Group gives the impression that BL do not seem determined to maintain their Foundry operations. I understand one further complication is that Perkins need to sell diesel engines to BL and this creates a delicate balance between the two Companies.

Despite these two problems there does at least appear to be a chance of saving jobs and to bring about an effective Foundry operation at least for some time to come. What is really needed is a degree of co-ordination and a certain amount of help to get this off the ground and I hope that the Department of Industry will do all they can to bring this situation about.

Once again I am most grateful to you.

The Rt. Hon. Margaret Thatcher MP,
Prime Minister,
10 Downing Street,
London. SW1.

Yours ever
Peter

SUBJECT

File

Prime Minister JPH
Minister

CF. have you the Pps?

Kas 10/6



cc: Mr. Gao 7/7
Master

10 DOWNING STREET

From the Private Secretary

BF 2 July 81

9 June 1981

Dear Peter

Thank you for your letter of 5 June, covering briefing for the Prime Minister's meeting with Mr. Peter Fry, MP, about the closure of the Wellingborough Foundry. This duly took place this afternoon and Mr. Tebbit was present.

Mr. Fry emphasised that Northamptonshire faced a bleak outlook in the immediate future. It had been the fastest growing area in the United Kingdom, and was therefore likely to suffer more than most from the immediate impact of the recession in the light of the recent changes in the area. Turning to Wellingborough, he emphasised that the workforce had been loyal, hard-working and productive. There was no history of industrial troubles. To some extent, this had brought about their own downfall as Leyland had invested where the workforce had been more vociferous.

Mr. Fry's main interest was to pursue the possibility that the Wellingborough Foundry could have a viable future, probably with a smaller workforce, built around work on behalf of Perkins Engines. At present, Perkins provided 20 per cent of the Foundry's workload. Perkins also had work handled by the Beans Foundry at Tipton. Mr. Fry knew that Perkins were dissatisfied with some of the quality of Beans work, and had shown some interest in the future of the Wellingborough Foundry. He believed that it would be possible to concentrate all the Perkins work at Wellingborough, and thus prevent a situation in which Perkins might decide to look overseas for castings. But as soon as this possibility had been mentioned at Wellingborough, the matter had been taken out of the hand of local BL management. He therefore hoped that it might be possible for the Government to encourage BL to pursue with Perkins the possibility of Perkins taking responsibility for the Wellingborough Foundry and concentrating its work there. There were also some other outside contracts already handled at Wellingborough which could be continued. Mr. Fry understood that BL might be anxious to retain all the Perkins business, but to concentrate it at Beans where new investment had been put into the Foundry. But there were some signs that BL were asking themselves whether they wished to retain any casting capacity, unless they could achieve a dramatic increase in productivity.

/Mr. Fry

OSG

Mr. Fry said that he had been in touch with BL. British Leyland had undertaken not to remove any capital plant before September; and to consider carefully any proposal for some favourable leasing arrangement. He had not at this stage raised the matter with Perkins.

The Prime Minister said that, if Mr. Fry would pursue the matter with Perkins, Mr. Tebbit would be ready to have these issues taken up with BL once the Government had some indication of interest on the part of Perkins. Mr. Fry agreed to let Mr. Tebbit know as soon as he had any reaction from Perkins.

BF

I should be grateful if you could arrange for these matters to be pursued. Could we please have copies of any further correspondence between Mr. Tebbit and Mr. Fry on this subject.

Yours ever

Mike Pattison

P.E. Mason, Esq.,
Department of Industry.



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
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*From the
Minister of State*
PS/Norman Tebbit MP

Caroline Stephens
10 Downing Street
Whitehall

5th June 1981

Dear Caroline

Your letter to Jonathan Hudson of 21 May sought briefing for the Prime Minister's meeting with Peter Fry MP to discuss the BL Foundry closure at Wellingborough, on the assumption that Mr Baker would attend. It has of course since been agreed that Mr Tebbit should be present instead, and the meeting has been rearranged for 4.00 pm on 9 June. I attach the briefing you requested for the Prime Minister.

As the brief points out, Mr Fry has also secured the Adjournment Debate on Friday 5 June for this topic; you will therefore wish to supplement the Prime Minister's brief with the Hansard report of this when it appears on Monday. If any major points arise then we will of course provide supplementary briefing as necessary.

Yours sincerely

Peter Mason

PETER MASON
Private Secretary

Enc



PRIME MINISTER'S MEETING WITH PETER FRY MP, 9 JUNE 1981 - CLOSURE OF THE
BL FOUNDRY AT WELLINGBOROUGH

Background

Mr Fry sought this meeting in the light of the Prime Minister's undertaking to meet Members with major factory closures in their constituencies. He has also secured an Adjournment Debate on Friday 5 June, to be answered by Mr Michael Marshall for the Government. Mr Fry is apparently looking not for specific action to help but rather for an explanation of the reasons behind the closure and a message to take home to aggrieved supporters.

2 Mr Fry is Chairman of the All-Party Footwear Group - footwear being a major and declining industry in his constituency.

Brief

Wellingborough

3 Wellingborough (Northamptonshire) is an "expanding town" with a long standing overspill agreement with the GLC; its current population is about 64,000 with a target for 1991 of 73,000. The working population numbers about 25,000, split roughly evenly (1977 Census of Employment) between manufacturing and service industries, the major manufacturing sectors being clothing and especially footwear. Apart from the local authorities, the largest local employer is Whitworth (Dried Foods) with about 600 employees, the BL Foundry the second largest with about 550 employees. Other nationally known major employers include Barkers (footwear), Saxby (pies) and Gestetner (duplicators).

4 The boot and shoe industry at one time completely dominated Wellingborough's industrial structure, but the overspill expansion has brought with it an influx of smaller industries including plastics, printing, telephone and motor engineering, garment making, large scale meat processing, joinery, furniture making and upholstery. Thus whilst still partially dependent on the fortunes of the boot and shoe industry - afflicted by low cost imports and trade barriers, see Annex A - Wellingborough has developed a reasonably broad and sound industrial base.

The BL Foundry

5 The Leyland cars foundry was opened in 1948 and has been a major employer in the town ever since, employing 832 in 1966 and 554 in 1981. There are two units, number one foundry manufactures engine blocks and heads for the A series car engine and currently employs 410 people. Number two foundry produces castings for tractors and employs 90 people.

COMMERCIAL-
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6 They are being closed in order to reduce fixed cost and improve capacity utilisation. BL has substantial spare engine capacity. Without closures foundries would be running at about 50% capacity as against the 80% rising to 90% which will be achieved as a result of the closures. Foundry work from Wellingborough will be



COMMERCIAL-
IN-
CONFIDENCE

transferred to the Longbridge and Beans (Wolverhampton) foundries, which have recently been modernised at a cost of £5m and £8.5m respectively. Wellingborough has not undergone such modernisation. Castings for the A series engine are already machined and manufactured at Longbridge and the move will enable better integration of the facilities, as well as the saving of the jobs which would otherwise have been lost at the Longbridge Foundry.

7 The number two foundry will close at the end of June with the loss of about 90 jobs, the number one foundry at the end of September with the loss of about 450 more jobs.

The Closure and the Local Economy

8 Until March 1980 Wellingborough enjoyed an unemployment rate consistently below the East Midland regional rate. Since then it has been consistently higher, and since September 1980 has been above the national (GB) average. Annex B gives detail of relative employment trends in Wellingborough, the East Midlands and Great Britain since 1978. The current (unadjusted May 1981) rate for Wellingborough is 11.4%, compared with the East Midlands rate of 9.5% and the GB rate of 10.5% for the same month.

9 At the beginning of 1981, the BL foundry employed about 554. Experience of large closures suggest that about 80% of those made redundant will eventually register as unemployed. On this basis the foundry closure will push total unemployment in Wellingborough to about 13.1% (100% registration would push the rate to 13.6%) plus of course whatever underlying increase in the rate has taken place by the time these people register. However, although unemployment will then be perhaps above the average level of Intermediate Areas, the underlying industrial strength of the town and its locational advantages mean that there can be no question of Assisted Area status for Wellingborough.

10 The short term prospects for the semi-skilled and unskilled are poor and prospects for skilled workers only a little better. But the local Job Centre Manager has already been in touch with the firm and self registration forms have been issued to those being made redundant. An Employment Adviser will visit the factory on 8 June to interview the workers affected and to advise them about alternative employment and training facilities available. The Job Centre also plans to canvass local employers on behalf of the workers being made redundant.

Line to Take

On the Foundry Closure

- 1 This was one of a series of recent decisions taken by BL Management designed to keep the company on course for viability ~~and~~ and of course not one in which the Government would consider intervening.

On the Effects of the Local Economy

- 2 The Government of course regrets the sharp rise in local unemployment which will result.



- 3 The MSC will of course be taking appropriate steps to place workers in alternative employment where possible and to advise them of training facilities available.
- 4 In the longer term the [redacted] diversification of Wellingborough's industrial base must mean that the town is comparatively well placed to take advantage of the upturn in the economy which will result from the successful pursuit of the Government's general economic policies.
- 5 The BL closure should therefore be seen not as a symptom of decline but as a temporary set-back at a very difficult time from which the town can and will fully recover in due course.

Gpc

Department of Industry
4 June 1981



THE UK FOOTWEAR INDUSTRY BACKGROUND NOTE

The UK footwear industry's main area of concentration is the East Midlands whose workforce accounts for about 41% of those employed in the industry as a whole. The region produces almost all types of footwear but with the emphasis on quality men's leather in the Northampton area and ladies' fashion in Leicestershire. The men's sector has been particularly hard-hit (see para 4).

2 Employment in the industry as a whole fell from 70,900 in January 1980 to 66,500 in November, and short-time working increased from 7,200 to 15,600 over the same period.

3 The impact of the world trading recession has been particularly hard felt, and high interest and exchange rates have exacerbated the industry's problems. The decline in home demand and high level of imports (import penetration rose to 48% in 1980) contributed to an 11% fall in production.

4 Import penetration in the important men's leather sector in 1980 increased to almost 55%, not least caused by imports from Brazil, Poland and Czechoslovakia which the industry maintain are unfairly priced. Consumption in this sector declined by 9% in 1980 compared to 1979 (this area is usually the first to feel the effects of a recession). There is an 8% countervailing duty on men's fashion shoes from Brazil (currently under EC review).

5 The industry is hampered in its export endeavours by the quotas and/or excessively high tariffs imposed by most of the developing and much of the developed world and there is little prospect of securing significant improvements in this area. Controls or taxes on exports of hides and leather (Brazil, Argentina and India) are also detrimental: recent relaxations have moderated but not eliminated the problem.

6 The UK has quotas on rubber/textile footwear from certain Comecon countries and on all footwear from China, and negotiations are currently in progress to renew for 1981 the Government voluntary restraint arrangements on leather footwear from certain Comecon countries. There are also inter-industry restraint agreements on imports from South Korea and Taiwan. Together these controls cover about 50% of the UK's imports from low-cost sources.

7 Under the Footwear Industry Scheme of Assistance (now closed for applications) £2m has been paid out to the industry (£1.9m since May 1979). In the Wellingborough area £35,000 has been paid out to date on offers of £110,000 on projects costing £600,000.

Recent Debate

8 Mr Fry -- as Chairman of the All-Party Footwear Group - took part in the debate on 26 February on the textile, clothing and footwear industries, urging Government action on various fronts to help the footwear industry.



UNEMPLOYMENT IN WELLINGBOROUGH

Period	Wellingborough						E Midlands			Gt Britain		
	Males		Females		Total		M	F	T	M	F	T
	No	%	No	%	No	%	%	%	%	%	%	
Monthly Av. '78	768	5.2	302	2.9	1070	4.3	6.0	3.6	5.0	7.1	4.3	6.0
" " '79	687	4.7	305	3.0	992	4.0	5.6	3.3	4.6	6.3	4.5	5.8
" " '80	1141	7.6	609	5.9	1750	6.9	7.6	4.8	6.5	8.5	5.5	7.3
Jan '81	1788	11.9	844	8.2	2632	10.4	10.9	6.1	9.0	11.8	7.0	9.8
Feb '81	1827	12.2	871	8.4	2698	10.7	11.2	6.2	9.2	12.1	7.0	10.0
Mar '81	1869	12.5	853	8.2	2722	10.7	11.5	6.1	9.3	12.3	7.0	10.1
Apr '81	1787	11.9	909	8.8	2696	10.6	11.7	6.2	9.5	12.5	7.0	10.3
May '81		13.1		8.9		11.4	11.8		9.5	12.8		10.5

On the usual assumption (based on past experience) that 80% of the BL Foundry workforce will register as unemployed, the total rate for Wellingborough will be about 1.7% above what it would otherwise have been, ie 13.1% plus any underlying rise in the rate which occurs before the redundant NL workers register. An assumption of 100% registration would give a comparable rate of 13.6%.

Relevant averages for Assisted Areas are not available for April or May (as a result of industrial action). The March averages for post-1982 boundaries were:-

SDAs	-	15.4%
DAs	-	13.6%
IAs	-	12.4%

CF Lohle

file BK

pa

3 June 1981

In case I do not succeed in contacting you on the telephone I am hoping that it will not cause you too much inconvenience to change your meeting with the Prime Minister from Thursday 11 June to Tuesday 9 June. It will be at the same time in the Prime Minister's room in the House of Commons but Mr. Tebbit rather than Mr. Baker will be attending.

I should be grateful if you could let me know whether this new time suits you.

CAROLINE STEPHENS

Peter Fry, Esq., M.P.

PS We have since spoken

21

From Mr. Peter Fry M.P.



HOUSE OF COMMONS
LONDON SW1A 0AA

Mike - to see

*MP Prime
Minister*

*CF to
see*

29th May, 1981.

The Private Secretary,
10 Downing Street,
London.

Dear Miss Stephens,

Further to your letter of the 22nd May, 1981, and
your telephone conversation with my Secretary, I
write to confirm that I look forward to seeing the
Prime Minister at 1600 hours on Thursday 11th June
in the Prime Minister's Room at the House of Commons.

Yours sincerely,

A handwritten signature in blue ink that reads "Peter Fry".

Peter Fry.

file

ds

5/6

MR. P. FRY M.P.

22 May 1981

You wrote asking whether it would be possible for the Prime Minister to see you to discuss a factory closure in your constituency. The Prime Minister would be very happy to do this. As I have not succeeded in talking to you by telephone, I wonder whether 1600 hours on Thursday 11 June in the Prime Minister's Room at the House of Commons would be convenient? Mr. Kenneth Baker will be present at the meeting.

I would be grateful if at your convenience you could confirm this time and date.

CAROLINE STEPHENS

Peter Fry, Esq., M.P.

RC



VLS
20/5

cc 19V
Caroline ✓

10 DOWNING STREET

THE PRIME MINISTER

21 May 1981

Dear Peter

Thank you for your letter of 15 May.

I can understand your concerns about the present outlook for some of the industries in your constituency, and I am of course ready to meet you to discuss this.

I shall ask Caroline Stephens to get in touch with you to arrange a suitable time.

Yours sincerely

MT

Peter Fry, Esq., M.P.

jfh

jfh

MR. P. Fry MP

5/6

21 May 1981

As we agreed on the telephone the Prime Minister will see Peter Fry MP at 1600 hours on Thursday 11 June in her room at the House.

As Mr. Baker will be present I would be grateful if you could let us have a full brief to reach us by close of play on Friday 5 June. I attach a copy of Mr. Fry's recent relevant letter.

BF

CS

J.C. Hudson, Esq.,
Department of Industry.

HS

20 May 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 15 May, in which you asked for a meeting with her to discuss the closure of the B.L. Foundry at Wellingborough.

I will place this before the Prime Minister at once, and we will be in touch with you as soon as possible.

M A PATTISON

Peter Fry, Esq., M.P.

VLB



10 DOWNING STREET

PRIME MINISTER

Peter Fry asks for a closure meeting with you. You may like to send him the attached brief acknowledgement. We will arrange a meeting after the Recess.

MAF

MS

20 May 1981

papers back to C.S.
to fix meeting, pl.
C + Industry Minister)
MAF.



From Mr. Peter Fry M.P.

HOUSE OF COMMONS
LONDON SW1A 0AA

15th May, 1981.

Dear Prime Minister

You recently intimated that if a colleague had a serious factory closure in his constituency you would be prepared to have a word with him. I would very much like to speak to you regarding the situation in my constituency.

Very briefly the two traditional industries in the area, footwear and clothing, have both been in decline for some time, mainly due to the effect of foreign imports, although partly due to the previous high value of the pound and high interest rates. The recession has of course also been a contributory factor. None-the-less this has raised problems, and for the first time in living memory unemployment is above the national average.

This week we have heard of the closure of the B.L Foundry at Wellingborough and I think I can do no better than to send you a copy of a letter sent by the Shop Stewards which outlines why my constituents feel so aggrieved. I can confirm that these are moderate, hard working people who for long were paid below the level given elsewhere in the B.L empire. They feel they have been badly treated, and their work given to another Foundry whose workforce is considerably more troublesome, and has not been so profitable. All of this would be bad enough in the light of the fact that male unemployment could rise up to 15%. However, the situation is much worse for the future as Northamptonshire has been the fastest growing County in the Country. This means that thousands of school leavers will be coming onto the labour market over the next 5 years, and it has been estimated that the County will need something like 40,000 extra jobs just to stand still, and there is no hope whatsoever of achieving anything like this target.

Many of my constituents feel that because they have been moderate in relation to their wage demands, and their attitude towards their employers, they are suffering, where more vociferous workers have had more notice taken of them and more help given to them.

Quite bluntly I need a message to take to many of these people, who have supported me loyally in the past, and this is why I am asking would you be kind enough to spare me a few minutes.

Yours ever
Peter

The Rt. Hon. Margaret Thatcher MP,
Prime Minister,
10 Downing Street,
London. SW1.

Copy of letter from the Secretary of Joint Office Committee - A.U.E.W TASS and Shop Floor Convenor - AU.E.W.Foundry Section of B.L Wellingborough Foundries.

Dated the 13th May, 1981. (copy as sent to BL Executives).

We the employees at Wellingborough Foundries feel that the decision announced yesterday 12th May re the closing down of this works is ill advised and consider that relevant facts may not have been considered.

For example, the industrial relations obtaining to the plant are excellent and disruptions and strikes are almost unheard of. We are sure that this makes us unique in BL if not in the whole of the engineering industry.

Much has been made of the necessity to produce castings of a high quality - Wellingborough was the first Foundry to attain that pinnacle of Quality 0521. Further to the high standard of our castings this was not gained at the expense of profit for we the employees have been told that £100,000 was the profit made by Wellingborough Foundries in the first two months of this year. It would appear to be true to say that these Foundries have consistently made a profit through the years maybe only a small one at times, but we have always produced good castings and made a profit.

Now we are told in a blunt and brutal briefing churned out to all employees in Cars and Unipart Group that foundry operations in Wellingborough will cease during 1981. And where is the work to go, to our internal non-profit making competitors the Foundry at Longbridge and Beans Foundry at Tipton, neither of whom attain the high standard of castings or make the profit that we do. Further, they are unable to match our standards despite much capital expenditure which has resulted in both plants having more modern equipment than ours.

All this is not just on our own say so for the work which we do for Perkins Engines of Peterborough has gained for us their Certificate of Quality Award. This highly regarded Certificate is not easily gained and we are proud to have it on show in our entrance hall. What other BL organisation can say the same.

Then there is the effect that this closure will have on the small town of Wellingborough which is already suffering from the recession in the shoe industry.

Finally, we in Wellingborough have backed Mrs. Thatcher's call for "Quality, Profitability and good industrial relations" - and look where it has put us - at the end of the dole queue.