

CONFIDENTIAL FILING

PM'S MEETING WITH DR EDMUND MORSYAN MP
AND MR KENNETH BAKER MP ON Monday
1 June To discuss the closure of
GEC SMALL MACHINES LTD AT THORNE.

PRIME
MINISTER

Closure of Thornhills of Stamford

MAY 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
14.5.81							
29.5.81							
2.6.81							
19.6.81							
5.1.83							
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20.1.83							
2.2.83							
4.2.83							

PREM 19/1109



PM.

RM

10 DOWNING STREET

THE PRIME MINISTER

4 February 1983

Dear Mr. Marshall

When we met on 20 January, I promised to look further into the closure of the Thornhill's chicken processing factory at Stainforth.

I understand that, over the last two to three years, the two Thornhill's factories at Stainforth and Great Longstone have both been operating at around two-thirds capacity. The position was reached where, in a depressed market, it was no longer financially possible for the company to keep both plants working at this level and the company was forced to consider which of the two it should close. The decision to concentrate their business at Great Longstone was taken in the light of the facilities there. Unlike Stainforth, it has a by-products processing plant and is equipped to produce 'New York Dressed' birds; it is also the site of the company's headquarters staff, computer and vehicle maintenance depot. While the transfer of business to Great Longstone will require further investment at that site, a much larger sum would have been involved if the company were to have concentrated their activities at Stainforth. You suggested that Stainforth concentrated on portion production but I believe that this was only some 12% or so of output.

The Stainforth factory is being 'mothballed'. It has not been put up for sale and the company has not yet decided whether to dispose of it. Nor have they ruled out re-opening it at a future date if the market situation improves.

/The

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The decision to close Stainforth was, therefore, taken on commercial grounds. While I sympathise with your concern for your constituents, there are no grounds on which I can seek to intervene in decisions of that sort. But, as I said when we met, I hope that your constituents will look seriously at the company's offer of employment at Great Longstone.

Yours sincerely,
Raymond Stobart

Dr. Edmund Marshall, M.P.,

Prime Minister



Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the
Parliamentary
Secretary's Office

cc: 16/212

W Rickett Esq
Private Secretary
Prime Minister's Office
10 Downing Street
London SW1

2 February 1983

Dear Willie *PL type*
W/R
2/2

THORNHILL CHICKEN - PRIME MINISTER'S MEETING WITH
DR EDMUND MARSHALL MP - 20 JANUARY 1983

Thank you for your letter of 20 January. As requested I attach
a draft letter to Dr Marshall for the Prime Minister's signature.

Yours sincerely

Nicholas J. Way

N J WAY
Private Secretary



DRAFT REPLY FOR SIGNATURE BY THE PRIME MINISTER

Dr Edmund Marshall MP
House of Commons
LONDON SW1

When we met on 20 January, I promised to look further into the closure of the Thornhill's chicken processing factory at Stainforth.

I understand that, over the last two to three years, the two Thornhill's factories ^{at} (Stainforth and Great Longstone) have both been operating at around two-thirds capacity. The position was reached where, in a depressed market, it was no longer financially possible for the company to keep both plants working at this level and the company was forced to consider which of the two it should close. The decision to concentrate their business at Great Longstone was taken in the light of the facilities there. Unlike Stainforth, it has a by-products processing plant and is equipped to produce 'New York Dressed' birds; it is also the site of the company's headquarters staff, computer and vehicle maintenance depot. While the transfer of business to Great Longstone will require further investment at that site, a much larger sum would have been involved if the company were to have concentrated their activities at Stainforth. You suggested that Stainforth concentrated on portion production but I believe that this was only some 12% or so of output.



The Stainforth factory is being 'mothballed'. It has not been put up for sale and the company has not yet decided whether to dispose of it. Nor have they ruled out re-opening it at a future date if the market situation improves.

The decision to close Stainforth was, therefore, taken on commercial grounds. While I sympathise with your concern for your constituents, there are no grounds on which I can seek to intervene in decisions of that sort. But, as I said when we met, I hope that your constituents will look seriously at the company's offer of employment at Great Longstone.



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SUBJECT



file LPO PM
cc Master
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10 DOWNING STREET

From the Private Secretary

20 January 1983

The Prime Minister met Dr. Edmund Marshall, M.P., at 1545 this afternoon to discuss the closure of the Stainforth plant owned by Thornhill Chicken Ltd. Your Minister was present.

Dr. Marshall said that Thornhills intended to close their Stainforth plant on 25 February. This would mean 218 redundancies in the Doncaster TTWA, where total unemployment is now running at 16.8 per cent. Thornhills had acquired the plant from Sainsbury-Spillers in 1978, and Dr. Marshall said that it specialised in producing chicken portions, unlike Thornhills plant at Great Longstone, which produced whole oven-ready birds. The lifting of restrictions on French and Dutch imports had caused problems for the firm, but Dr. Marshall claimed that this was only a problem for the Longstone plant, and not for a plant producing portions like Stainforth. For this reason, he felt that Thornhills were discriminating against his constituents. He recognised that the company had offered jobs at Longstone to all those being made redundant. But the company had told him that they did not expect all these offers to be taken up, and that only 90 jobs would be available at Longstone. The journey from Stainforth to Longstone took at least 90 minutes, and Dr. Marshall felt this would be impossible for most of those now working at Stainforth, given that many of them were married women or young girls living with their parents. Finally, Dr. Marshall said that he could not see how the company would reduce their overheads by closing the plant at Stainforth since the site was not going to be sold but simply moth-balled. The company would presumably still have to pay overheads such as rates for the Stainforth site. It would be much more helpful to his constituents if an alternative use for the plant could be found.

The Prime Minister said that she hoped that Dr. Marshall's constituents would look carefully at the offer of a job at Longstone. The company had offered transport, and many people in the country would not consider a journey of 70-90 minutes as excessive for a commuter. She recognised the difficulties that married women might face, but the company had clearly taken its decision on commercial grounds. The domestic market for chickens was depressed, trading margins were tight, and the company was clearly right to rationalise its production. She was not convinced that the problems faced by Thornhills were due to the lifting of import restrictions; the UK industry had accepted that the current

/situation

situation had arisen through domestic over-supply and owed nothing to imports. However, the Prime Minister said that she understood Dr. Marshall's concern over the company's decision to close the plant at Stainforth rather than the one at Great Longstone, and she acknowledged that there was a lot to be said for keeping together communities like the one at Stainforth. She agreed that your Minister would try to find out what the company planned to do with the Stainforth site, and to obtain a fuller explanation of their decision to close the factory.

BF / The Prime Minister will wish to write to Dr. Marshall reporting the outcome of your Minister's investigations. It would be helpful if you could let me have a suitable draft by Thursday, 3 February.

I am copying this letter to David Saunders (Department of Industry).

I would also like to say that the Prime Minister was very grateful for the briefing provided by your Department and by the Department of Industry.

W. F. S. RICKET

N. J. Way, Esq.,
Ministry of Agriculture, Fisheries and Food.



DEPARTMENT OF INDUSTRY
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LONDON SW1E 6RB

Telephone Direct Line 01-212 3301
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JF2457

PS/
Secretary of State for Industry

18 January 1983

Ms Caroline Stephens
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Caroline

*Please include in the meeting folder and
back up.*

You copied to me your letter of 5 January to John Robbs at the Ministry of Agriculture, Fisheries and Food, in connection with the Prime Minister's meeting with Dr Edmund Marshall MP on 20 January, with a request for a constituency brief. *19/1*

... 2 I attach a brief. Dr Marshall asks what assistance may be available to preserve the jobs at Thornhill Limited's chicken processing factory at Stainforth. We have provided a separate note on the possibility of providing aid to the company under Section 7 of the Industry Act, together with a note on the question of possible Development Area status for Thorne, which Dr Marshall raised after a previous meeting with the Prime Minister in 1981.

Yours sincerely
David Saunders

DAVID SAUNDERS
Private Secretary

Encl



PRIME MINISTER'S MEETING WITH DR EDMUND MARSHALL MP ON 20 JANUARY

PROPOSED CLOSURE OF THORNHILL LTD, FACTORY AT STAINFORTH, NR DONCASTER
MATTERS WHICH MAY BE RAISED IN DISCUSSION

GOVERNMENT FINANCIAL ASSISTANCE

1. In his letter to the Prime Minister Dr Marshall asks what help might be given by Government departments to preserve jobs at Thornhill Ltd, Stainforth.

LINE TO TAKE

The factory is sited in the Thorne Employment Office Area (EOA) which itself is within the Doncaster Travel to Work Area (TTWA). It is an Intermediate Area and financial assistance could therefore be considered under Section 7 of the Industry Act for a capital investment project that would create or safeguard jobs, subject to certain criteria being satisfied. These criteria include need, commercial viability and efficiency, and a decision would need to take account of the possible displacement effects on other companies in the same industry. Whether the company chooses to follow this up is a commercial decision for it to take. If it wishes to do so it should contact the Regional Office of the Department of Industry in Leeds.

(It would, however, appear most unlikely that this company, which according to Dr Marshall is closing its Stainforth factory because of overcapacity, would wish to apply for assistance towards capital investment at this particular factory).



ASSISTED AREA STATUS

2. Dr Marshall had a meeting with the Prime Minister in June 1981, which Mr Kenneth Baker, MOS/Department of Industry, also attended, to discuss the closure later that year of the Thorne factory of GEC Small Machines Ltd. Dr Marshall subsequently wrote to Mr Baker to question whether it would be possible to establish a separate unemployment rate for Thorne as a basis for considering whether the area should be upgraded to a Development Area. Dr Marshall was told that it would be inappropriate to consider Thorne (EOA) by itself since many of its resident workers were employed in nearby Doncaster and it was not therefore a self-contained TTWA. So far as the Doncaster TTWA was concerned the unemployment rate (and other relevant factors) did not justify any change in its status from Intermediate to Development Area.

LINE TO TAKE

The answer given to Dr Marshall in 1981 still stands. If he wishes to discuss this further he should write to the Secretary of State for Industry.



MEETING WITH EDMUND MARSHALL MP: 20 JANUARY 1983

THORNHILL CHICKEN, STAINFORTH, NEAR DONCASTER

BRIEF FOR THE PRIME MINISTER

THORNHILL CHICKEN

1. Thornhill Chicken was originally a family company; while the Thornhill family is still involved, it is now half-owned by Union International (the Vestey Group). It owns two plants - at Stainforth, Near Doncaster and at Great Longstone, Derbyshire - producing 8 and 12 million birds pa respectively. This gives the company a market share of just under 5%. Union International owns a third processing plant - Country Produce, Wrexham - which would bring their market share to about 7%; there are half a dozen larger groups in the UK chicken sector. Union owns the Dewhurst butchery chain through which a substantial proportion of Thornhill's chicken is sold.

STAINFORTH FACTORY

2. The factory was acquired from Sainsbury-Spillers in 1978. It had originally been a fresh, oven-ready chicken plant but Thornhills introduced a frozen chicken line and have in recent years also produced chicken portions (Dr Marshall is mistaken in his belief that this is the principal product line).

3. Some 227 people are employed at the factory, all but a dozen or so working on the processing line. There have been recurrent industrial relations problems at Stainforth. Most of the birds processed - up to 85% - come from independent growers on contract, the remainder coming from Thornhill's own growing units.



4. The company announced at the end of November 1982 that it would close the Stainforth factory at the end of February 1983. The site is not immediately being put up for sale but mothballed. Production is being transferred to the Great Longstone factory and the growers have been told that their contracts will be maintained. All employees at Stainforth have been offered employment at Great Longstone, with the company arranging transport there. It is however a 70 minute journey each way and it is likely that some staff, particularly married women working on the processing line, will not be willing to make the move.

5. The company's motive in concentrating production is to reduce overheads and thereby maintain a competitive position in the market. The Great Longstone factory will work two shifts in order to keep output up to present levels. The company took the decision to close Stainforth on commercial grounds; it has not sought any aid to keep that site operational.

UK CHICKEN SECTOR

6. Total production of broiler chicken last year reached a record level of about 600,000 tonnes, partly reflecting confidence felt in the industry after the restrictions on imports imposed in September 1981. These restrictions have now been partly lifted and trade with France and the Netherlands has resumed. Prices have increased very little over the last two years and the market is, in general, somewhat depressed - stocks are now about 50% higher than a year ago and trading conditions are likely to continue difficult for the early months of 1983. The UK industry accepts that the current situation has arisen through domestic oversupply and owes nothing to imports.



7. There are no Government grant schemes specific to the chicken sector although regional aids may be available to plants in development areas. Indeed, three companies are currently involved with DoI about the possibility of such aid: one, a new fresh chicken processor in Corby, has already been offered substantial aid.

EC CHICKEN SECTOR

8. The market in other member states is similarly depressed with stocks building up and few export opportunities in third countries. Exports to the UK from France and Holland have been relatively small since trade resumed because UK market prices have not proved attractive.

SUMMARY

9. The chicken market is in a depressed state and trading margins are tight. In these circumstances the decision by Thornhill's to rationalise their production while seeking to maintain throughput makes sense as a commercial judgement. The company have offered their staff, currently employed at Stainforth, the opportunity to continue to be employed at the Great Longstone factory and have made the necessary transport arrangements.

PPP Division
MAFF

January 1983



BACKGROUND NOTE ON GOOLE PARLIAMENTARY CONSTITUENCY

INTRODUCTION

1. Dr Marshall's constituency of Goole covers not only Goole itself, which is in Humberside, but also a substantial area to the west and south, embracing parts of the Doncaster (South Yorkshire) and Castleford (West Yorkshire) Travel to Work Areas (TTWAs).

The chicken-processing factory belonging to Thornhills Ltd, which is due to close and which has prompted Dr Marshall's request for a meeting with the Prime Minister, is situated at Stainforth which is within the Doncaster TTWA. Goole and Doncaster TTWAs are both Intermediate Areas. Castleford TTWA lost its Intermediate Area status in August 1982 and is no longer assisted.

INDUSTRY

2. Goole is an inland port on the River Ouse some 50 miles from the North Sea. Its frequent services to the Continent provide an outlet for exports of the industrial areas of West and South Yorkshire, Lancashire and the Midlands. The completion of the M62 motorway, which passes within two miles of the docks, makes Goole one of the best motorway connected ports in the UK. The completion of the M18 and M180 motorways has linked the southern part of the constituency with major industrial areas.

Goole is in a highly productive agricultural area and industry in the town is concerned mainly with the port and agriculture. The port handles around 1.5 million tonnes of cargo annually and has been improved in recent years partly funded with aid from the European Regional Development Fund.

Coalmining dominates in the south and west of the constituency (Doncaster and Castleford TTWAs) and provides approximately 20% of total jobs.



There is also some diverse manufacturing industry, including clothing, glass manufacture, engineering and food processing, in various parts of the TTWAs embraced by the constituency.

UNEMPLOYMENT, REDUNDANCIES AND VACANCIES

3. The whole area suffers from above the national average unemployment, and it is substantially higher in both the Goole and the Doncaster TTWAs.

At 9 December 1982 unemployment in the TTWAs was as follows:-

	Total Unemployed (%)	December 1981
Goole TTWA	2,154 (16.6%)	2,041 (15.8%)
Doncaster TTWA	19,010 (16.8%)	17,617 (15.7%)
Castleford TTWA	8,838 (13.6%)	8,016 (12.5%)
GB	(13.1%)	(12.1%)

In the 11 months to 30 November 1982 3,482 redundancies are estimated by M.S.C. to have taken effect in the TTWAs.

Major redundancies notified within the parliamentary constituency since September 1981 are as follows:-

<u>Company</u>	<u>Location</u>	<u>Number of Redundancies</u>	<u>Date</u>
G.E.C. Small Machines Ltd	Thorne	500	September 1981
Montague Burton	Goole	99	January 1982
Crendon Concrete Ltd	Goole	98	July 1982
R.H.P. Bearing Co Ltd	Knottingley	60	November 1982



In the TTWAs there were 295 reported vacancies although the Manpower Services Commission estimate that this is only 40% of total vacancies.

GOVERNMENT ASSISTANCE

4. Details of offers of Government regional selective assistance (under Section 7 of the Industry Act 1972) in the TTWAs from 1 May 1979 to 31 December 1982 are as follows:-

	Number of offers	Value of Assistance	Project Value	Jobs provided or safeguarded
Goole TTWA	5	£554,000	£ 4.110m	346
Doncaster TTWA	16	£962,000	£ 9.62m	1,400
Castleford TTWA	15	£833,000	£11.930m	848

5. The rundown in steel making at BSC's works in Scunthorpe, which has resulted in job losses of about 10,000 over the past 3 years, has probably been a significant influence in raising the unemployment figures in Dr Marshall's constituency since the Scunthorpe works draws its labour from a wide area and the Scunthorpe TTWA is adjacent to the Goole and Doncaster TTWA.

The Government has introduced a number of measures to help alleviate the problems in Scunthorpe including the granting of Development Area status and the building of a range of advance factories. BSC (industry) Ltd and the local authorities have also introduced measures to try to stimulate new industrial development. In addition, Scunthorpe has recently been selected for an Enterprise Zone.



GOVERNMENT ASSISTANCE TO SMALL FIRMS

6. The Department of Industry's Small Firms Service, based in Leeds, has held regular "clinics" in Doncaster throughout 1982 and provided advice at seminars and courses at Doncaster College. These were open to Dr Marshall's constituents.

COMMUNICATIONS

7. The constituency occupies a pivotal position between the Midlands and South Yorkshire on the one hand and Humberside on the other. It is well placed on the national motorway network with access to the M1, M18, A1(M), M62 and M180.

Work is progressing on improvements for the Sheffield and South Yorkshire Navigation between Doncaster and Rotherham which should assist the economic regeneration not just of that part of South Yorkshire but of the port of Goole itself. Part of the cost of £14 million is being met by grants from the European Regional Development Fund.

PM, May 181,
Mtg with Dr
Edmund Marshall.

RECEIVED

181
MAY 18 181

Prime Minister



Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's
Private Office

Miss Caroline Stephens
Private Secretary
Prime Minister's Office
10 Downing Street
London SW1

CF / Brief to go in meeting folder
with marshalls
letter at hand. JL WA

W. The
you saw
17/1
cl.

17 January 1983

Dear Caroline,

... Thank you for your letter of 5 January enclosing a
copy of one from Dr Edmund Marshall MP about
Thornhill Chicken, Stainforth, Nr Doncaster.

As requested, I enclose a brief for the Prime
Minister's meeting on 20 January which I
understand will be attended by our Parliamentary
Secretary, Mrs Peggy Fenner.

Yours sincerely,

J E ROBBS
Assistant Private Secretary



HOUSE OF COMMONS
LONDON SW1A 0AA

9 January 1983

M/s. C. Stephens,
Private Secretary,
10 Downing Street,
London, SW1.

✓
Ed. 11/1
Dear M/s. Stephens,

Thank you for your letter of January 5,
suggesting 15.45 on Thursday, January 20
as the time for me to meet the Prime
Minister to discuss the threatened closure
of Thornhills factory at Stainforth in my
constituency.

I confirm that that time will be conven-
ient, and I shall come to the Prime
Minister's room in the House then.

Yours sincerely,

Edmund Marshall.

Dr. Edmund Marshall MP

Dr. Edmund MARSHALL, MP



File No
19/11

10 DOWNING STREET

From the Private Secretary

5 January 1983

The Prime Minister is seeing Dr. Edmund Marshall, M.P., at 1545 on Thursday 20 January in her room at the House of Commons. I enclose a copy of Dr. Marshall's original letter to the Prime Minister and would be grateful if your brief could reach us by close of play on Wednesday, 19 January.

I am copying this letter to David Saunders (Department of Industry) and I should be grateful if he could supply us with a constituency brief.

CAROLINE STEPHENS

John Robbs, Esq.,
Ministry of Agriculture, Fisheries
and Food.

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10 DOWNING STREET

From the Private Secretary

5 January 1983

I am sorry not to have contacted you sooner about a meeting with the Prime Minister regarding the possible closure of Thornhills factory at Stainforth.

Would it be convenient for you to come and see the Prime Minister at 1545 on Thursday, 20 January in her room at the House? I must apologise that it is rather a long way away, but Mrs. Thatcher has a very heavy diary when the House re-assembles. I do hope that this time and date will be convenient.

CAROLINE STEPHENS

Dr. Edmund Marshall, M.P.



10 DOWNING STREET

THE PRIME MINISTER

24 December 1982

Dear Mr. Marshall,

Thank you for your letter of 19 December. I quite understand your concern about the possible closure of Thornhills factory at Stainforth. I will look into this, and my Office will be in touch about a meeting after the Recess.

Yours sincerely
Margaret Thatcher

Dr. Edmund Marshall, M.P.

HL



HOUSE OF COMMONS

LONDON SW1A 0AA

19 December 1982

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

R21

Dear Prime Minister,

I am afraid that proposals have been recently announced for another factory closure in my constituency, this time at the chicken processing factory in Briars Lane, Stainforth, near Doncaster, which is owned by Thornhill Limited, of Great Longstone, Bakewell, Derbyshire, DE4 1TD (Tel: 062-987-351). The managing director of Thornhill is Mr. John W. Thornhill, and I understand that the firm is half-owned by the Vesty Organisation.

The main reason given by Thornhills for announcing the Stainforth closure is over-capacity in the chicken processing industry nationally, and indeed throughout Europe. Too many processed whole chickens are now being left in cold storage, and the firm is running into cash flow problems. The position has not been helped by the recent decision in the European Court of Justice that the United Kingdom cannot ban chicken imports from other EEC countries, which has led Peter Walker to announce the lifting of our previous ban on French and Dutch chicken imports.

I am not convinced, however, that over-capacity is the problem facing Stainforth, which concentrates almost entirely on the preparation of chicken portions for retail supermarket counters, rather than whole birds. Indeed, Thornhills plan, as part of their closure proposal, to transfer much of the work now undertaken at Stainforth to their other factory at Great Longstone, which is apparently being extended for this purpose. Great Longstone is too far from Stainforth, and the journey too inconvenient, for employees at Stainforth easily to commute to Great Longstone each day. Most of them are married women who live near the Stainforth factory.

Consequently I think the position of Thornhills at Stainforth needs thorough investigation, particularly to see what help might be given by Government departments or agencies to preserve jobs there. In line with your general undertaking to investigate all factory closure proposals, may I therefore ask that your good offices be used to look into this particular situation, and that we have a meeting during January to discuss your findings.

My home telephone number, at which I shall be able to be contacted for most of the recess, is 0924-378360, and I look forward to hearing from your office about this matter.

Yours sincerely,

Edmund Marshall

Dr. Edmund Marshall MP



FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY

Kenneth Baker MP

Dr Edmund Marshall MP
House of Commons
London
SW1A 0AA

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

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6401

PM
2

Prime Minister

*Here is Mr Baker's follow-up
letter to your meeting with
Dr Edmund Marshall about a
closure in Thorne*

19 June 1981

Ken Baker

mb

MB 12/61

I promised to write to you further, following your meeting with the Prime Minister on 1 June, on the question of unemployment in the Thorne Employment Office Area.

You asked whether it would be possible to establish a separate unemployment rate for Thorne as a basis for considering whether the area should be made a Development Area. I am afraid the answer is that any such rate would be misleading - and indeed completely at odds with the unemployment rates published by the Department of Employment. The smallest areas for which these rates can be calculated are "Travel-to-Work-Areas" (TTWAs). These TTWAs are self-contained labour markets in which the great majority of the working population live and the great majority of the workers who live in the area also work there. Unemployment rates calculated for TTWAs are the true measure of an area's overall need for jobs and provide the only proper basis for decisions about Assisted Area status.

In the case of Thorne 41% of the workers who live in the area travel to jobs outside it, and Thorne is thus far from qualifying as a TTWA on its own. But when the coverage of TTWAs was last reviewed, Doncaster, including Thorne, was found to have a very high degree of self-containment: 91% of those living in the area also worked there, and 89.5% of those working in the area also lived there. The Department of Employment intends conducting a further review of TTWA boundaries on the basis of the 1981 Census data. If that shows that commuting patterns in Thorne have significantly changed, then the boundaries question will certainly be reconsidered.

DUM/DUMAAS



As I know you appreciate, unemployment is not the only factor to be taken into account when determining Assisted Area status under the Industry Act, but it is of course an important one. The unemployment rate for Doncaster TTWA is in fact comparable with those in many other areas which, like Doncaster, are to retain Intermediate Area status when the final stage of the change to a more selective regional industrial policy is implemented next year; and it is below the average for Development Areas generally. The Department of Industry will nevertheless keep a close watch on the position.

*Yours ever
Kenneth*

KENNETH BAKER



19 JUN 1961

SUBJECT

CF

RBF



bc MR Gow
cc BMP
mastes

JH

Prime
Minister

10 DOWNING STREET

From the Private Secretary

2 June 1981

As you know, the Prime Minister saw Dr. Edmund Marshall last night, to discuss the proposed closure by GEC Small Machines Limited of their factory at Thorne. Mr. Baker was also present.

Dr. Marshall recalled that he had asked in the House for the Government to consult GEC about the proposed closure. He had himself been in correspondence with the company. It was now clear to him that there was no hope for this particular factory. It produced fractional horse-power motors manufactured for domestic appliances. There had been a significant fall-off in demand for the appliances themselves, and manufacturers of such appliances were increasingly making their own motors. There was no prospect of the company substituting an alternative product at that plant. He had also investigated the option of GEC closing their similar factory at Newcastle under Lyme but the company felt, with some justification, that the Newcastle plant was better placed geographically in relation to suppliers, purchasers and related GEC factories. GEC had been prepared to contemplate the sale of the factory as a going concern but this had come to nothing.

Dr. Marshall had therefore reluctantly concluded that there was no future for this factory in its present field and had turned his attention to what might be done in the aftermath of the likely closure. It was this which he now wished to discuss with the Government.

The Prime Minister enquired about a GEC offer of jobs at the Newcastle plant. Dr. Marshall explained that, of the 424 jobs to be lost 342, were held by women, and labour mobility was even more difficult in the case of women who were often the second breadwinner in a family. Dr. Marshall then gave the Prime Minister a note he had prepared about the unemployment rate in the Thorne area. He asked that the Government should seek to establish true statistics for the proportion of unemployment in the labour force living in Thorne, as a basis for considering the possibility of Development Area status. Mr. Baker said that he would arrange for the Department of Employment to try to verify the rate of unemployment in Thorne. But he pointed out that, even if this proved to be 15 per cent, it would remain lower than some Development Areas; and that some areas with higher rates of unemployment had had applications for Development Area status turned down. He would nevertheless get in touch with Dr. Marshall after he had consulted the Department of Employment.

/In reply

B

In reply to the Prime Minister's enquiry about the attractions in the area for prospective investors, with or without Development Area status, Dr. Marshall drew attention to the availability of skilled manpower, the excellent communications, the accessibility of both parts of Humberside, and in particular the ease of access by road.

I should be grateful if you could now pursue with the Department of Employment the question of the true unemployment rate in Thorne, and arrange for Mr. Baker to write further to Dr. Marshall on this point and the Development Area issue in due course. I should be grateful for a copy of that letter for our records.

I am sending a copy of this letter to John Anderson (Department of Employment) for information. I am enclosing for you and for him a copy of the submission left with us by Dr. Marshall.

MAP

Jonathan Hudson, Esq.,
Department of Industry.

K Baker's office

2845

UNEMPLOYMENT AT THORNE

Submission to the Prime Minister by Dr. Edmund Marshall, MP for the Goole constituency, on June 1, 1981.

1. The proposed closure by GEC Small Machines Limited of their factory at Thorne in my constituency, which is likely to take place later this month, will reduce the number of jobs in the area by 424, of which 82 are for men and 342 for women.
2. On May 14, 1981 the number of unemployed persons registered in the Thorne employment office area was 2,331, made up of 1,628 men and 703 women. These are the standard figures of unemployed persons published monthly by the Department of Employment, and do not include adult students or temporarily unemployed persons, but I am not sure whether they include unemployed school-leavers who are under the supervision of the Careers Office of Doncaster Local Education Authority, which covers Thorne.
3. The Thorne employment office area covers the five parishes of Thorne, Hatfield, Stainforth, Fishlake and Sykehouse, and is part of the Doncaster travel-to-work area. The total number of working people living in the Thorne area is therefore not available from the Department of Employment, and this means that the Department does not publish figures for percentage unemployment rates at Thorne, but only for the whole Doncaster TTWA.
4. Consequently it is not easy to gauge the severity of the unemployment problem at Thorne. The number of registered unemployed persons there has grown since the suspension of coal production at Thorne Colliery in 1956. There have been at least four major factory closures at Thorne during recent years, involving Faire Brothers (narrow fabrics); British Mohair Spinners; Humberside Frozen Foods and Chilprufe, all of them with sites in the town of Thorne itself. In addition, redundancies by British Steel at nearby Scunthorpe have increased unemployment at Thorne. While the unemployment problem is likely to be concentrated on Thorne town, the rest of these notes refers to the whole Thorne employment office area.
5. To measure the unemployment problem at Thorne, one needs to know the total number of working persons resident in the area. While these figures are not available through the Department of Employment, they can be extracted from the decennial census returns. The latest available census returns are of course for April, 1971, when there were 12,360 men and 5,690 women resident in the Thorne area who were working or unemployed.

If these figures are taken for May, 1981, without alteration, the unemployment rates for Thorne are 13.2 per cent for men, 12.4 per cent for women and 12.9 per cent altogether (based on the figures stated above in paragraph 2). If one then adds the redundancies threatened by GEC closure, the percentage rates of unemployment rise to 13.5 for men, 18.4 for women and 15.3 altogether. Many unemployed women, however, do not register as unemployed with the Department of Employment.

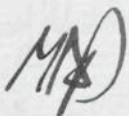
6. The 1971 census figures, however, are very out-of-date. I have asked the Registrar-General to supply me with the corresponding information extracted from the recent 1981 census, but it will be March, 1982, at the earliest, before he can do this. Until then, one can only guess at the change in the total working population at Thorne since April, 1971. While the raising of the school leaving age may have reduced the total working population, this may have been offset by growth of population in the area.
7. In the event of there being no way of averting the GEC closure, may I ask that HMG undertakes a special study of the unemployment problem at Thorne, first and foremost to measure more precisely how serious that problem is, for adults and school-leavers together. When the severity of the problem is known, it may indicate that the Thorne area should be designated as a development area rather than the intermediate area which it is now. Under the arrangements made by the present Government, there are significant differences between the methods of Government and European assistance for industry in development areas compared with intermediate areas. The Scunthorpe area, adjacent to Thorne, has recently become a development area. If investigation of the unemployment problem at Thorne reveals an unemployment rate there, after the proposed GEC closure, of over 15 per cent, surely Thorne also should be designated a development area.

P.M.

PRIME MINISTER

You are seeing Edmund Marshall on Monday evening about the Thorneelectric motor factory closure in Goole. The Department of Industry assume that his main purpose will be to press for development area status. The case seems thin.

Two interesting points from the briefing: first, there have been no takers at Thorne for the GEC offer of jobs at the Newcastle plant (paragraph 4); secondly, Dr. Marshall held a meeting at the Thorne site which was not well attended (paragraph 5).



29 May 1981



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FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY
Kenneth Baker MP

Caroline Stephens
Private Secretary to
the Prime Minister
10 Downing Street
London
SW1

29 May 1981

Dear Caroline

As requested in your letter of 14 May, I enclose a brief for the Prime Minister for her meeting with Dr Edmund Marshall to discuss the proposed closure of GEC Small Machines Ltd in his constituency. Mr Baker will attend the meeting.


*Your sincerely
Liz Riley*

LIZ RILEY
Private Secretary

RAT/RATAAU



29 MAY 1981



THE PRIME MINISTER'S MEETING WITH DR EDMUND MARSHALL MP ON 1 JUNE: PROPOSED
CLOSURE OF GEC SMALL MACHINES LTD FACTORY AT THORNE, NR DONCASTER, SOUTH YORKSHIRE.

The Company

1 GEC Small Machines Ltd, Blackheath, Birmingham are a subsidiary of the GEC Group. They make electric motors ranging from fractional horsepower (F.H.P) to small industrial in factories at Witton (Birmingham), Farsley (West Yorks), Newcastle-under-Lyme (Staffs) and Thorne (South Yorks). The Thorne and Newcastle factories concentrate on the F.H.P. motors used in office machines, and air movement equipment (eg ventilating fans). About 90% of the output goes to customers outside the GEC Group.

The Thorne Closure

2 There is over-capacity in small electric motors within the EEC and also stiff competition from imports from the United States. Both the Thorne and Newcastle factories have excess capacity and sales and profits have declined. GEC are not prepared to continue running both. Thorne, being the smaller factory, is the one to go. According to the company the future of the Newcastle factory should be secured by the concentration of activity there.

3 The unions have signed a closure agreement and production at Thorne will cease on 29 May 1981. The work force of 424 (75% women) will be laid off in the ensuing weeks. MSC say there is very little prospect that many of the redundant workers will find new jobs locally.

4 650 are employed at the Newcastle plant. The most modern of the Thorne machinery will be transferred there and GEC hope that this will provide an extra 120 jobs in the next year. Workers at Thorne have been offered the opportunity to move to Newcastle but there have been no takers so far and this is unlikely to change.

5 Mr A Wilkinson, general manager F.H.P. Division, GEC Small Machines Ltd, met Dr Marshall and Mr J Golding MP early this year to warn them of the position at Thorne and its likely closure. Dr Marshall was also told about the closure decision when it was announced. [We understand from GEC that Dr Marshall later held a meeting at the Thorne site which was poorly attended by the workforce].

Impact on the area

6 Thorne is in the Doncaster Travel to Work Area (TTWA) where the ^{May} ~~April~~ unemployment rate is 13.6% (15,277 persons). Unemployment in the Thorne Employment Office Area (EoA) is some 2331 persons. GEC are the second largest employer in the EoA, after the NCB, and the loss of 424 jobs will hit hard. Most of the employees live in Thorne although a few commute from Doncaster (9 miles) and Goole (8 miles). Thorne is a close knit community whose residents have a built-in unwillingness to travel in search of work.

7 Both Doncaster and Goole TTWA will retain Intermediate Area (IA) status after 1 August 1982. Doncaster relies heavily on coal mining but also has a diverse manufacturing sector including vehicles (mainly tractors) engineering, metal goods, textiles and glass. Many of the major firms in these industries have experienced recent redundancies and short term prospects are not good. On the positive side English Industrial Estates have undertaken 14,700 M² of factory building with Government funds in the TTWA since 1970. They have also attracted private sector investment for other advance factory units in the area.

8 Industry in Goole is mainly connected with the inland port and agriculture. Other activities include pre-cast concrete products, clothing and aircraft components. Job opportunities have declined in recent years and in ^{May} ~~April~~ 1981 there were 1833 persons unemployed (14.2%). Goole could benefit from the development of the Drax Power Station (10 miles) which is expected to provide about 600 extra jobs on completion in 1986.


Dr Marshall's representations

9 Dr Marshall may be expected to urge the Prime Minister to consider the following:

Government pressure on GEC to reverse their decision

10 GEC's decision has been taken against a background of reduced demand and fierce international competition which has resulted in the Newcastle and Thorne factories returning a loss for the year ended 31 March 1981.

11 Line to Take The decision to close the Thorne factory and concentrate activity at Newcastle-under-Lyme must be one for GEC to make based on their own commercial judgement.



Upgrading of Doncaster and Goole TTWAs to Development Area (DA)

12 Assuming that 70% of the GEC redundant workforce were to register as unemployed in the Doncaster TTWA, the unemployment rate would still be below the average rate for all DAs. Unless there is further deterioration in Doncaster, this is likely to remain the position since the rate for all DAs will probably continue to rise. There is no justification on employment grounds for upgrading Doncaster. Evidence of employment levels persistently above the DA average would be needed before a review of an IA's status could be considered. The Prime Minister should also be aware that on 20 May the Secretary of State for Industry replied to the Rt Hon Harold Walker MP and Mr Michael Welsh MP rejecting their representations against a background of rising local unemployment that Doncaster should be given DA status.

13 Line to take The Prime Minister may wish to acknowledge that regrettably the employment position in the TTWA as a whole has deteriorated in common with the rest of the country due to the present recession. Unemployment is but one (important) factor which has to be taken into account in designating assisted areas, and the Secretary of State for Industry has only recently considered the area's status and felt unable to justify a change. The Prime Minister may also wish to point out that Doncaster is retaining its Intermediate Area status when assisted area coverage is being reduced and its relative advantage will be enhanced.

14 Goole (Dr Marshall's constituency) is unlikely to be affected in any major way by the GEC closure. Dr Marshall will probably base any case for upgrading to DA on the rate of increase in unemployment, the current high rate of unemployment and the area's relative disadvantage as an IA, alongside neighbours which enjoy DA status (Scunthorpe and Hull). Although there has been a relatively steep increase in the unemployment rate from 7.0% in 1979 to 14.2% in ^{MAY} ~~April~~ 1981 (GB 5.6% to 10.4%), on the evidence available there is no justification for DA status. Compared with the areas of greatest need, relatively few people (1851) are without jobs in the Goole TTWA.

15 Line to take The Prime Minister may wish to express the view that Goole's case does not warrant a change. However the Secretary of State for Industry is always ready to consider evidence of significant long term deterioration ^{in unemployment} relative to the rest of the country.

Dept of Industry
Yorks & Humberside Regional Office
Leeds



*Private Secretary's
file*

29/5

10 DOWNING STREET Dr. Edmund

MARSHALL

From the Private Secretary

14 May 1981

MP

CF to file?

*Closure of GEC Small
Machines Ltd.*

I am writing to confirm that your Minister will be present at the meeting with Dr. Edmund Marshall MP at 2200 hours on Monday 1 June in the Prime Minister's room at the House. Dr. Marshall wishes to discuss the proposed closure by GEC Small Machines Limited of their factory at Thorne in his constituency. Could a full brief please reach this office by close of play on Friday 29 May.

CAROLINE STEPHENS

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

CH



dl

10 DOWNING STREET

From the Private Secretary

14 May 1981

Further to our conversation on the telephone this afternoon I am writing to confirm that the Prime Minister is looking forward to seeing you in her room in the House at 2200 hours on Monday 1 June. Mr. Kenneth Baker MP will also be present.

CAROLINE STEPHENS

Dr. Edmund Marshall, MP

MFJ

cc Miss Stephens

13 May 1981

I enclose a copy of a letter to
the Prime Minister from Dr. Edmund Marshall.

The Prime Minister will be ready to
see Dr. Marshall, and will want to have
an Industry Minister present. Caroline Stephens
will be in touch with you to arrange a time,
and we shall require a brief to reach us the
day before in the usual way.

MAP

Mrs. Catherine Bell
Department of Industry

MFJ

13 May 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 12 May.

I will place this before the Prime Minister at once, and I am sure that she will ask us to arrange a meeting with you when she has had the opportunity to look into the issue in question.

MAP

Dr. Edmund Marshall, M.P.



10 DOWNING STREET

PRIME MINISTER

Edmund Marshall writes seeking a meeting to discuss the GEC Small Machines' closure which he mentioned at Question Time yesterday.

We will offer him a meeting on the usual basis, although this may have to be after the Whitsun Recess given the state of your diary.

MS

MAJ

4137

13 May 1981



HOUSE OF COMMONS
LONDON S.W.1.A. 0.A.A.

12 May, 1981.

Rt.Hon.Margaret Thatcher, M.P.,
Prime Minister,
10, Downing Street.

CB/S

Dear Prime Minister, *EA*

Further to my oral question to you in the House today, may I ask that we have a meeting before long to discuss the proposed closure by GEC Small Machines Limited of their factory at Thorne in my constituency.

When you have made inquiries about the position, perhaps your office could contact me with a view to arranging a time for us to meet.

Thank you very much.

Yours sincerely,

Edmund Marshall

Dr. Edmund Marshall, M.P.

