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CONFIDENTIAL FILING

Prime Minister's meeting with Gordon Brown, MP. to discuss the future of Fisher Controls & other matters.

PRIME
MINISTER

SEPTEMBER 1983

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
16.9.83							
16.10.83							
10.11.83							
22.11.84							
11.12.84							
21.12.84							
11.1.85							

PREM 19/1605



10 DOWNING STREET

THE PRIME MINISTER

11 January 1985

Dear Mr. Brown,

At our meeting on 11 December, I undertook to look further into your report of delays in the construction of factory units in Cowdenbeath.

I have since read the letter that Allan Stewart sent you following his investigation into this and there is nothing I would wish to add to the full account he provided. The Scottish Development Agency is well attuned to the local needs for factory accommodation, and we are not aware of any unreasonable delays.

During our meeting, Allan also mentioned the possibility of establishing an Enterprise Trust for the area around Dunfermline, of the kind that has been successfully developed in other parts of Scotland. I understand that your local Chamber of Commerce has already initiated some discussion about this, and I do hope therefore that you will lend it your firm support.

Gordon Brown, Esq., MP

Yours sincerely
Margaret Thatcher

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SCOTTISH OFFICE
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Timothy Flesher Esq
Private Secretary
10 Downing Street
LONDON
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21 December 1984

Dear Private Secretary,

MEETING WITH MR GORDON BROWN MP

In your letter of 11 December, you asked for a draft letter that the Prime Minister might send Mr Gordon Brown to follow up two points that were raised during their meeting on 11 December.

attached
As regards the report of delays in the construction of factories in Cowdenbeath, Mr Stewart wrote (also on 11 December) to explain that as he said at the meeting the Scottish Development Agency (SDA) was actively pursuing a factory development project through negotiations with a potential private developer, and that we were not aware of any unreasonable delays.

attached
The possibility of setting up an Enterprise Trust for Dunfermline and West Fife has also been dealt with by Mr Stewart in an earlier letter to Mr Brown (dated 27 November).

Mr Stewart has suggested that the Prime Minister might prefer to conclude the exchange with a final reply to Mr Brown's original letter. I attach a draft letter as you requested.

Yours sincerely,
Gerard Hetherington

GERARD HETHERINGTON
Private Secretary

DRAFT FOR THE PRIME MINISTER

Gordon Brown Esq MP
House of Commons
LONDON
SW1A 0AA

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I have since read the letter that Allan Stewart sent you following his investigation into this ~~concern~~ and there is nothing I would wish to add to the full account he provided. The Scottish Development Agency is well attuned to the local needs for factory accommodation, and we are not aware of any unreasonable delays.

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SCOTTISH OFFICE
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TELEPHONE: 01-233 3000

Gordon Brown Esq MP
House of Commons
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27 November 1984

You wrote to George Younger on 20 August with a proposal for a special initiative to tackle unemployment in the Cowdenbeath area. I am sorry I have not been able to let you have a considered reply before now.

I acknowledge your concern about employment opportunities in Cowdenbeath. It can, however, be misleading to consider individual communities in isolation from the employment opportunities in the whole of the Travel-to-Work Area of which they are part, since TTWAs are considered as largely self-contained in relation to work and residence. At 14.1% (in October 1984), the unemployment rate in the Dunfermline TTWA, which contains all the communities you mentioned except Kinglassie, is below the Scottish rate of 15.2%. The unemployment figures for the area do not themselves justify a major initiative by the Scottish Development Agency in Cowdenbeath of the type you suggest. This will not however prevent the Agency from undertaking other work such as land renewal or financial assistance to business and industry in the area as opportunities arise. When we met on 13 November you raised with me the Agency's factory building programme in the area. I am of course having enquiries made and will write separately on this point.

There is good scope for a local economic initiative in the area, and I understand that there has already been some discussion involving the local business community about establishing an enterprise trust for Dunfermline and West Fife. This would be an excellent development, since enterprise trusts in other areas have shown they have a valuable role to play in stimulating local initiative and helping to create new jobs. I hope you will give the Chamber of Commerce your support in taking this proposal forward.

ALLAN STEWART

PM : meetings with Gordon Brown
9/83



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Gordon Brown Esq MP
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11 December 1984

SDA: WOODEND ESTATE

At our meeting on 13 November I undertook to make enquiries about progress on the Woodend development at Cowdenbeath which you claimed had experienced delays.

The SDA has advised me that the property in question is a factory complex which was formerly owned by Fisher Controls and is now in the Agency's possession. Fisher Controls terminated their lease in May this year and the Agency has experienced difficulty in re-letting the property. The Agency has therefore had plans prepared for the demolition of 25,000 sq ft of substandard extensions and for the refurbishment of the main building which can later be sub-divided as necessary to meet the needs of incoming tenants. The Agency is undertaking this development at its own hand.

The Agency is also having active discussions with a potential private developer about plans to build new units (4 x 1000 sq ft and 3 x 2000 sq ft).

It would appear therefore that this development is progressing as quickly as practicable.

I am sending a copy of this letter to Dick Douglas.

ALLAN STEWART

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10 DOWNING STREET

From the Private Secretary

11 December 1984

The Prime Minister accompanied by Mr. Stewart met Dr. Gordon Brown, M.P., today at his request to discuss redundancies which had occurred in his constituency. Dr. Brown's main argument was that unemployment in Dunfermline East had risen by 500 over the past year. It was forecast to rise even further following the run down of Mossmorran. This meant that the real level of unemployment in parts of his constituency was running at about 30 per cent. In this context the downgrading of Dunfermline from Development Area to Immediate Area Status as a result of the recent review of regional policy would exacerbate the problem. Jobs which were only retained in the area because they were subject to automatic grants would be lost and new jobs would not come to the area. If the Government could not agree to a retention of Development Area Status for the whole of the Dunfermline and Kirkcaldy Travel-to-Work Areas there was a strong case for a Scottish Development Agency Task Force of the kind which had been successful in other areas such as Garnock Valley and Clydebank. Experience had shown that when factories were built in the area they were well utilised with a current occupancy rate of about 94 per cent. There was, however, a delay in establishing new factory units in Cowdenbeath.

In response, the Prime Minister said that the problems of Dunfermline, which she acknowledged to be very severe, were a reflection of the national problem of creating the kind of enterprise culture which created jobs successfully in the United States and Japan. New jobs were being created in the economy and employment in Scotland was estimated to have increased by 14,000 in the last year. Unfortunately, many of these jobs were part-time and brought new people into the workforce rather than taking them off the unemployment register. On the problems of Dunfermline itself, the Prime Minister noted that the Scottish Development Agency had invested £170,000 in 13 companies since 1975; 38 projects had been completed in the area since 1975 at a cost of £3.5m. and 80,000 square feet of factory space had been opened in the same period. There was, however, a limit to the help which could be given to one particular area without unduly penalising other areas. That was one of the principles behind the review of regional policy which, in any event, had actually extended the

proportion of the population covered by some form of aid. Even under Intermediate rather than Development Area Status grants would still be available both for the protection of existing jobs and the creation of new jobs. Mr. Stewart said that the case for special treatment for Dunfermline, given the developments to which Dr. Brown had referred, had already been recognised to some extent since the area was on the margin between Intermediate Area Status and receiving no special help at all. Dunfermline's inclusion in the Intermediate Areas reflected the points which Dr. Brown had made. Moreover, while the Special Task Forces established by the SDA had been successful their impact would be much reduced by proliferation. Nevertheless, he undertook to look into the point made by Dr. Brown on delays in establishing new factory units: the SDA had, he understood, been consulting with a private developer in an effort to improve matters in this respect. More generally, Mr. Stewart suggested that an Enterprise Trust of the kind which had been successful elsewhere, both in Scotland and the rest of the country, might prove beneficial and he hoped that such a Trust could be established.

On a separate point, Dr. Brown said that there was great concern locally at proposals on the privatisation of the Rosyth Dockyard. This possibility posed a threat both to jobs and national security because it was inappropriate for a private dockyard to undertake work of such sensitivity as refits for Trident submarines. The Prime Minister noted that any such proposals would be the subject of consultation with the unions at Rosyth. She disagreed strongly with Dr. Brown's assertion that private companies were inappropriate for sensitive work of the kind to which he had referred. There were many examples of private companies carrying out work of the greatest sensitivity in an entirely satisfactory and secure fashion.

At the conclusion of the meeting, the Prime Minister said, while she had not been able to offer Dr. Brown much comfort on the points which he had raised, she hoped he would bear in mind the suggestion of an Enterprise Trust. In the meantime the point he had made about factory delays would be considered.

I should be grateful if you could arrange for a draft reply to be prepared for the Prime Minister to send to Dr. Brown confirming Mr. Stewart's proposals of an Enterprise Trust and commenting on Dr. Brown's queries on delays in establishing factories. It would be helpful if we could have a reply by Friday 4 January. In view of the discussion on the Rosyth Dockyard, I am sending a copy of this letter to Barry Neale (Ministry of Defence).

TIMOTHY FLESHER

Andrew Chisholm, Esq
Scottish Office.

PRIME MINISTER

MEETING WITH GORDON BROWN MP

Attached is the, I am afraid, copious briefing provided by the Scottish Office for your meeting. Allan Stewart will be present for the Scottish Office. The following is a summary of the major points which Dr. Brown is likely to make and the background to the meeting.

Background

Dr. Brown is not complaining about any single closure in his constituency but more generally about the impact on his constituency of a number of closures. Unemployment has risen in the Dunfermline East constituency from 3,800 this time last year to 4,300 now. The unemployment rates for the Dunfermline and Kirkcaldy TTWA's is 14.3% and 15.5% compared with the overall Scottish average of 15.2%. Dr. Brown is likely to make the following points:

i) Regional Policy

He will complain first of all about the reduction in the resources devoted to regional policy; the downgrading of Dunfermline and Kirkcaldy from development area to intermediate area; and the inclusion of Kinross in the Dunfermline TTWA which reduces the overall level of unemployment to well below the development area criteria.

Points to make in response to this include:

the cost of jobs (£35,000 each); the fact that Scotland accounts for only one-third of the savings on regional policy; and travel to work areas are drawn up on the same objective criteria in Scotland as for the rest of the country. Briefing on this is flagged at A.

ii) Particular Closures

A note on these is flagged at B.

iii) A Special Task Force for Dunfermline

Mr. Brown may propose an SDA-led Task Force along the lines of those at Garnock Valley and Clydebank for the town of Cowdenbeath which has particularly high unemployment. The simple answer to this is that the situation in Cowdenbeath is not as bad as in some other areas. The SDA has invested £117,000 in thirteen companies since 1975; thirty eight projects have been completed in the area since 1975 at a cost of £3.5m; and 80,000 square feet of factory space has been completed since 1975. A note on this is at Flag C.

iv) Rosyth Dockyard

Dr. Brown is worried about a memorandum from the Ministry of Defence Special Adviser, Peter Levine, proposing the 'privatisation' of the Rosyth Dockyard. The answer to this is that proposals are being considered but that the unions will be fully consulted. In the Navy debate on 29 November, Mr. Stanley announced that Trident refits will take place at Rosyth which will help on employment in the very long term.

v) The Coal Dispute

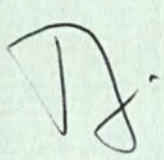
Although he does not specifically mention it, Dr. Brown may raise the impact of the coal dispute on his constituency which has remained fairly solid in support of the strike. Points to make here include the fact that Bogside Pit was lost as a result of the failure of the NUM to provide essential maintenance ^{away} of the overtime ban and two faces have been lost at Castlehill; the NCB

D.R.

are investing very considerable sums (£50m) at Castlebridge Pit; and that Fife Regional Council is perpetuating the strike by giving large sums of ratepayers' money to the NUM. Reports suggest as much as £1m. Notes on this are at Flag C.

More generally points on the Scottish economy include:

- i) Industrial production is up $2\frac{1}{4}\%$ in the year to 1984 Q2;
- ii) Employment is estimated to have increased by 14,000 in the year to June 1984;
- iii) Employment in the electronics industry has risen by 10% in the two years to mid 1983 to about 42,000.



Timothy Flesher
10 December 1984



SCOTTISH OFFICE
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Tim Flesher Esq
Private Secretary
10 Downing Street
LONDON

10 December 1984

Dear Mr Flesher

MEETING WITH MR GORDON BROWN MP

Thank you for your letter of 22 November. I understand that the Prime Minister has agreed to see Mr Brown at 3.45 pm on Tuesday 11 December, with Mr Allan Stewart present, to discuss his concerns about redundancies and closures in his constituency of Dunfermline East.

I attach briefing notes for the Prime Minister on the following topics:

- Note 1 Scottish Economy
- Note 2 Regional Policy Review
- Note 3 Travel to Work Area (TTWA) Review
- Note 4 Industrial Bad News
- Note 5 Role of the Scottish Development Agency
- Note 6 Unemployment and Vacancies in Dunfermline East
- Note 7 YTS and Community Programme
- Note 8 Rosyth Dockyard
- Note 9 Mossmorran
- Note 10 Deep Mining in Fife
- Note 11 Westfield Open Cast Mine
- Note 12 Redundant Mineworkers Payments Scheme

I also attach a copy of a letter which my Secretary of State has just received from Mr Brown. The points he raises are dealt with in the briefing notes 3, 4, 5 and 6.

Yours sincerely
D. Lamberton

J EDDIE GOWANS
for Private Secretary

REGIONAL POLICY REVIEW

BackgroundEffect of review on Mr Brown's constituency

1. Mr Brown's constituency comprises part of both the Kirkcaldy and Dunfermline travel-to-work areas (TTWAs) in Fife Region. Both of these TTWAs have been regraded, as a result of the recent review of the Assisted Areas map, from development area to intermediate area (outer tier) status.
2. This means that, in future, firms in or moving to the Dunfermline and Kirkcaldy TTWAs will no longer qualify for regional development grant (RDG). However, both areas will continue to be eligible for regional selective assistance and also for the European Regional Development Fund and aid from the European Coal and Steel Community.

Representations

3. Mr Brown was active in pressing Ministers on the outcome of the review. He argued for the retention of development area status for the Dunfermline and Kirkcaldy TTWAs and for a special case to be made of unemployment "blackspots" such as Cowdenbeath (in the Dunfermline TTWA). In relation to the prospects for downstream developments at Mossmorran (see Note), he has raised questions about how capital-intensive industries will be affected by the decisions to exclude replacement investment and to impose a cost per job ceiling on capital-related grant. Mr Allan Stewart, Parliamentary Under Secretary of State for Industry and Education, met Mr Brown (and Mr Dick Douglas MP) on 13 November to discuss their views on the implications of the review for Fife Region, and for the Dunfermline and Cowdenbeath areas in particular.
4. The Fife Regional Council made a very full submission in response to the White Paper on Regional Industrial Development and outlined their case at a meeting with Mr Stewart on 3 September. Representations were also received from the Kirkcaldy District Council, the Dunfermline and West Fife Chamber of Commerce, a number of local community councils and a local engineering firm in the Dunfermline area. In addition, a recent letter to the Prime Minister from the Provost of Dunfermline District Council claimed that a postcard campaign had gathered 2,000 signatures from the local community. The campaign was, however, based on the (wrong) assumption that Dunfermline was to lose assisted area status altogether

Basis for decisions

5. i. Dunfermline TTWA qualified only for intermediate area status (and that only narrowly) on the criteria used in the review.
- ii. Kirkcaldy TTWA also qualified only for intermediate area status on the criteria used.

Line to Take

6. The following points might be made in discussion:-

i. Ministers agree that parts of Mr Brown's constituency, such as Cowdenbeath, continue to face problems. But it has to be recognised that the distribution of regional assistance must take account of changes in an area's position relative to other parts of the country. It stands to reason that areas whose position has improved - not necessarily in absolute terms, but relative to others - must have a lower claim on the available resources.

ii. Selective assistance will remain available in both the Dunfermline and Kirkcaldy TTWAs and can be used flexibly to ensure that the maximum incentive remains available for projects which provide clear industrial and employment benefits. Selective assistance can also be used to support modernisation projects which safeguard existing employment but do not necessarily create jobs.

iii. Both TTWAs will continue to qualify for the European Regional Development Fund and the whole of Fife Region is an area specified for aid from the European Coal and Steel Community.

iv. The fullest consideration was given to Dunfermline's (and Kirkcaldy's) position in the light of the objective criterion used in the review and the representations received. It was clear however that their position relative to other areas did not justify development area status.

TRAVEL TO WORK AREA (TTWA) REVIEW

Background

1. The recent TTWA Review was carried out by the Department of Employment using the most up to date information on journey to work patterns, obtained from a 10% sample of the 1981 Census of Population. Decisions were based on a systematic and objective appraisal of the data. Regional Councils in Scotland were given an opportunity to comment on the initial proposals - albeit within a tight time schedule - and their views were taken into account.

2. Once the decision to group areas together was taken the precise boundary of a TTWA was determined by the most closely matching local authority district ward boundaries. In the case of Dunfermline this involved no major changes to the ward boundary. Dr Brown has been reported as claiming that Kinross was included in the new Dunfermline TTWA, thereby lowering its unemployment rate. This impression is incorrect - Kinross has always been the Cowdenbeath local employment office area which formed part of the old Dunfermline TTWA, and the unemployment rates have reflected this. The option of excluding Kinross from the new TTWA was considered after representations from Fife Regional Council, but the Census of Population indicated a substantial flow of residents from Kinross to Dunfermline.

3. There have, however, been a number of minor boundary changes: the inclusion of Glenfarg and Aberdour, and the exclusion of Cardenden/Auchterderran, Auchtertool and Culross/Low Valleyfield. The effect of these changes was to reduce employment in 1981 in the new TTWA as compared with the old one by only 800 out of 46,000. The base for calculating the unemployment rates has fallen by some 1,200 to just over 51,200 and the effect of this change is to increase the percentage rate of unemployment.

4. The claim that figures for the new TTWAs fail to capture the existence of severe unemployment blackspots in certain localities has been put forward by several MPs and commentators in recent weeks. Statistics based on the new TTWAs are in general the best guide to local labour market conditions. While pockets of high or low unemployment may well exist within many TTWAs these cannot be said to constitute local labour markets since they have very strong links with or depend upon the rest of the TTWA. A labour market area is the appropriate unit for regional industrial policy designations - to give AA status only to

a blackspot within a TTWA would probably be ineffective since jobs generated in the blackspot might be filled by residents from other parts of the TTWA. The basic criteria for acceptability as a TTWA were self-containment of 75% and a working population of at least 3,500 although areas in excess of 20,000 working population could have self-containment as low as 70%. Self-containment of 75% requires that 75% of residents in the area also work in the area, and that 75% of jobs in the area must be held by residents of the area. In the case of Cowdenbeath, Census data indicated that under half the residents worked in the area, with over 40% travelling to work in Dunfermline.

TRAVEL-TO-WORK AREA (TTWA) REVIEW AND UNEMPLOYMENT IN DUNFERMLINE

Lines to take

TTWA Review arbitrary?

No TTWA Review was an objective exercise and the methods used in defining the areas have been published.

Significant changes to Dunfermline TTWA?

The new Dunfermline TTWA is very similar to the old one in terms of both area and working population.

How can numbers out of work be rising when the unemployment rate falls?

(penultimate paragraph of Dr Brown's letter)

This is a misunderstanding. Both the numbers unemployed and the percentage unemployment rate have increased over the past year in the Dunfermline TTWA. The change from old to new Dunfermline TTWA has resulted in a fall of some 500 unemployed and 0.7 percentage points in the unemployment rate.

Did lower unemployment in the new TTWA offset Assisted Area status?

Unemployment was one of the factors considered in deciding Assisted Area designations. The fall in unemployment from old to new TTWA was however relatively small (0.7 percentage points) and even for the old TTWA in August 1984 (the last available figure) the unemployment rate in Dunfermline (14.4%) was well below the average for all former Development Areas (15.4%).

The new TTWA contains several unemployment blackspots - eg in the Cowdenbeath area. Why not have a separate TTWA for Cowdenbeath?

This option was carefully considered, but the Census of Population data indicated that the Cowdenbeath area was not sufficiently self-contained in terms of journey to work flows to support a separate TTWA. The area has very strong links with Dunfermline.

Why not designate Cowdenbeath (or similar "blackspots") a Development Area?

TTWAs (as the best approximation to labour market areas) are the appropriate basis for AA designations wherever possible. To give DA status only to a blackspot within a TTWA is likely to be ineffective since jobs generated in the blackspot are likely to be filled by residents from other parts of the TTWA.

INDUSTRIAL BAD NEWS

Background

In his letter of 16 November Mr Gordon Brown MP mentioned 3 examples of companies which had either announced redundancies or where jobs were at risk.

- i. Manclark & Sons which is engaged in the manufacture of uniforms/jackets reduced its workforce by 70 people during November 1984. The entire garment producing department was transferred to another company establishment in England because of reduced demand. (We understand that this should leave a workforce of 50, and we have no indication of possible closure.)
- ii. We are not aware that Jeltek are experiencing any difficulties. The Department of Employment have received notification that the firm have asked its workforce for 10 voluntary redundancies but we understand that this was to enable the firm to employ some of the former employees from Manclark & Sons.
- iii. Similarly we have no indication of serious problems at the Inverkeithing Paper Mill. Although there were 16 redundancies in August of this year, these were due to changes in work patterns.

DEEP MINES IN FIFE

Mines in Fife are located at:-

	<u>Approx employment figure</u> <u>pre-strike</u>
Frances	700
Seafield	1500
Comrie	700
Longannet Complex	
Longannet	60
Castlehill	1000
Solsgirth	1050
Castlebridge	10

The Longannet complex has a secure future providing coal for Longannet power station. The only significant capital investment in the Scottish coal field is taking place at Castlebridge, where a new access shaft (to cut underground journey times) is being developed at a cost of around £50m. Bogside pit, which is part of the Longannet complex, was closed in February 1984 as a result of serious flooding and gassing following the failure of the NUM to provide essential maintenance during the overtime ban. The closure decision by NCB is still subject to pre-strike appeal procedure, which has been deferred as a result of the strike. During the strike two producing faces have been lost at Castlehill, though the future of the pit itself is not in jeopardy.

The future of the linked pits, Frances and Seafield, depends very much on the productivity they can achieve and the future price level of and demand for coal. Publicity was given recently by the NUM in Scotland and the STUC to what were claimed to be NCB closure proposals: one of the scenarios outlined would have involved the closure of Frances/Seafield (leaving only the Longannet complex and Bilston Glen/Monktonhall in operation). It has been made clear by the NCB that this was only one of a series of planning documents and that there are no such closure proposals.

The future of Comrie is still more uncertain and it cannot realistically be expected to continue in operation very far into the next decade, if that.

There has been very little drift back to work in the Fife coal-field with a total of 110-120 men appearing at the pits listed above. The total Scottish drift back is now around 2,250 men, over 900 of whom are at Bilston Glen.

LINE TO TAKE

Future of the Coal Industry in Fife

Coal will continue to be important in Fife for a long time to come and the NCB are investing very considerable sums in the new shaft at Castlebridge to increase the effectiveness of the Longannet complex. Electricity generation will continue to be

based primarily on nuclear power and coal. But coal must be produced at prices which are competitive and we need an efficient, productive mining industry for that. In that sort of industry Scottish miners will have a secure future.

Comment on Scottish "Hit List"

It has been made clear that the documents disclosed recently were planning documents with a range of outcomes and did not indicate the existence of NCB closure proposals.

What future for men who leave the Industry

Those who wish to stay in the industry have the guarantee there will be jobs for them and those who leave have access to extremely generous redundancy terms. In addition to well established policies aimed at providing new employment in mining areas - regional incentives and the Scottish Development Agency, for example - the establishment of NCB (Enterprise) Ltd will be of considerable assistance.

WESTFIELD OPENCAST MINE

The reserves at Westfield, the largest NCB opencast mine in Scotland are almost exhausted. At the peak of production about 700 were employed. This has declined gradually and when production ends fairly soon some 400 jobs will be lost. Towards the end of last year Mr Gordon Brown, Fife Regional Council and the trade unions affected produced a report which advocates the early development of an area adjoining Westfield - the Westfield link site - to ensure some continuity of employment. This development would provide only 70/80 jobs over a six-year period.

As Mr Brown is aware, at the beginning of this year the Chairman of the NCB, in correspondence with the convenor of Fife Regional Council and the TGWU, indicated that there could be no question of the Westfield link site being developed until the marketing position had improved. At that time there were high coal stocks at Westfield and these have increased, with opencast work continuing during the miners strike but no stocks being moved, to a current total of 1.3 million tonnes. A considerable proportion of these are stocked on the Link Site, and then would have to be moved before extraction work could begin. In correspondence with the Secretary of State for Energy Mr Brown was informed that this was a matter for the commercial judgement of the NCB and there was no question of Ministers intervening. The same line was taken by Mr Allan Stewart, Scottish Office Minister for Industry and Education in correspondence and at meetings with Mr Brown, the most recent on 4 July 1984 in Edinburgh when Mr Brown was accompanied by a TGWU delegation from Westfield.

It is too early to say whether the stocks at Westfield will be used up after the coal strike is settled at a pace which would call for the prompt development of the link site.

(A separate note on the Redundant Mineworkers Payments Scheme is attached).

LINE TO TAKE

It has already been made clear to Mr Brown that the development of the Westfield link site depends on the marketing position of coal generally and the stocks on the site in particular. And the miners strike is of course damaging marketing prospects. This is a matter which must be left to the commercial judgement of NCB and there can be no question of Ministers interfering with this decision. NCB however have by no means ruled out development of Westfield link site. A delay in development does not mean that the reserves will be lost and there will be benefits to local employment when the site is developed.

REDUNDANT MINEWORKERS PAYMENTS SCHEME

1. At Mr Brown's meeting with Scottish Office Minister Mr Allan Stewart on 4 July he referred to the position of opencast mines at Westfield who are not entitled to redundancy payments under the Redundancy Mineworkers Payments Scheme. Mr Stewart indicated that while this was not a matter for the Scottish Office, he would, on receipt of details of the particular problem from Mr Brown, make enquiries about the position from the Department of Energy. Mr Brown has not yet provided the detailed information.

The question of extending the RMPS to opencast workers has been raised a number of times since the Scheme's introduction in 1968, and the Transport and General Workers Union have been running a campaign since 1980. This has already been put into a higher gear and George Henderson of the TCWU saw Secretary of State for Energy on 21 May and again in early October. During the week ending 26 October TCWU opencast coal workers voted by a large majority "that no coal from accumulated stocks of opencast coal be released pending agreement on the issue of job protection or when inevitable improved severance/redundancy pay".

2. Previous efforts to persuade Government to extend RMPS to opencast workers had tended to stress the fact that the ECSC coal levy applies to all coal production, including opencast, but that because RMPS is not available to opencast workers they cannot benefit from readaptation aid under Article 56(2)(b) of the Treaty of Paris. The ECSC gives aid towards the cost of approved national redundancy schemes to people affected by permanent structural changes in the coal and steel industries. The exhaustion of an opencast site hardly comes into this category. Whilst the Commission have indicated that the ECSC is in principle prepared to contribute to a scheme covering opencast workers, they concur with the view that in present circumstances few if any opencast redundancies are likely to qualify. Whereas in theory the ECSC will repay up to 50% of the cost of a national scheme for qualifiers, in practice the figures are much less - for the RMPS now less than 5%. Extension of RMPS to opencast would therefore not only require primary legislation but would also involve substantial public expenditure for minimal return from the ECSC.

Line to take

The Redundant Mineworkers Payments Scheme is designed to alleviate hardship when a deep mine closes in a settled community, typically after 60-80 years. The closure of an opencast site is quite different. Opencast sites typically last only a few years, with men moving from one to another. Even at Westfield, an unusually long-lived opencast site, the period of development is no more than 20 years. The legislation and additional public expenditure required to extend the very generous terms available under the RMPS to opencast workers could not be justified.

ECSC aid to approved national redundancy schemes applies where the industry is undergoing permanent structural change. The opencast industry is not experiencing permanent change. Exhaustion of a particular opencast site would not qualify.



MRS RYDER

10 DOWNING STREET

From the Private Secretary

22 November 1984

The Prime Minister has received the attached letter from Mr Gordon Brown MP seeking a meeting to discuss closures in his constituency. Mrs Thatcher has agreed to such a meeting and we are waiting for Mr Brown to contact us to arrange a time and date. When he does so I shall be grateful if you could arrange for suitable briefing to be produced for the Prime Minister and for a Scottish Office Minister to be present. Caroline Ryder will let you know when the meeting has been arranged.

Mr Stewart

(Tim Flesher)

John Graham Esq
Scottish Office

RF

Ch.
arranged for TUE 11
December at 1545
H.C. Scottish Office
calling back to
let us know what
Minister will be
present.

CR
28/11



10 DOWNING STREET

From the Private Secretary

22 November 1984

The Prime Minister has asked me to thank you for your letter of 16 November seeking a meeting with her to discuss closures in your constituency. Mrs Thatcher would be delighted to agree to such a meeting and I shall be grateful if you could contact this office to arrange a suitable time and date.

(Tim Flesher)

Gordon Brown, Esq., MP.



HOUSE OF COMMONS
LONDON SW1A 0AA

The Rt Hon Margaret Thatcher
The Prime Minister
House of Commons
London

16 November 1984

Dear Prime Minister,

You will recall your statement in the House of Commons that you are prepared to meet Members of Parliament from constituencies where redundancies and closures are taking place to discuss the position in their areas with them.

I am now writing to seek an early meeting with you to examine the deteriorating unemployment position in my constituency. Last week the clothing firm, MANCLARK, announced that their factory would cease production within weeks, and this week, with the opening of the Shell N.G.L. plant at Mossmorran, construction employment has ceased. In the coming year 4,000 additional jobs will be lost at the Esso construction site as it too comes on stream. To replace the 8,000 construction jobs there are less than 400 permanent jobs at the plant.

At the same time jobs are at risk in the open cast industry at Westfield, at the Inverkeithing Paper Mill, at the Jelltek clothing factory, and in the deep mines. The major employer in my constituency, Her Majesty's Royal Dockyard at Rosyth, has also been informed of the risk of the first compulsory redundancies of civilian employees.

Unemployment has risen by more than 500 in my constituency over the past year. This is a rise of more than 10%. The local authorities in my area are so concerned about the threat to regional aid status that, following a local conference, many constituents will be sending you letters protesting about any possible downgrading of development status for the area. One of the aspects of that concern is the redrawing of travel to work boundaries on such an arbitrary basis that overnight, while the numbers out of work are rising, the unemployment rate in the Dunfermline Travel to Work area has fallen.

In these circumstances I hope you can meet me to discuss the problems that we have.

Yours sincerely,

Gordon Brown

R20

Prime Minister:

Agree to
this meeting?

D
29/11

Yes
not

SUBJECT



FILE

107

cc master

10 DOWNING STREET

From the Private Secretary

10 November, 1983

Mr. Gordon Brown, M.P. saw the Prime Minister today to discuss the decision of Fisher Controls to close their factory at Cowdenbeath in his constituency. Your Minister was also present.

Mr. Brown said that he was opposed to closure of Fisher Controls on two grounds: first because Cowdenbeath already had 30 per cent unemployment and the closure of Fisher Controls would merely add to that already excessive figure; and second because the closure was short-sighted given the likely expansion in demand for valves due to North Sea operations. The proposed closure of the factory was entirely unrelated to industrial relations problems or wage levels. It was due to a misguided commercial judgement by the company together with the attractions of concentrating their operation in the Medway Enterprise Zone. They would have preferred to maintain two factories in the United Kingdom but the Scottish Office had been unable either to persuade them that there would be sufficient demand for their products or to underwrite future investment. He had produced several plans under which Fisher Controls might have stayed open at Cowdenbeath but none had been accepted. What was needed now was a new Government approach. For example to the parent company Monsanto which was beginning a world-wide investment plan to persuade them to change their minds.

Mr. Stewart said that Fisher Controls had already been offered an attractive package. For example approximately £1 million of regional selective assistance under Section 7 of the Industrial Development Act might have been available had Fisher Controls consolidated its operation at Cowdenbeath rather than in Kent. Moreover they had been offered a rent free period. The fact was however that the company had considerable excess capacity and it made economic sense for them to concentrate operations in the Medway where an increase of staff of only 27 per cent would be required rather than at Cowdenbeath where 128 per cent would be required. The Scottish Office had enquired of Fisher Controls

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what would be required to make them stay open at Cowdenbeath. The answer had been an annual operating subsidy of £500,000 for five years. Such a subsidy was impossible. The Prime Minister said that it was clear that considerable efforts had been made both by Mr. Brown and the Scottish Office to persuade Fisher Controls to retain their Cowdenbeath operation. Ultimately therefore this had to be a question for the commercial judgement of the company. In this context it made sense for them to move to the Medway where most of their workforce was already located. It was doubtful whether the designation of Medway as an enterprise zone had anything to do with their decision. What mattered now was to ensure that Fisher Controls continued to manufacture in the United Kingdom. Without the move to Medway it was possible that production would be shifted to the Continent and even more jobs lost. She recognised that this would cause enormous difficulty for Cowdenbeath but there seemed no alternative.

More generally Mr. Brown said that he was worried about the operation of the enterprise zones. He recognised that they were intended to help areas in which there was very high unemployment. There was however no regional dimension to the system. Thus although there were three enterprise zones in Scotland those in the South of England such as in Medway would inevitably prove more attractive with the consequence of a flow of companies away from Scotland. That was surely the opposite of the purpose of regional policy. He hoped that this point would be considered as part of the current review of regional policy. He hoped too that the particular difficulties of a town like Cowdenbeath would be considered. Regional policy was largely based on the concept of the Travel to Work Area. The Cowdenbeath Travel to Work Area had relatively low unemployment whereas the town of Cowdenbeath itself had very high unemployment. The Prime Minister said that she recognised the force of Mr. Brown's argument. Nevertheless it was a constant difficulty that when areas were designated for special assistance other areas complained. A particular example was that of the North of England whose representatives drew unfavourable comparisons with the amount of assistance given to Scotland. Moreover, the Medway towns had a particular claim for assistance given the closure of the Chatham Dockyard. The Government would be announcing its conclusions of its review of regional policy in the reasonably near future.

Timothy Flesher

A. Chisholm, Esq.,
Scottish Office.

COMMERCIAL IN CONFIDENCE

BRIEF FOR THE PRIME MINISTER AND MR STEWART

MEETING WITH DR BROWN MP: THURSDAY, 10 NOVEMBER IN THE PRIME MINISTER'S ROOM
AT THE HOUSE OF COMMONS

1 The meeting was requested by Dr Gordon Brown MP to discuss the decision by Fisher Controls to close their factory at Cowdenbeath in Fife.

2 Fisher Controls Ltd (FC) is a wholly owned subsidiary of Fisher Controls International (FCI) and in turn of Monsanto. The decision to close the Cowdenbeath plant was taken because of falling markets and excess capacity, not only in the UK, but in the whole of the Fisher European operation, which is managed from the UK under guidance from the Parent Company in the United States. It became known to officials of the Scottish Office in the Spring of this year that the company were seriously considering consolidating their manufacturing operations either at the existing factory in Cowdenbeath in Fife or in two adjacent, empty factories at Strood in the Medway Enterprise Zone, near their other, existing, larger factory at Rochester, the lease of which expires at the end of 1984.

3 The Scottish Office and the Scottish Development Agency then informed the company in writing that approximately £1 million of Regional Selective Assistance in the form of grant aid under Section 7 of the Industrial Development Act 1982 might be available towards the cost of carrying out the consolidation at Cowdenbeath. Notwithstanding this, the company decided to proceed with the closure of Cowdenbeath, primarily because an increase of staff of only 27% would be required in the Medway compared with an increase of 128% at Cowdenbeath. This decision aroused considerable opposition in the Fife area and Mr Stewart intervened personally with UK management and management of the Parent Company in the United States. However, on 7 September Fisher Controls announced their decision to close the Cowdenbeath factory and move to the Medway Enterprise Zone.

L.R.

4 Subsequently, at a meeting on 30 September with Mr Stewart, the Convener of Fife Region and representatives of the workforce, Dr Brown suggested that, following a meeting he had had with Fisher UK and Europe management on Tuesday, 27 September, three other options might be considered which would maintain a manufacturing presence at Cowdenbeath, while the main consolidation took place in the Medway Enterprise Zone. Mr Stewart agreed that he would consider detailed proposals for these three options when they were submitted to the company and to the Scottish Office. Nevertheless, he emphasised that he saw no grounds for any optimism that the decision to close Cowdenbeath might be reversed. Since then while Dr Brown has not produced details of these proposals to the company the Scottish Office have received them from Fife Regional Council. Details of the three options are attached. Scottish Officials and the management of the company have concluded they are not viable. The two options requiring a continuing Fishers presence at Cowdenbeath would mean an annual operating subsidy of £0.5m plus from Central Government. The third option required a sub-licensing arrangement by Teledyne through Fishers of the Farris Valve production to a third party and this Teledyne have refused to countenance. None of the three options is, therefore, practicable.

5 The withdrawal by Rochester Council from a sale and lease back arrangement on favourable terms for the premises at Strood and disappointing orders in the last three months, which led the company to revise future sales downwards, reinforced Fishers' resolve to seek assistance from the Department of Industry under Section 8 of the Industrial Development Act 1982. This would help them establish the case with the European Board and Parent Company for retaining manufacturing capacity in the UK. The fear was that, without assistance, which has been the subject of general discussion for some time, consolidation in the Medway Enterprise Zone might be restricted merely to assembly and not manufacturing operations. This would have meant a further reduction in UK jobs from 580 to 110. There was a possibility the company would decide to retain some manufacturing together with assembly, but the industrial logic of such a move is not strong.

B. R.

6 Following the recent intervention of Dr Brown and representatives of Fife Region with the Parent Company in the United States, the Parent Company sent a Product Line Management Team from the US to investigate Fisher's European operation in their main business, control valves and regulators. The investigation increased the concern of the UK management of FC and the DTI that the US Parent might well decide to cease manufacturing, if not assembling, in the UK and concentrate it in existing excess capacity in its factories at Cernay, France, and the US, where half the production capacity is lying unused. This was a serious threat and remains so until FC formally accept the conditions tied to Section 8 Assistance from the DTI, particularly as the investigation by Fishers UK has established that the French factory could not, under French law, be closed in less than 2 years and only then with French Government approval. The most recent discussions between the Department of Industry and Fisher UK indicate that the American Parent will support retention of a full UK manufacturing operation, including certification facilities for Farris Safety Relief Valves, provided financial assistance, in the form of a Section 8 grant of £250,000 is offered for the Medway Project. Department of Trade and Industry officials are persuaded of the need for this and an indicative offer of grant has just been accepted. The Industrial Development Advisory Board is likely to recommend to DTI Ministers that formal offer of this grant should be made. However, the deal cannot yet be regarded as clinched.

SUGGESTED LINE TO BE TAKEN

7 Officials of Department of Trade and Industry and the Scottish Office believe that there is a real risk that Fisher Controls will cease to manufacture in the UK. The only prospect for retaining manufacturing involves consolidation in the Medway. Adverse factors were already clear before FC decided to close Cowdenbeath. The situation facing FC has become worse since. In the circumstances it is suggested that:-

(1) Dr Brown is told that officials have ascertained from FC's UK Managing Director, Mr Parkings, that the company do not consider the two options involving their continued presence at Cowdenbeath are practicable without an annual subsidy of £0.5 million plus, that this is not acceptable to the Government on grounds of principle and practicality; that the third option

involving a third party operating under sub-licence from Teledyne through Fisher's carrying on production of Farris Valves is unacceptable to Teledyne; that the workforce and the Trade Unions have concluded an agreement on the terms and conditions of redundancy and closure; and that in all of these circumstances there is now no prospect of retaining any form of the existing operation at Cowdenbeath.

(2) The point is made to Dr Brown that the company is deeply concerned that the US Parent has been considering moving some, if not all, of the UK manufacturing capacity to France or the United States, where half the Parent's manufacturing capacity is unused. Continued agitation over the Cowdenbeath closure could be positively harmful in these circumstances.

(3) It, therefore, would be helpful if Dr Brown could now recognise that the campaign to save Cowdenbeath cannot succeed, and that any further representation can only increase the likelihood that Fisher Controls will withdraw all manufacturing, as opposed to assembly, operations from the UK, with the loss of nearly 500 further jobs. It is now the Government's wish that all efforts should be directed to ensuring this does not happen.

(4) Officials of the Industry Department for Scotland and the Locate in Scotland office are in touch with officials of Fife Region in order to determine how best to attract new manufacturing investment into the Cowdenbeath facility.

To be used only if the question of government assistance at Strodd is raised by Dr Brown:

(5) We are prepared to consider the use of Industrial Development Act assistance in such circumstances, especially if it is the only way of retaining Fisher's manufacturing activities in the UK. No decisions have been taken, but the amounts required would be considerably smaller than at Cowdenbeath. We would have preferred Fisher Controls to have continued operations in Scotland and the South East of England. Sadly that is no longer a realistic aim. We appreciate the circumstances around Cowdenbeath. Unemployment around the Medway is also high and rising, particularly because of the naval cuts we have been obliged to seek.



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RM

10 DOWNING STREET

From the Private Secretary

10 October, 1983

I am writing to confirm that we have arranged a meeting with Mr. Gordon Brown, M.P.* to discuss Fisher Controls on Thursday, 27 October at 4 pm in the Prime Minister's Office at the House of Commons.

I should be grateful if Mr. Stewart could attend this meeting, and if you could arrange for the Prime Minister to have a brief to reach us by Friday, 21 October.

DB

Ms J.E. Morgan,
Scottish Office

* tel: 031-447-7726.



10 DOWNING STREET

MR. ALISON

As discussed, I have arranged a meeting between the Prime Minister and Mr. Gordon Brown, MP to discuss Fisher Controls, on 27 October at 4 pm at the House of Commons. I have invited Mr. Allan Stewart, and the Scottish Office will be providing a brief.

DB

10 October, 1983

MJ

cc MA

S.O.

CF

16 September 1983

You wrote to the Prime Minister on 11 September requesting a meeting to discuss the future of Fisher Controls.

BU | Mrs. Thatcher has agreed to meet you and I should be grateful if you would ring our office so that we can arrange a date.

M. C. SCHOLAN

Gordon Brown, Esq., M.P.

no 930 4433



10 DOWNING STREET

PRIME MINISTER

Attached is a letter from
Gordon Brown, M.P. for
Dunfermline, asking if you
would meet him to discuss
the future of a company
closing a factory in his
constituency.

Agree?

Yes

TJ. ms

TIM FLESHER

13 September, 1983



HOUSE OF COMMONS
LONDON SW1A 0AA

cc: M. Alison (13/9)

11th September 1983

Rt. Hon. Margaret Thatcher, MP,
10 Downing Street,
London.

(13/9)

Dear Prime Minister,

You indicated in the House of Commons some time ago that you would be prepared to meet any MP from a constituency in which a company closure was threatened. I am writing to ask you for a meeting to discuss the future of Fisher Controls, which currently employs 258 workers, in the town of Cowdenbeath.

The company has announced this week that they are to rationalise their UK operations. The proposed rationalisation involves the closure of two existing factories, one in Cowdenbeath and another in Rochester, and the consolidation of production in the proposed North West Kent Enterprise Zone. The primary matter of concern is the loss of jobs in an area which has one of the worst unemployment rates in Europe, and which does not at present enjoy special development status. However, the proposed consolidation also raises questions about the Government's future intentions for Scottish regional policy. In particular, it now seems clear that the financial advantages available in an Enterprise Zone in the South of England, combined with the obvious geographical advantages of a southern location, undermine attempts at a regional policy. There is, of course, no regional dimension to Enterprise Zone status.

I hope that you will find it possible to meet me to discuss the points I raise.

Yours sincerely,

Gordon Brown

Gordon Brown MP (Dunfermline East)

