

PREM 19/1612

CONFIDENTIAL FILING

PM'S MEETING WITH ROBERT KILROY - SILK MP
ABOUT BILL REDUNDANCIES.

PRIME MINISTER

JANUARY 1984.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
27.1.84							
3/2/84							
8.2.84							
17/2/84							
24/2/84							
29/11/84							
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7.2.85							
11.2.85							

PREM 19/16/12



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cc DTI
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10 DOWNING STREET

THE PRIME MINISTER

11 February 1985

Dear Mr. Kilroy-Silk,

When John Butcher and I met you on 24 January you expressed concern at the high level of unemployment in the Knowsley area and the consequent effects on local commercial activity. I said that I would write, setting out the measures which the Department of Trade and Industry is taking in relation to the Prescott redundancies at BICC and also detailing the take-up in Knowsley of the various grant and other schemes available for business development and job creation.

So far as the redundancies at the BICC Prescott site are concerned, the Department of Trade and Industry's Regional office has had extensive discussions with BICC management at various levels about the prospects for retention of as many jobs as possible on the Prescott site. The bringing together of the various parts of the BICC Components operation in the unit currently used for metallic cable manufacture is the most effective way to achieve this, and the Department has indicated to BICC its willingness (subject to certain assurances) to extend the terms of a previous offer of selective assistance which will assist BICC in its plans for the rationalisation and consolidation of the Components Division on the Prescott site.

ko

The Department recognises the importance for Prescott that the Optic Fibre Cable facility of BICC should be located in the area. You will know that the company is in negotiation with Knowsley Council and English Estates about the provision of a site and building for this facility on what is known as the old BIP site at Prescott. Both Department of Trade and Industry and Merseyside Task Force officials are closely involved in these negotiations and it is hoped that the siting of the Optic Fibre Cable facility on that site with the provision of over 200 jobs will be confirmed shortly. I think that you will agree that this would constitute a highly desirable outcome, providing longer term security for BICC employees at Prescott.

This administration has given substantial support to encourage business development and job creation throughout the Knowsley area. I have asked officials to look at the take-up of the variety of Government schemes which are available in the Knowsley area to encourage business development and job creation. The main schemes are:-

- (i) Industry Act Assistance. In the period from 1 April 1983 the Department of Trade and Industry has made 29 offers of selective assistance for projects involving £49 million investment in the Knowsley area. The value of these offers amounts to £3.6 million with over 3,000 associated jobs either created or safeguarded.

- (ii) Small Firms Assistance. In the 6 months from July 1984 to December 1984 some 698 individual first time counselling sessions were given by the Small Firms Service in Merseyside, of which 39 related to enquiries from Knowsley. Take-up of the Enterprise Agency's services has been disappointing, but its Board is looking at measures to increase public awareness of what it has to offer.

- (iii) Over £300,000 was set aside in Knowsley Borough Councils 1984/85 Urban Programme for grants to assist private sector firms and new businesses, 75 per cent of which was funded by central Government. Over £200,000 of this has already been taken up and Knowsley's bid for 1985/86 has been increased to over £500,000 in anticipation of increased take-up in the future. In addition, substantial aid was given to industry in Knowsley through the Merseyside Task Force.
- (iv) Additionally, Knowsley has been invited to put forward private sector schemes under the Urban Development Grant Scheme. So far, three schemes have been taken forward including one for the provision of High Tech Units at Caddick Road, Knowsley Industrial Park, with a cost of £308,000.
- (v) As you know the Community Programme provides temporary job opportunities of up to a year's duration to help the long term unemployed. Of the 130,000 places available under the Programme, 6,680 places have been allocated to the Merseyside area and of these 6,669 are currently filled. The Knowsley area has been allocated 1,036 places from the Merseyside total, but thanks to the strength of local initiative and support for the Programme, has in fact currently filled 1,214 places.
- (vi) As many places under the Youth Training Scheme as are necessary to meet the needs of young people in Knowsley are being made available. In 1984/85 there were 2,039 such places. For Adult Training the total number of starts for 1985/86 will be 733, including 400 places at the Kirkby annex on work related skill assessment. The training

division of the Manpower Services Commission area office is currently examining the scope for running a business course at St Helens Technical College specifically for ex-BICC staff. The response to the Enterprise Allowance Scheme in the North West Region generally has been very encouraging and since the Scheme was introduced nationally in August 1983 some 12,700 unemployed people in the region have taken advantage of these facilities to help start their own business; of these over 4,000 were from the Merseyside area. At the moment just over 2,700 in Merseyside are receiving the allowance, and further places are available. As you know we are expanding the Scheme in April to allow for a national take-on rate of up to 1,250 entrants per week.

I believe that the range of central Government support schemes available is both relevant and effective and we are doing our best to attract applications for the schemes.

I do understand that the unemployment situation in Knowsley is a serious one, but you will see that the contribution made by the various central Government support schemes is not insignificant. Our support schemes can only work if people are prepared to take them up. In an area like Knowsley, I know that there is no strong tradition of people setting up small businesses of their own, but I would hope that the Government's attempts to reward individual effort and initiative in the economy as a whole will encourage a greater take-up in the future. The local authorities in the Merseyside area can also play an important part in helping to create the sort of climate which fosters local enterprise and encourages new industry to locate in the area.

Yours sincerely
Margaret Thatcher



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From the Parliamentary
Under Secretary of State
for Industry

T Flesher Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON SW1

February 1985

Dear Sir,

*GR
PSE
Hyth*

Thank you for your letter of 24 January about the Prime Minister's meeting with Mr Robert Kilroy-Silk MP about the effect of .. redundancies at BICC Prescott. I have enclosed a draft letter along the lines requested for the Prime Minister to send to Mr Kilroy-Silk.

I am sending a copy of this letter to Andrew Allberry (Department of the Environment) and to Judith Rutherford (Department of Employment).

*Yours sincerely
David Halldearn*

DAVID HALLDEARN
Private Secretary

ACT

DT5AHS



DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO:

Robert Kilroy-Silk Esq MP

House of Commons

LONDON SW1A 0AA

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jobs as possible on the Prescott site. The bringing together of the various parts of the BICC Components operation in the unit currently used for metallic cable manufacture is the most effective way to achieve this, and the Department has indicated to BICC its willingness (subject to certain assurances) to extend the terms of a previous offer of selective assistance which will assist BICC in its plans for the rationalisation and consolidation of the Components Division on the Prescott site.

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disappointing, but its Board is looking at measures to increase public awareness of what it has to offer.

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I believe that the range of central Government support schemes available is both relevant and effective and we are doing our best to attract applications for the schemes.

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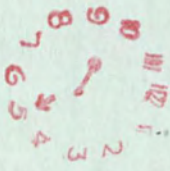


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PRIME MINISTER: Meetings with Robert
Kilroy-Suk MP: January 1984.



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MR. INGHAM

Attached is a note of a meeting the Prime Minister had with Mr. Robert Kilroy-Silk, MP, yesterday. As you will see, the Prime Minister agreed to meet a group of young people from Merseyside, assembled by Mr. Kilroy-Silk. She also offered to find a way of paying for their visit and I am pursuing this separately. You might like simply to be aware of this possibility which will, of course, require careful handling when the times comes.

TF

TIM FLESHER

25 January 1985



CC MASTER

SUBJECT

JR ASM

cc DGE
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be Bi

10 DOWNING STREET

From the Private Secretary

24 January 1985

The Prime Minister, together with Mr. Butcher, met Mr. Robert Kilroy-Silk, MP, to discuss the effect of redundancies at BICC Prescott on his constituency. Mr. Kilroy-Silk said that, although the BICC decision would cause considerable job losses on Merseyside, he recognised the commercial logic which led to the closure decision. Moreover, he believed that both the company and the Department of Trade and Industry had done all that they reasonably could to ameliorate the effect of the closure in the area. That being so, he wished to stress the scale of the problems faced by his constituency. In some parts, only 6 per cent of school-leavers were finding full-time employment; in some streets, unemployment was as high as 80 per cent. As a result, commercial activity had all but ceased; for example, even foodshops were now closing through lack of business. It seemed to him a paradox that there was very high employment amongst construction workers in the area and yet, at the same time, a deteriorating housing stock. The single most effective way of increasing employment in Knowsley would be a massive injection of public funds into housing. Where housing schemes, whether public or private sector, had been started, there was a disproportionate effect both on employment and morale.

In response, the Prime Minister said that she recognised both the scale of the problems faced by Knowsley and the force of Mr. Kilroy-Silk's arguments. She could see some attraction in finding new measures to encourage private sector housing provision of the kind she had seen in her visit to Liverpool. The Volume Housebuilders Study Group had, the previous day, put some suggestions to her which she felt had some merit. But the long-term problem on Merseyside was the apparent lack of anything resembling an enterprise culture. She agreed with Mr. Butcher that public sector finance could have a marginal effect at best. How to re-create the initiative and enterprise which had made Liverpool a thriving City was not immediately apparent.

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The activities of the Liverpool Council in this respect were a major barrier to companies coming to Liverpool to create jobs.

The Prime Minister agreed to write to Mr. Kilroy-Silk setting out both the measures which had been taken and were being taken by the Department of Trade and Industry in relation to the Prescott redundancies. In addition, the letter would cover the extent of take-up in Knowsley of the various grants and schemes available for small business generally and for job creation. She had provided similar information for Dr. David Clark, MP, which showed a depressingly low level of take-up on Tyneside.

Mr. Kilroy-Silk mentioned once again his suggestion that the Prime Minister might be willing to meet a group of young people from Merseyside to talk to them about the problems they faced. The Prime Minister readily agreed.

Bf // I should be grateful if you, together with Andrew Allberry (Department of the Environment) and Judith Rutherford (Department of Employment), to whom I am copying this letter, could arrange for a letter, along the lines indicated by the Prime Minister, to be provided for her to send to Mr. Kilroy-Silk as soon as possible. On the question of the Prime Minister's meeting with a group of young Merseysiders, I shall be in touch again to arrange briefing when the details of that meeting have been established.

(TIM FLESHER)

David Halldearn, Esq.,
Department of Trade and Industry.



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*From the Parliamentary
Under Secretary of State
for Industry*

JOHN BUTCHER MP

David Barclay Esq
Private Secretary to the
Prime Minister
No. 10 Downing Street
LONDON SW1

CF
ek
Mr Fletcher
22/1

21 January 1985

Dear David,

Thank you for your letter of 2 January to my predecessor, David Saunders.

I attach a brief for the Prime Minister's meeting with Mr Kilroy-Silk on Thursday 24 January concerning the restructuring and redundancies at BICC's Prescot plant in Mr Kilroy-Silk's constituency.

Mr Butcher will be attending the meeting as this Department's representative.

Yours sincerely
David Halldean

DAVID HALLDEARN
Private Secretary



PRIME MINISTER'S MEETING WITH ROBERT KILROY-SILK MP

OBJECTIVE

To persuade Mr Kilroy-Silk that HMG is doing all it properly can, and that the issue is primarily for the Company.

POINTS TO MAKE

Recall our meeting about Prescot last February. Employment on Merseyside is a matter of great concern to me. But I understand that the Company's plans are a positive strategy, the need for which has been accepted by most of the work-force - and I welcome that. Of course I am concerned about the further redundancies; understand distress caused to workers who may have been with company for many years. But the plan would concentrate two growth activities - components and optical fibre cable - in Prescot area; that must be good news.

Must add that it would be wrong for Government to intervene in commercial decisions. Companies must adapt to changing market needs both in interests of national prosperity and to safeguard/protect employment.

DEFENSIVE

Retraining: Company ready to help with specific retraining. Services of Manpower Services Commission, DTI's Small Firms Service and Local Enterprise Agency also available for those made redundant. (Government expenditure on special employment and training schemes about £2 billion in 1984/85.)

Attracting high technology to Merseyside: Fully recognise special problems of Merseyside - Knowsley/Prescot in particular - as shown by work of Merseyside Task Force and DTI Regional Offices. Investment in the area by BICC and other companies still attracts regional support automatically at the highest level.

Department of Trade and Industry (MEE4D)



BICC PRESCOT

Background Note

Previous meeting with Mr Kilroy Silk

1 The Prime Minister and Mr Butcher met Mr Kilroy Silk on 7 February 1984 to discuss redundancies at Prescott. Approximately 350 redundancies had been declared at the site, the majority resulting from the closure of the central unit which serviced the various manufacturing units at Prescott (including cable making, electrical wire drawing, copper rod production and copper refining).

2 The note of that meeting is annexed to this brief, together with a copy of the letter which the Prime Minister subsequently sent to Mr Kilroy Silk. In discussions at that stage, BICC informed DTI officials in confidence that further difficult decisions remained to be taken, and that these would inevitably involve further redundancies. This was conveyed in confidence to the Prime Minister but BICC was concerned that Mr Kilroy Silk should not be informed. It was the announcement of these further decisions on 30 November which triggered Mr Kilroy Silk's request for another meeting.

The announcement on 30 November

3 The company announced the following major decisions on 30 November:

- (a) that they would single-site their Metallic telecommuni- cations cable operations at Blackley, Manchester during the Spring of 1985. Demand no longer warranted two parallel operations at Blackley and Prescott, and the Prescott activity would therefore be closed, with a loss of about 450 jobs.
- (b) that they would concentrate their optical fibre cable operations in the Prescot area, with the transfer of up to 70 jobs from Blackley to Prescott. This relocation would take place during 1986 and would be to a new purpose-built plant; but the precise siting of the plant would be a matter for negotiation.
- (c) that the company was considering a complex series of moves to concentrate their components business at Prescott. But this decision would be conditional on the workforce accepting both the overall package and single union status for the new activities at Prescott.



4 The announcement naturally had a mixed reception. (IN CONFIDENCE: the situation is complicated by the involvement of several Trade Unions. Most of the redundancies fall to TGWU members; other unions notably AUEW members, stand to benefit from greater job security resulting from the restructuring. A further complication is that BICC is looking for up to 400 redundancies at three other plants in the North West; and the concentration of the components business at Prescott would almost certainly involve the closure of satellite factories at Parr and Skelmersdale. Furthermore BICC announced on 11 January the closure of the entirely separate Mechanical Engineering Unit at Prescott with a loss of 60 jobs. In the medium term, further redundancies cannot be ruled out).

5 The company is vigorous in defending its record and the necessity of the steps they are taking. They emphasise that they must improve their competitiveness to survive, and that in all cases the job losses are matched by substantial capital investment, and the preservation/creation of a smaller number of better quality jobs.

Mr Kilroy Silk's meeting with BICC

6 On 20 December, Sir William Barlow (BICC's Chairman) met Mr Kilroy-Silk who had requested a meeting to discuss the restructuring plan. He expressed some support for BICC's overall plans, asked BICC to consider seriously an alternative plan put forward by the Trade Unions (which basically seeks a slow down in BICC's plan to ease the transition) and made a plea for the company to help with problems of re-training.

7 Sir William made a sympathetic response. However there are problems with the Trade Union plan. The company's proposals represent a series of interlocking parts, and delay in one phase will raise problems - and increase costs - for other phases. The company does however see some scope for a limited slippage in timescale, and they are very ready to provide financial support for specific retraining, though they see little scope for generalised retraining without any specific opportunity in mind.

8 The situation remains delicate at Prescott. BICC Management believes that their plan has been well received by the majority of the work-force, since they well understand the need for a site strategy. It is of course the need for compulsory redundancies which is causing difficult. Limited industrial action is taking place, and more has been threatened. Negotiations are continuing.

The meeting with the Prime Minister

9 At his meeting with Sir William Barlow, Mr Kilroy-Silk said he would be approaching the Prime Minister:



- (a) to seek help from the Government towards retraining expenses; and
- (b) to seek help in attracting further high-technology activities to the Prescott area.

10 Retraining. BICC is prepared to put its own resources into retraining where there are specific retraining opportunities. They are already paying for an agency ("Focus") to advise and counsel redundant employees. Meanwhile the Department of Employment, the Manpower Services Commission, the Small Firms Service of the DTI and the Local Enterprise Agency are all aware of the position, and all their services are of course available.

11 Attracting high technology to Merseyside. The Merseyside Task Force and the DTI Regional Offices are both very active in the area. Both are involved in discussions with the Local Authority in Knowsley about their interest in a high technology corridor in the area. In the recent changes of DTI regional assistance, the area retained a right to maximum automatic assistance for investment (though the maximum level was reduced from 22% to 15%). Substantial Government assistance has been provided for the area, and BICC itself has received support for a number of innovative and high technology projects. Indeed the current proposals for Prescott will receive considerable financial support from the Department.

MEE4D

(8 January 1985



FILE

MC: TF
MA

RO

10 DOWNING STREET

From the Private Secretary

2 January, 1985

CLOSURE OF BICC PRESCOT

I am writing to confirm our telephone conversation earlier today.

Mr. Robert Kilroy-Silk MP telephoned to seek a meeting with the Prime Minister to discuss the closure of the BICC Prescott plant in his constituency. In accordance with her usual practice, the Prime Minister will wish to agree to this request.

I should be grateful if Mr. Butcher could attend the meeting, which has been arranged for 1600 hrs on Thursday, 24 January in the Prime Minister's Room at the House of Commons. Could you also please arrange for the preparation of a brief, which should reach us by close of play on Tuesday, 22 January.

(David Barclay)

Dr. David Saunders,
Department of Trade and Industry.

BF

JR



DEPARTMENT OF TRADE AND INDUSTRY
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PS/
 Secretary of State for Trade and Industry

29 November 1984

Andrew Turnbull Esq
 Private Secretary to the
 Prime Minister
 10 Downing Street
 London SW1

MB

Prime Minister

To note

DR

29m

Dear Andrew,

BICC

The Prime Minister and Mr Butcher met Mr Kilroy-Silk on 7 February to discuss redundancies which had been announced at BICC Prescott. The Prime Minister's subsequent letter to Mr Kilroy-Silk is attached, together with a copy of a background note prepared by the Department.

2 The background note makes it clear that further difficult decisions remained to be taken by BICC during the course of the year. We now expect the company to make an announcement on 30 November about a further restructuring of their business in the North-West, which inevitably involves further redundancies. The company expects to announce the following decisions:

- a) they intend to single-site their metallic telecommunication cable operations at Blackley, Manchester during the spring of 1985. Demand no longer warrants two parallel operations at Blackley and Prescott, and the Prescott activity will therefore be closed. About 450 jobs will be lost;
- b) optical fibre cable operations will be concentrated in the Prescott area, and this will involve the transfer of up to 70 jobs from Blackley to Prescott. This relocation is planned to take place during 1986, and will be to a new purpose built plant; though this decision has been taken in principle, the precise siting of the plant has not yet been decided - and this latter point is likely to be a matter of negotiation, involving the Merseyside Task Force;
- c) the company is considering a complex series of moves to concentrate their components business at Prescott. But a decision along these lines would be conditional on the workforce accepting both the overall package and single union

JH5ALF



status for the new activities at Prescott. It could also depend on Government assistance - see below.

3 The company expects the announcement to be controversial. It will take the line that it must improve its competitiveness in order to survive, that it is making substantial capital investment and that it is creating a smaller number of better quality jobs.

4 Negotiations are taking place with the company about a limited amount of regional selective assistance, and it may be that some Government assistance is required. The Department of the Environment and the local authority are in discussion about the future use of a part of the prescot site which will eventually not be needed by the company.

5 I am sending a copy of this letter to Alan Davis in Mr Jenkin's office.

Yours ever,
Arthur Lanley

pp RUTH THOMPSON
Private Secretary



10 DOWNING STREET

PRIME MINISTER

Mr Hooper
I have spoken to Mr Keates
at BICC about this, in the
absence of Mr De Velle. No further
action at present.

1 MAR 1984

1 March, 1984

2/3/84

Dear Mr. Kilroy-Silk,

At our meeting on 7 February to discuss the redundancies at BICC Prescott, you raised two specific points concerning the location of these job losses and the prospects of new investment on Merseyside. I made it clear that the Government could not direct companies to act against their own commercial judgement, but I asked John Butcher to enquire further into BICC's thinking on these two points.

BICC has advised that there is no practical possibility of making these job reductions elsewhere. The businesses which have run into difficulty are based at Prescott, and BICC does not make comparable products at its other sites. However, the company is seeking to ensure that, as far as possible, those made redundant at Prescott are considered for vacancies elsewhere in the Group, and I understand that special arrangements have been introduced to this effect.

You asked about the prospect of new investment on Merseyside. The company emphasised that it has invested - and is investing - in its Merseyside plants; at Huyton Quarry and Melling as well as at Prescott. The company's future can only be assured if it can compete in an increasingly competitive market. In considering further investment to meet this aim, the company has said that it will continue to take account of its responsibility to the workforce on Merseyside. I am afraid that I cannot press them further than this.

/I also

I also promised to find out more about the Community Programme in Knowsley. I understand that at the end of January 870 of the 1036 places allocated to Knowsley Metropolitan Borough had been filled, that there should be no difficulty in reaching the target, and that it should be maintained in 1984/85. Several projects are directed specifically at improving the physical environment, which as you will know from our talk is something that I believe can help a great deal.

When we met you left me in no doubt of your concern for your constituents. Equally, I hope I left you in no doubt that I do understand the seriousness of the problems facing Merseyside. Insofar as it lies within the power of Government to tackle them, we shall continue to do so.

Yours sincerely
Margaret Thatcher

Robert Kilroy-Silk, Esq., M.P.



BICC PRESCOT

BACKGROUND NOTE

Following the Prime Minister's meeting with Mr Kilroy Silk on 7 February, Department of Trade and Industry Officials visited BICC Prescott on 20 February both to discuss the specific issues raised by Mr Kilroy Silk and to discuss the general situation in more detail. Officials subsequently spoke with the Deputy Executive Chairman of the BICC Group about the situation.

The Location of job losses

2 Mr Kilroy Silk asked if the Government would use its influence to press BICC to absorb these job losses elsewhere in the organisation. As far as direct redundancies are concerned, this is not an option. The businesses that have run into serious difficulty are at Prescott, and they are not duplicated elsewhere. But the Company is seeking to ensure that those made redundant at Prescott are considered for any vacancies elsewhere in the Group, and special arrangements have been introduced to this effect.

New investment on Merseyside

3 Mr Kilroy Silk asked the Government to press BICC to direct proposed new investment to Merseyside. The Company is already investing heavily in its Merseyside plants. A £6 million investment is in hand at its enamel wiring plant at Huyton Quarry, for which DTI assistance is being provided. A further investment of about £6 million is in progress in the flexible wiring plant at Melling. Both will lead to a measure of redundancy. BICC expect to invest about £20 million a year for the next five years in their cable business in the North West, with a steady reduction in the number of jobs. They are also investing in their metals and minerals activities both at Prescott and elsewhere. As far as future investment is concerned, the Company is likely to be taking two related decisions on the location of major investments during the course of this year, and this raises serious difficulties - see below (Paragraph 5b).

General matters : future decisions

4 BICC appears well aware both of its obligations to the future of its business and of its responsibility to the Company's employees. They are investing heavily in new technology and seeking to bring their efficiency, costs and manning levels into line with the international competition. Their manning levels are still too high in some plants, and investment in new technology tends to mean reduced employment. As far as costs are concerned, the Company is severely critical of the level of Local Authority rates and of energy prices. The Government's policy on energy prices came in for serious criticism.



5 For the immediate future, there are two outstanding issues of major importance for the Company:

a) The Prescott site is very large and overheads correspondingly high. These overheads would be reduced if the Company could satisfactorily dispose of a 23 acre section of the site. The Department of Trade and Industry and the Department of Environment will discuss with BICC and the local authority what alternative use could be made of this land, and whether it would be appropriate for government financial assistance to be offered.

b) There are two important and related decisions which must be taken during the course of this year. BICC currently operates two traditional telecommunications cable (ie twisted copper cable) plants, one at Prescott and the other at Blackley, Manchester. There is over-capacity in this sector both nationally and within BICC. One plant will be sufficient to meet BICC's production demands; inescapably either Prescott or Blackley must close with further job losses of about 450 in either case. BICC also has to decide where to invest in a substantial new optical fibre cable plant. This could be at Blackley (where there is a small facility at present), at Prescott, or on a completely new site. This second decision will probably be taken in the middle of the year, and BICC Management is weighing up the advantages and disadvantages of each option. Though the two decisions are in principle independent, there are links both in terms of the Company's overall strategy and in terms of industrial relations. Whatever course is taken, further redundancies are almost inevitable, with consequent industrial relations problems very likely.

6 The Company is seeking to improve productivity and efficiency at all its plants and, as part of this programme, two further sets of redundancies are likely to be announced shortly at other BICC plants in the North-West. About 130 jobs are expected to be lost at Leigh, and a similar number at Helsby; announcements are expected in respect of both plants in March or April. The Company believes that voluntary redundancies will be sufficient at Leigh, but they expect more difficulty at Helsby.

7 BICC Management has not wished to take Mr Kilroy Silk into their confidence on these latter issues, and they cannot therefore be conveyed to him.

8 It is clear that the Department will need to maintain close contact with the Company over the months ahead. To the extent necessary, the Department will involve DOE through the Merseyside Task Force.

15

PM: KILROY - SILK: JAN 84



FILE - CF

207

10 DOWNING STREET

JOE
cc: J. Emp
DJ

THE PRIME MINISTER

1 March, 1984

Dear Mr. Kilroy-Silk,

At our meeting on 7 February to discuss the redundancies at BICC Prescott, you raised two specific points concerning the location of these job losses and the prospects of new investment on Merseyside. I made it clear that the Government could not direct companies to act against their own commercial judgement, but I asked John Butcher to enquire further into BICC's thinking on these two points.

BICC has advised that there is no practical possibility of making these job reductions elsewhere. The businesses which have run into difficulty are based at Prescott, and BICC does not make comparable products at its other sites. However, the company is seeking to ensure that, as far as possible, those made redundant at Prescott are considered for vacancies elsewhere in the Group, and I understand that special arrangements have been introduced to this effect.

You asked about the prospect of new investment on Merseyside. The company emphasised that it has invested - and is investing - in its Merseyside plants; at Huyton Quarry and Melling as well as at Prescott. The company's future can only be assured if it can compete in an increasingly competitive market. In considering further investment to meet this aim, the company has said that it will continue to take account of its responsibility to the workforce on Merseyside. I am afraid that I cannot press them further than this.

/I also

207

I also promised to find out more about the Community Programme in Knowsley. I understand that at the end of January 870 of the 1036 places allocated to Knowsley Metropolitan Borough had been filled, that there should be no difficulty in reaching the target, and that it should be maintained in 1984/85. Several projects are directed specifically at improving the physical environment, which as you will know from our talk is something that I believe can help a great deal.

When we met you left me in no doubt of your concern for your constituents. Equally, I hope I left you in no doubt that I do understand the seriousness of the problems facing Merseyside. Insofar as it lies within the power of Government to tackle them, we shall continue to do so.

Yours sincerely
Raymond Dalrymple

Robert Kilroy-Silk, Esq., M.P.



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 4301
GTN 215)
(Switchboard) 215 7877

From the Parliamentary Under Secretary
of State for Industry

JOHN BUTCHER MP

David Barclay Esq
Private Secretary to the
Prime Minister
No. 10 Downing Street
LONDON SW1

GR
For PM's big pce.

29 February 1984

29/2

Dear David

The Prime Minister and Mr Butcher met Robert Kilroy-Silk on 7 February to discuss the recently announced redundancies at BICC Prescott. During the meeting she asked Mr Butcher to enquire further into BICC's thinking on two specific points. These enquiries have now been made, and the results are set out in the attached background note.

It is clear that the BICC Cables Division is facing a difficult time. Although there is no doubt about viability, the company must improve its productivity and efficiency to compete successfully in an increasingly competitive international market. As the background note makes clear, the company is investing in the North West; but further job losses are inevitable. The Department will maintain its close contact with the company over the months ahead.

BICC has not wished to take Mr Kilroy-Silk fully into its confidence, and this limits what we can say to him. BICC were particularly anxious that the information in paragraphs 5 and 6 of the background note was kept confidential. However, I attach a draft letter for the Prime Minister's signature which responds to the two specific points he raised.

I am sending a copy of this letter and its attachments to Alan Davis in Patrick Jenkin's office and to Mark Howdle in Peter Morrison's office.

Yours sincerely
David

DAVID SAUNDERS
Private Secretary

J12AEJ



DRAFT LETTER FROM THE PRIME MINISTER TO ROBERT KILROY-SILK MP

At our meeting on 7 February to discuss the redundancies at BICC Prescott, you raised two specific points concerning the location of these job losses and the prospects of new investment on Merseyside. I made it clear that the Government could not direct companies to act against their own commercial judgement, but I asked John Butcher to enquire further into BICC's thinking on these two points.

~~They~~ BICC has advised that there is no practical possibility of making these job reductions elsewhere. The businesses which have run into difficulty are based at Prescott, ^{and} BICC does not make ^{comparable} like products at its other sites. However, the company is seeking to ensure that, as far as possible, those made redundant at Prescott are considered for vacancies elsewhere in the Group, and I understand that special arrangements have been introduced to this effect.

You asked about the prospect of new investment on Merseyside. The company emphasised that it has invested - and is investing - in its Merseyside plants; at Huyton Quarry and Melling as well as at Prescott. The company's future can



only be assured if it can compete in an increasingly competitive market. In considering further investment to meet this aim, the company has said that it will continue to take account of its responsibility to the workforce on Merseyside. I am afraid that I cannot press them further than this.

I also promised to find out more about the Community Programme in Knowsley. I understood that at the end of January 870 of the 1036 places allocated to ~~the~~ Knowsley Metropolitan Borough had been filled, ~~and~~ that there should be no difficulty in reaching the target, and that it should be maintained in 1984/85. Several projects are directed specifically at improving the physical environment, which as you will know from our talk is something that I ~~can~~ ~~about~~ ~~very much~~ believe can help a great deal.

PTD

that when ~~we~~ ~~met~~
I hope I left you in no doubt ~~when we spoke~~
about the depth of my concern for the people
of Merseyside. I remain willing to meet a group

people from the area here
of ~~your~~ young ~~constituents~~ in London, ~~and~~ ^{and} if
you would like to take this ^{idea} further perhaps
you could have a word with Michael
Atison.

When we met you left me in no doubt of
your concern for your constituents. Equally,
I hope I left you in no doubt that I do
understand the seriousness of the problems
facing Merseyside, ~~and that~~ ~~the Government will~~ ~~we shall~~
~~continue to make strenuous efforts to~~ ^{within the}
~~tackle them,~~ insofar as it lies ~~in~~ ~~our~~ power
to do so. of Government to tackle them,
we shall continue to make strenuous
efforts to do so.



BICC PRESCOT

BACKGROUND NOTE

Following the Prime Minister's meeting with Mr Kilroy Silk on 7 February, Department of Trade and Industry Officials visited BICC Prescott on 20 February both to discuss the specific issues raised by Mr Kilroy Silk and to discuss the general situation in more detail. Officials subsequently spoke with the Deputy Executive Chairman of the BICC Group about the situation.

The Location of job losses

2 Mr Kilroy Silk asked if the Government would use its influence to press BICC to absorb these job losses elsewhere in the organisation. As far as direct redundancies are concerned, this is not an option. The businesses that have run into serious difficulty are at Prescott, and they are not duplicated elsewhere. But the Company is seeking to ensure that those made redundant at Prescott are considered for any vacancies elsewhere in the Group, and special arrangements have been introduced to this effect.

New investment on Merseyside

3 Mr Kilroy Silk asked the Government to press BICC to direct proposed new investment to Merseyside. The Company is already investing heavily in its Merseyside plants. A £6 million investment is in hand at its enamel wiring plant at Huyton Quarry, for which DTI assistance is being provided. A further investment of about £6 million is in progress in the flexible wiring plant at Melling. Both will lead to a measure of redundancy. BICC expect to invest about £20 million a year for the next five years in their cable business in the North West, with a steady reduction in the number of jobs. They are also investing in their metals and minerals activities both at Prescott and elsewhere. As far as future investment is concerned, the Company is likely to be taking two related decisions on the location of major investments during the course of this year, and this raises serious difficulties - see below (Paragraph 5b).

General matters : future decisions

4 BICC appears well aware both of its obligations to the future of its business and of its responsibility to the Company's employees. They are investing heavily in new technology and seeking to bring their efficiency, costs and manning levels into line with the international competition. Their manning levels are still too high in some plants, and investment in new technology tends to mean reduced employment. As far as costs are concerned, the Company is severely critical of the level of Local Authority rates and of energy prices. The Government's policy on energy prices came in for serious criticism.



5 For the immediate future, there are two outstanding issues of major importance for the Company:

a) The Prescott site is very large and overheads correspondingly high. These overheads would be reduced if the Company could satisfactorily dispose of a 23 acre section of the site. The Department of Trade and Industry and the Department of Environment will discuss with BICC and the local authority what alternative use could be made of this land, and whether it would be appropriate for government financial assistance to be offered.

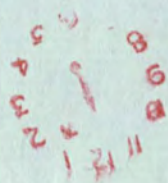
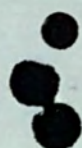
b) There are two important and related decisions which must be taken during the course of this year. BICC currently operates two traditional telecommunications cable (ie twisted copper cable) plants, one at Prescott and the other at Blackley, Manchester. There is over-capacity in this sector both nationally and within BICC. One plant will be sufficient to meet BICC's production demands; inescapably either Prescott or Blackley must close with further job losses of about 450 in either case. BICC also has to decide where to invest in a substantial new optical fibre cable plant. This could be at Blackley (where there is a small facility at present), at Prescott, or on a completely new site. This second decision will probably be taken in the middle of the year, and BICC Management is weighing up the advantages and disadvantages of each option. Though the two decisions are in principle independent, there are links both in terms of the Company's overall strategy and in terms of industrial relations. Whatever course is taken, further redundancies are almost inevitable, with consequent industrial relations problems very likely.

6 The Company is seeking to improve productivity and efficiency at all its plants and, as part of this programme, two further sets of redundancies are likely to be announced shortly at other BICC plants in the North-West. About 130 jobs are expected to be lost at Leigh, and a similar number at Helsby; announcements are expected in respect of both plants in March or April. The Company believes that voluntary redundancies will be sufficient at Leigh, but they expect more difficulty at Helsby.

7 BICC Management has not wished to take Mr Kilroy Silk into their confidence on these latter issues, and they cannot therefore be conveyed to him.

8 It is clear that the Department will need to maintain close contact with the Company over the months ahead. To the extent necessary, the Department will involve DOE through the Merseyside Task Force.

PM Jan 24 Kirroy-Silk Mtg



29 FEB 1984

MC/wp



Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213.....5949.....
Switchboard 01-213 3000

Minister of State

David Barclay Esq
Private Secretary
10 Downing Street
LONDON SW1

CR
May I see my note
of the meeting p. 17
20/2

February 1984

Dear David

Thank you for copying to me your letter of 8 February to
Dr David Saunders at the Department of Trade and Industry.

As requested I enclose a short note about the position of
Community Programme Schemes in Knowsley. I hope this is
helpful, and please let me know if you need further
information.

Yours sincerely

CR
Await letter
from John Bulcher's
office

Mark Howdle

MARK HOWDLE
Private Secretary

D
21/2

COMMUNITY PROGRAMME AND KNOWSLEY METROPOLITAN BOROUGH

1 The Community Programme provides temporary jobs for long-term unemployed adults (18+) on projects of benefit to the community. An additional £25m will be made available in 1983/84 (bringing total funding to £403m) to allow it to reach the target of 130,000 filled places by Spring 1984. It was announced on 16 November 1983 that the Programme will continue to October 1986 on the basis of 130,000 filled places.

2 Places are allocated to regions and areas broadly in line with the distribution of the long-term unemployed. At 31 January 1984 Knowsley MB had 1036 places allocated, 870 of which were filled. There should be no difficulty in building up to the target of 1036 filled places, or in maintaining it in 1984/85.

3 The Borough Council decided early on to support the Programme, and become a managing agent running a variety of projects. It has had some difficulty in getting trade union agreement (mainly from NALGO) to its projects because:

- a) it cannot top up wages beyond the £60 a week average (the maximum that can be reimbursed from Community Programme funds) and
- b) NALGO want the ratio of full to part-time workers on projects to match that found in normal local authority employment. The Council cannot meet this condition and remain within the £60 average wage.

Nevertheless the Council has provided several hundred places and intends to continue as an agent in 1984/85.

4 Several projects (some run by the Council, some by other sponsors) provide work to improve the physical environment. They include projects to clean up derelict sites and create nature reserves or recreation areas, and projects to tidy up the gardens of elderly and handicapped people.

PM: mty. with Kilroy-Silk MP
Jan 84



FILE
Zm

10 DOWNING STREET

From the Private Secretary

8 February 1984

Dear David,

I enclose a record of the meeting between the Prime Minister and Mr. Robert Kilroy-Silk MP which took place yesterday. The Prime Minister would be grateful if Mr. Butcher could set in hand the further enquiries of BICC to which she agreed.

In the course of the meeting, the Prime Minister enquired about the position of community programme schemes in Knowsley. I am therefore sending a copy of this letter and the enclosure to Mark Howdle in Peter Morrison's office, (Department of Employment) with a request that he provide advice on this.

Yours ever,

David

(David Barclay)

Dr. David Saunders,
Department of Trade and Industry

da

SUBJECT:
cc Master



314
CMA

BT

10 DOWNING STREET

From the Private Secretary

8 February 1984

Dear David

The Prime Minister met Robert Kilroy-Silk MP at the House of Commons yesterday to discuss redundancies at BICC, Prescott. Your Minister and Michael Alison MP, the Prime Minister's PPS, were also present.

Mr. Kilroy-Silk said that although 350 redundancies may not seem a large number, coming on top of previous major closures and job losses they were a serious matter for his constituents. The 1981 census had recorded a male unemployment rate of 32%, and there had been 8,000 redundancies in Kirkby alone since the Conservative Government took office. At BICC the workforce had already been reduced from 8,000 to under 3,000 without trouble. But the latest redundancies, involving closure of the central servicing unit, would be a bitter blow to morale.

Mr. Kilroy-Silk said that notwithstanding his disagreement with the Prime Minister's economic policy, he had not come to ask her to change it. He hoped the Government would be prepared to use its influence in two specific ways: first, by pressing BICC to absorb the job losses elsewhere in the organisation; and secondly, by asking them to direct their proposed new investment to Merseyside.

The Prime Minister said that the Government could not direct companies to choose specific locations, nor could it ask them to employ a larger workforce than they judged to be economic. Your Minister drew attention to the scale of existing Government assistance both to the area, which had SDA status, and to BICC.

In more general discussion of the problem of Knowsley, Mr. Kilroy-Silk stressed the degree of deprivation which had shown up on almost every indicator in the 1981 census. His was virtually a one class constituency. In contrast to the West Midlands, there was no pool of skilled labour. Prolonged unemployment sapped the will to work, to the point where people could no longer be bothered to apply for jobs, and lost any sense of self-discipline. Sixty percent of the local population now depended on State benefits. His own view was that the only solution to problems of this magnitude lay in public planning.

/ The Prime Minister

da

The Prime Minister commented that public planning had not served the country well in the past. The economy could only sustain a very limited number of "artificial" growth points, and to plan a bigger future for an area than it could naturally expect was to do a disservice to the people who lived there. This did not mean that she did not understand the degree of demoralisation. She did. Yet despite the large sums being spent by the Government to help Merseyside, and other developments such as the Freeport, the difficulty remained that there was a shortage of "self-starters" - people with the independence and initiative to help themselves. It seemed, too, that Liverpool's excellent higher educational facilities were not the attraction for industry which other areas less well endowed often supposed. It was ironic that there was a national shortage of certain skills, eg in the building trade.

The Prime Minister said that she attached particular importance to the improvement of the physical environment. Even in times and in areas of high unemployment, there was much that could be done to improve people's surroundings. She welcomed the work being done by the Development Corporation and through the Community Programme to this end.

In response to a suggestion from Mr. Kilroy-Silk, the Prime Minister said that she would be willing to meet a group of young people from Merseyside and to talk with them. She had done so before, but experience had shown her that such meetings were often disrupted by the extreme left-wing in Liverpool. She therefore suggested that Mr. Kilroy-Silk might discuss with Mr. Alison the possibility of bringing a group of young people to London for a discussion with her.

Summing up the Prime Minister asked your Minister to enquire further into BICC's thinking on the two specific points raised by Mr. Kilroy-Silk (the location of job losses, and the prospects for new investment at Prescot). She made clear that no Government pressure could be brought to bear; and that no guarantee could be given as to the outcome of the further contacts which were envisaged.

*Yours ever,
David*

(David Barclay)

Dr. David Saunders,
Department of Trade and Industry



JF5561

PS/Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5422
GTN 215
(Switchboard) 215 7877

3 February 1984

David Barclay Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Prime Minister

DMS
3/2

Dear David,

I attach a brief for the Prime Minister's meeting with Mr Robert Kilroy-Silk on Tuesday, 7 February concerning the recently announced redundancies at BICC Prescott.

2 Mr Butcher will be attending the meeting as this Department's representative.

Yours ever,
Ruth

RUTH THOMPSON
Private Secretary



PRIME MINISTER'S MEETING WITH ROBERT KILROY-SILK MP

Redundancies at BICC Prescott

I was naturally very concerned to hear of these redundancies; unemployment on Merseyside is a matter of great concern to the Government. But it would be wrong for the Government to seek to intervene in decisions which are properly a matter for the commercial judgement of the Company. The Government is, however, responding vigorously to the problem of unemployment both through its general economic management and more directly with planned expenditure of almost £2 billion in 1983/84 on employment and training schemes. Furthermore, the DTI is providing financial support for certain innovative developments within BICC. DTI officials are in contact with the Company about its operations at Prescott. Meanwhile all the services of the Manpower Services Commission will be made available to those whose redundancies have become unavoidable.



BICC PRESCOT

Background Note

a) The redundancies

BICC currently employs about 3,250 people at Prescott on a site of about 160 acres, employment having more than halved since 1974. The Company has a number of operations on the site in several manufacturing units, including cable making, electrical wire drawing, copper rod production and copper refining. There is also a central servicing unit, Prescott Industries. A total of 350 redundancies have now been declared. The majority of these result from the closure of the independent central servicing unit; the Company's view is that this is no longer appropriate and that it imposed too heavy a burden on the manufacturing units. Up to 250 of the 770 jobs here are to be lost. The remaining redundancies come from one of the manufacturing units, Reliance Cords and Cables, which is involved in the production of moulded plugs etc. for BICC's general cables activity. This particular operation has been under severe trading pressure for some time, and up to 100 of the 180 jobs are to be lost.

(Confidential. Other units on the Prescott site are also in difficulty. While it is hoped that the remaining jobs on the site will be safe-guarded in the short term, further rationalisation may become inevitable. In particular BICC currently operates two telecommunications cable plants, one at Prescott and the other nearby at Blackley; and it is likely that a decision will be taken at the end of the year to rationalise on just one of these sites. Trade and Industry officials are in contact with the Company about their activities. Further redundancies cannot be ruled out.)

b) Mr Kilroy-Silk

Mr Kilroy-Silk, M.P. for Knowsley North, applied unsuccessfully on 23 January for an emergency debate on the redundancies at Prescott. An early day motion was tabled on 2 February by Mr Kilroy-Silk and 93 other M.P.s as follows:

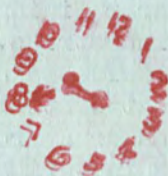
"That this House, recognising the already unacceptably high level of unemployment on Merseyside and in the Borough of Knowsley, deplores the closure of BICC Prescott Industries Ltd and the loss of a total of some 350 jobs at that factory and at Reliance Cords and Cables Ltd; calls upon BICC to take all possible steps to provide alternative employment to those made redundant; and calls upon BICC to ensure that any new investment by the group is directed to the Prescott site."

We understand that Mr Kilroy-Silk visited the Prescott site on 27 January to discuss the situation with both management and unions. The impression gained was that he was not unduly critical of either side, and that he fully recognised - and was saddened by - the seriousness of the position.

PM Jan. 84

Kulroy - sulk.

23 FEB 1984



NOTE FOR FILE

1. Request briefing from DTI.
2. Ask Minister to be present.

ER

27 January, 1984



10 DOWNING STREET

From the Private Secretary

27 January, 1984

Could you kindly let me know on Monday whether Mr. Kilroy-Silk is coming to see the Prime Minister on Tuesday, 7 February at 1600 or on Thursday, 9 February at 1545. I am sorry to pester you about this but I would be grateful for confirmation as soon as possible.

MRS. CAROLINE RYDER

Mrs. S. Lawrence,
Personal Secretary to Mr. Robert Kilroy-Silk, MP



10 DOWNING STREET

~~DS.~~

CR

No progress on
this today.

I have offered DMS
25/1

Robert K-S 7/2 at

1600 or 9/2 at

15.45. He is in

Committee on both

p/n's. But will

take one or the

other.

Have not told

D.T. or asked

for Minute.

CR.



10 DOWNING STREET

PRIME MINISTER

Attached is a piece of Questions briefing which you did not see today. Robert Kilroy-Silk has asked for a meeting about the BICC announcement of 350 redundancies. Do you wish to agree?

A handwritten signature in black ink, appearing to be 'Mrs M. A.' with a large flourish at the end.

24 January 1984

BICC PRESCOT

LINE TO TAKE

I was naturally concerned to hear of these redundancies at Prescott. However it would be wrong for the Government to intervene in decisions which are properly a matter for the commercial judgement of the Company.

BACKGROUND NOTE

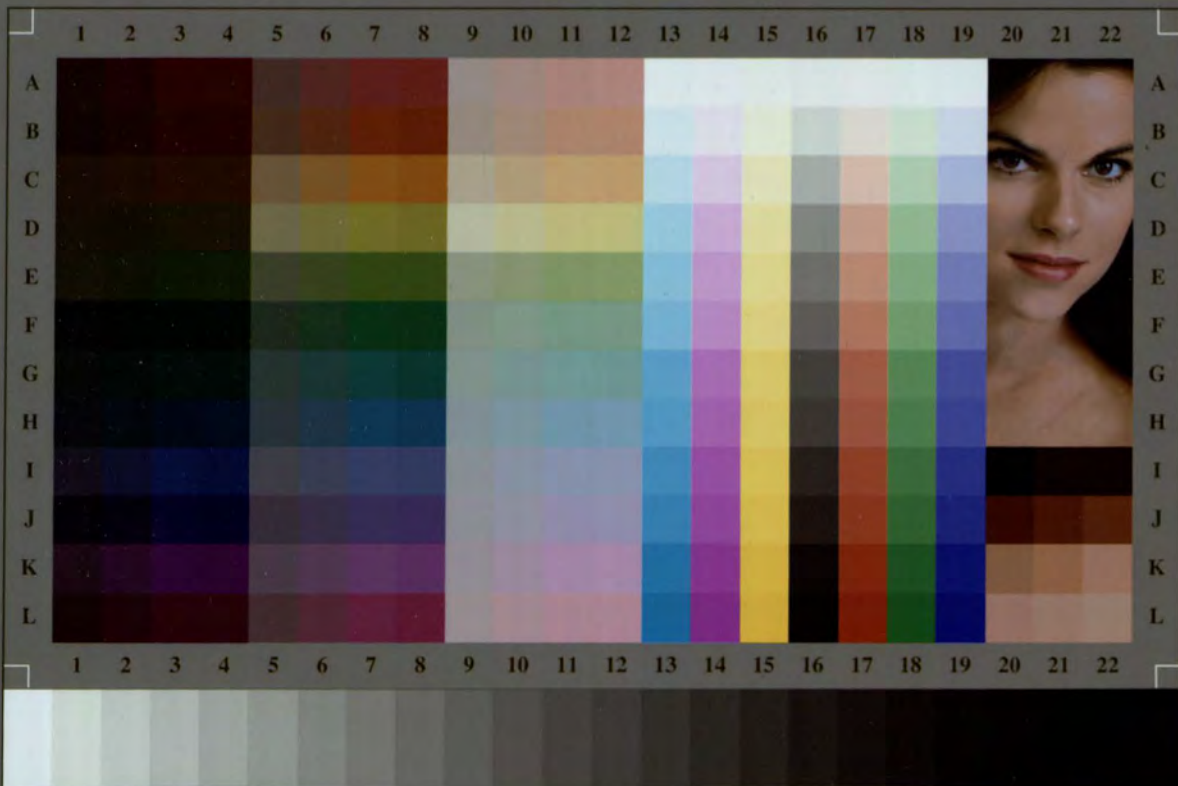
BICC currently employs about 3,250 people at Prescott on a site of about 160 acres, employment having halved since 1974. The Company has a number of operations on the site in several manufacturing units, including cable making, electrical wire drawing, copper rod production and copper refining. There is also a central servicing unit. A total of 350 redundancies have now been declared. The majority of these result from the closure of the central servicing unit; the Company's view is that this is no longer appropriate and that it imposed too heavy a burden on the manufacturing units. The remaining redundancies come from one of the manufacturing units, involved in the production of moulded plugs etc for BICC's General Cables activity. This particular operation has been under severe trading pressure for some time.

Mr Kilroy Silk applied unsuccessfully on 23 January for an emergency debate on the subject of redundancies at Prescott.

(Confidential). Other units on the site are also in difficulty. The Regional Office of the Department of Trade and Industry is considering an approach from BICC for assistance with large-scale investment at the site).

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