

Confidential Filing

Correspondence from Councillor  
John HOLT about the  
threatened closure of Case  
Tractors, Meltham.

PRIME

MINISTER

July 1985

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>12.7.85</del>							
<del>3.3.86</del>							
10.3.88							
PREM 19/1893 (with handwritten note: loop, MR. TNA, 4/2/15)							



10 DOWNING STREET

10th March, 1986

Dear Councillor Holt,

I am now in a position to reply fully to the points you raised in your letter of 12th February about the Meltham plant of Case Tractors.

As you say, a number of developments have taken place since last summer concerning the future of the various Case plants in the UK. On the plus side, Case have committed themselves to further investment at their Doncaster plant which reiterates the company's determination to remain a manufacturing force in the UK. Less promising, of course, is the lack of decision by the company about its Meltham plant.

Ministers and officials at the Department of Trade and Industry have continued to keep in close touch with the company and indeed Mr Peter Morrison, the Minister of State for Industry, was in touch with Mr Seagrave in January. He asked to be kept fully informed of developments and Mr Seagrave subsequently spoke to DTI officials on 22nd January. He confirmed that the future of the plant remained uncertain since the European tractor market was declining and the demand for Meltham's products was also falling fast.

Mr Seagrave also said, however, that there was no doubt that Meltham remained a competitive cost base, especially when compared with manufacturing in the USA. Local management had demonstrated and quantified those benefits on illustrative projects and Mr Seagrave thought that these arguments could result in specific projects being identified, in which event the company would approach the Department of Trade and Industry to see whether financial support would be possible. Proposals from the company are therefore awaited.

Page Two

On a point of detail, the offer of Selective Assistance to Case to help secure the £90 million investment at Doncaster was not conditional on the company's continuance of operations at the Meltham plant (or, for that matter, at Leigh). Future decisions about these plants are a matter for the commercial judgement of the company. However, I can assure you that the Department of Trade and Industry remains in close touch with Case and will continue to press the advantages of Meltham on Case's senior management.

*Yours sincerely  
Michael Alison*

MICHAEL ALISON

Councillor J G Holt

Mr Alison

You told Nigel Wicks that Councillor Holt had approached you again about Case Tractors.

I sought advice from DTI, and the response is attached. It looks as if the company's future has not yet been decided, and DTI advise that, given Mr. Morrison's intervention, it would be best for the Prime Minister not to involve herself at this stage. The DTI letter attaches a draft reply to Councillor Holt, and I think it would be appropriate if this went out under your signature.

MSA

Mark Addison

3 March 1986



10 DOWNING STREET

Nigel

Would you like me to have  
a word with Michael? It  
might be appropriate for him  
to write.

MOA 28/2

Rank

Yes to both

Sentences

Nigel



JU555  
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) 01-215 7877

*CF pps*

*CCM/A*

27 February 1986

Mark Addison Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
London SW1A 0AA

*Dear Mark*

Thank you for your letter of 14 February enclosing correspondence from Councillor John Holt of Kirklees Metropolitan Council about the Case tractor plant at Meltham.

Councillor Holt is suggesting that Government representations be made to Mr Seagrave, Case's Senior European Manufacturing Vice President, about the future of the Meltham plant. In fact, Peter Morrison, Minister of State for Industry, telexed Mr Seagrave on 17 January 1986 asking to be kept fully informed of developments which might have an effect on Meltham and Mr Seagrave subsequently spoke to officials here on 22 January. He said that the future of the plant remained uncertain as a result of the continuing decline of the European tractor market and of demand for Meltham products. However, he accepted that Meltham remained a competitive cost base especially when compared with manufacturing in the USA. Local management had demonstrated and quantified those benefits on illustrative projects and Mr Seagrave thought that these arguments might result in specific projects being identified. In this event the company will no doubt approach us to see whether financial support would be possible.

As you can see, therefore, the company's position is by no means decided. We suspect that to involve the Prime Minister before the results of Mr Morrison's intervention are clear would not be productive. Nevertheless, we would not wish to rule out the possibility of the Prime Minister intervening in the future if Case management seem unlikely to make positive proposals without further encouragement.

... A draft response for your signature is attached.

*Yours sincerely*

*C Bradley*

CATHERINE BRADLEY  
Private Secretary

**1786**  
BOARD OF TRADE  
BICENTENARY

555.1

DRAFT REPLY TO

Councillor J G Holt  
Leader of the Conservative Group  
Kirklees Metropolitan Council  
Town Hall  
Huddersfield  
HD1 2TA

#### **CASE TRACTORS MELTHAM**

Your letter of 12 February 1986 to Michael Alison MP PPS, relating to the Meltham plant of Case tractors, has been passed to me for reply.

As you say, a number of developments have taken place since last summer concerning the future of the various Case plants in the UK. On the plus side Case have committed themselves to further investment at their Doncaster plant which reiterates the company's determination to remain a manufacturing force in the UK. Less promising, of course, is the lack of decision by the company about its Meltham plant.

Ministers and officials at the Department of Trade and Industry have continued to keep in close touch with the company and indeed Mr Peter Morrison, the Minister of State for Industry, was in touch with Mr Seagrave in January. He asked to be kept fully informed of developments and Mr Seagrave subsequently spoke to DTI officials on 22 January. He confirmed that the future of the plant remained uncertain since the European tractor market was declining and the demand for Meltham's products was also falling fast.

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On a point of detail, the offer of Selective Assistance to Case to help secure the £90m investment at Doncaster was not conditional on the company's continuance of operations at the Meltham plant (or, for that matter, at Leigh). Future decisions about these plants are a matter for the commercial judgement of the company. However, I can assure you that the Department of Trade and Industry remains in close touch with Case and will continue to press the advantages of Meltham on Case's senior management.



PM

John Holt



7/1/55

Mr. ... also said, however, that ... no doubt that ... competitive cost ... management ... demonstrated and quantified those ... projects and Mr. ... brought ... result in specific projects being identified, in which event the company would approach the Department of Trade and Industry to see whether financial support would be possible. Proposals from the company are therefore awaited.

On a point of detail, the offer of selective assistance to Case to help secure the £50m investment at Doncaster was not conditional on the company's continuance of operations at the ... (for that matter, at Leigh). Future decisions about these plants are a matter for the commercial judgement of the company. However, I can assure you that the Department of Trade and Industry remains in close touch with Case and will continue to press the advantages of ... on Case's senior management.



BM  
cc M. Alison

encl. Sent to

DTI

10 DOWNING STREET

From the Private Secretary

14 February 1986

Last summer, the Prime Minister received a number of letters from Councillor John Holt about Case Tractors, Meltham. John Mogg, in a letter dated 8 July to Robin Butler, provided advice on whether the Prime Minister should intervene with the President of Case about the prospect of closure. John's letter noted that Mr. Lamont had already seen the President of Tenneco, and he did not advise that the Prime Minister should become personally involved.

Councillor Holt is once again gravely concerned about the future of Case, and I enclose a copy of his letter to Michael Alison here together with enclosures. He is seeking Government representations to be made to the European Vice-President, to urge him to adhere to the undertakings Case gave when they were granted Section 7 Selective Assistance.

BF | I should be grateful for your advice, particularly on whether it would be helpful or appropriate for the Prime Minister to intervene.

(Mark Addison)

Miss Catherine Bradley,  
Department of Trade and Industry

E.R.

THEA  
R. S. K.  
NW

MR WICKS

In July, 1985, Councillor John Holt, Conservative Leader on Kirklees Metropolitan Council, got the ear of the Prime Minister at a Downing Street reception about the future of the Case Tractor plant at Meltham, and the file below gives details of what ensued. You will note the Prime Minister's comment on the DTI letter of 8th July.

Yesterday, Councillor Holt came to see me again at the House of Commons, and asked for further help. I attach a short note which he handed me, summarising a lengthier submission. Essentially, he wants Governmental representation to be made to the European Vice-President of Case, to urge the latter to adhere to the undertakings Case gave when they were granted Section 7 selective assistance. Could you take it from there?

MA

MICHAEL ALISON  
13.2.86

MA

Councillor J G Holt  
Leader of Conservative Group  
Kirklees Metropolitan Council  
Town Hall  
Huddersfield HD1 2TA

12 February 1986

The Rt Hon Michael Alison MP PPS  
House of Commons  
London SW1A 0AA

Dear Michael

Case Tractors Meltham

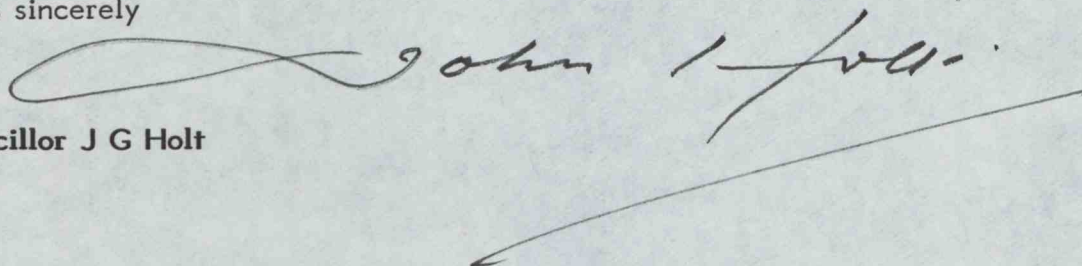
I refer to our discussion last year regarding the future of the tractor manufacturing plant owned by Case International at Meltham, Huddersfield, West Yorkshire.

The situation has changed significantly since our conversation and the element of uncertainty over Case International's future plans for the plant, despite previous assurances, gives me cause for grave concern.

The Prime Minister was kind enough to follow up our earlier conversations and I wonder if there has been any recent contact with the Company?

I should be glad to brief you further on the situation should you require it.

Yours sincerely



Councillor J G Holt



10 DOWNING STREET

*From the Principal Private Secretary*

12 July 1985

I enclose a further letter to the Prime Minister from Councillor John Holt about Case Tractors, Meltham. I have told Mr. Holt on the telephone that the Prime Minister is not proposing to intervene in this matter at present, and I do not propose to send any further reply to this letter. I should be grateful if you could keep me in touch with developments in case Councillor Holt is in touch with me again.

Edmund Hosker, Esq.,  
Department of Trade and Industry

Moggy ATY



10 DOWNING STREET

From the Principal Private Secretary

10 July 1985 *Jarice Thanks. Yes. RB*

*cf to KOP*

*Robin*  
*The figure in para 3, line 3 should be \$200 million.*

CASE TRACTORS AT MELTHAM

Thank you for your letter of 8 July reporting on the current position of the Case Tractor plant at Meltham, which was raised with the Prime Minister by Councillor John Holt.

The Prime Minister has noted the present position and has agreed that she should not seek personally to intervene at this stage with the President of Tenneco or the President of Case. But she has commented:-

"I hope we shall pursue this vigorously with the Commission. It will be very serious if all European operations go to France.

MT"

*I presume your letter to JM still stands? I have it in GR to await confirmation that it can go.*

*JM (10/7)*

John Mogg, Esq.,  
Department of Trade and Industry.

*HL*



10 DOWNING STREET

~~Robt. Butler.~~

I have spoken to  
Councillor Holt. No  
need for a reply.

Cllr Holt has now sent <sup>FERB</sup>  
12:7

a photo letter. Did you have  
in mind a written reply  
to him. I think we shall  
need to do so a commission  
a draft for DTI, when you're  
already done so.

MEFA 11/7



Prime Minister  
This is a report from DTI 2  
on the point raised with you by Councillor  
Holt.

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

TELEPHONE DIRECT LINE 01-215 5422  
SWITCHBOARD 01-215 7877

FEB  
8.7.

PS/  
Secretary of State for Trade and Industry

8 July 1985

Robin Butler Esq  
Principal Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1

I hope we shall  
pursue this vigorously  
with the Commission. It  
will be very serious if it  
disrupts operations for to France

Dear Robin,

CASE TRACTORS AT MELTHAM *att.*

In your letter of 1 July, you asked for an urgent assessment of the current position on the Case Tractor plant at Meltham and advice on whether the Prime Minister should intervene with the President of Case.

2 Mr Lamont has already seen the President of Tenneco (the parent company of Case) about the company's future manufacturing strategy following the acquisition by Case of the International Harvester operations in the UK, France and Germany earlier this year. Some rationalisation is inevitable because the products manufactured at two International Harvester plants in France duplicate those manufactured at existing Case plants at Meltham in Yorkshire and Leigh in Lancashire. The French Government have apparently reached agreement with Case on a financial package. Although the closure of one plant in France has already been announced, together with cutbacks at other French facilities, this package will ensure the future of the two main French plants. That puts at risk the future of the plants at Meltham and Leigh, employing about 2,500 between them.

3 We do not expect closures to take place before 1988 and much may happen before then. In particular, we are pursuing the possibility of investment of some \$200,000<sup>ps</sup> by Case at their Doncaster plant, which might qualify for Section 7 Selective Regional Assistance. This would lead to some 1,700 new jobs: it might also involve the continuance of manufacturing at Meltham and Leigh, especially if the current action at those plants to improve competitiveness is successful.

JH5BFD





4 At our suggestion the European Commission have decided to investigate the offer of the French Government's financial assistance. (One of the plants assisted is outside the French development areas, and there is some doubt as to the legitimacy of the assistance for it.)

5 Mr Lamont has also seen the President of Case and made clear to him the importance which the Government attaches to the company's manufacturing operations in the UK. In addition, officials are actively involved in negotiations with the senior management of Case over the possible new investment at Doncaster. Against this background, and given the action already taken in respect of the financial assistance offered by France, we would not advise that the Prime Minister becomes personally involved at this stage.

*Yours sincerely,*

*John Mogg*

J F MOGG  
Private Secretary

JH5BFD



Kirklees  
Metropolitan  
Council

From: Councillor J G Holt  
Conservative Leader  
c/o Members Services  
Town Hall  
Huddersfield HD1 2TA  
Tel: 0484 22133

3 July 1985

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

Dear Prime Minister

CASE TRACTORS, MELTHAM

I was very grateful for the time you gave me on Monday evening, 1 July, and for the interest you are taking in the matter I raised with you concerning the above company and the serious threats to employment in Meltham which forms part of the Colne Valley constituency.

As promised, I enclose a note which sets out the background to the present situation. This should be read in conjunction with the Study I handed to you on Monday evening.

The principal decision makers in this matter are:

Mr J K Green  
President  
J I Case  
700 State Street  
Racine  
Wisconsin 53404  
USA  
Tel: 0101-414-636-6111

Mr R A Seagrave  
Senior Vice President, Manufacturing, Europe  
J I Case Operations (Europe) Inc  
Case House  
45/47 Monument Hill  
Weybridge Surrey  
KT13 8RL  
Tel: 0932 45588

In my view, an approach to Mr Green would be the better course of action. I trust that you now have sufficient information for your purpose; if you require anything further please do not hesitate to get in touch with me or if for any reason I am not available then please contact Mr D A Ansbro, Chief Executive, Kirklees Metropolitan Council, Town Hall, Huddersfield HD1 2TA.

I look forward to hearing from you further.

Yours faithfully

Councillor J G Holt

Enclosure

sent  
to DTT

Cllr. John Holt  
8/7

file

SKW



10 DOWNING STREET

*From the Principal Private Secretary*

1 July 1985

I spoke to you on the telephone about the letter handed to the Prime Minister by Councillor John Holt together with a booklet about the threatened closure of Case Tractors, Meltham.

Notwithstanding the statement in the booklet that there is no immediate suggestion that closure is likely, Councillor Holt said that urgent action was necessary. He also said that the problem appeared to have arisen because the French had offered assistance on a scale which had persuaded them to concentrate their activities in France. You will see that Councillor Holt has been in touch with Mr. Lamont.

The Prime Minister asked me to pass these documents to you immediately and seek an urgent assessment from you. She was wondering whether she should intervene herself with the President of Case.

John Mogg, Esq.,  
Department of Trade and Industry.

SKW

# From County Councillor John Holt

Conservative Leader Kirklees Metropolitan Council

"BIRCHROYD," 340 BIRKBY ROAD, LINDLEY, HUDDERSFIELD HD2 2DB

Telephone: 0484-32494

1st July, 1985.

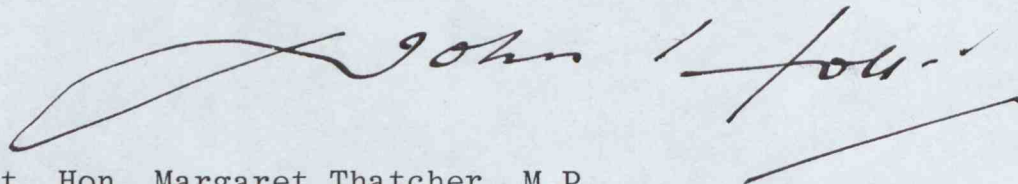
My dear Prime Minister,

As one of your most loyal supporters I would very much appreciate an appointment with you to discuss a number of matters affecting Conservatives and our electors in the North of England. I appreciate how extremely committed you must be but I am aware that a short discussion would be of tremendous help to you and to the Party.

I have taken this opportunity to enclose a document in relation to Case Tractors of Meltham. This explains the serious consequences if this Plant was to close. I have already spoken to Mr. Lamont of the Department of Trade and Industry but it would seem that the French have managed to break all the EEC rules and regulations and offered Case a better deal. This matter is most vital and I cannot express too strongly the urgency if job losses are to be saved. 2,000 people and their families depend on the Government's support and Huddersfield is not an Assisted Area. This is one of several matters I would wish to discuss further with you.

I would like to take this opportunity of expressing my appreciation to you for the wonderful way you lead our Party against the difficulties you encounter and wish to assure you of my continued loyal support at all times.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Holt". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

CASE TRACTORS  
The cons

10, DOWNING STREET,  
WHITEHALL S.W.1

MELTHAM  
of closure

PLEASE RETURN  
THIS TO NO.10  
WITH YOUR ADVICE

*With the Private Secretary's  
Compliments*

Robin Butler

attachment to  
J. Moggs letter 8/7



KIRKLEES METROPOLITAN COUNCIL

Employment Development Officer *Chief Executive's Office*

Director of Technical Services *Planning Division*

# CASE TRACTORS, MELTHAM

## The consequences of closure



KIRKLEES METROPOLITAN COUNCIL

Employment Development Officer *Chief Executive's Office*

Director of Technical Services *Planning Division*

## CASE TRACTORS

### Introduction

This paper provides a provisional analysis of the direct impact on unemployment of the run-down and closure of the J I Case Tractor plant at Meltham, West Yorkshire. It also provides an analysis of the likely loss of local income and expenditure.

The current revisions to unemployment and supplementary benefits were awaited at the time of preparing this report. When this data is available a further report will be prepared, estimating the compound induced effect of closure on local employment.

May 1985

## CASE AND MELTHAM

### An economic study of the impact of closing J I Case, Meltham, West Yorkshire

#### Introduction

In response to recent news that J.I. Case intends to rationalise its British operations, and the current parent company (Tenneco) has secured interests in other European plants, a brief discussing the consequences of total or partial closure has been prepared. This study assesses the potential consequences of such an event on Meltham and Kirklees including the knock-on effects in terms of local unemployment levels and income/expenditure within the town.

Although there is no immediate suggestion that such an event is likely it is felt that any discussions that are taking place should have the benefit of the fullest information possible.

#### Meltham

Meltham had a population of 7,404 in 1981 with a relatively young population structure compared to that of the national average (a higher proportion of adults aged 25-44 and children aged 5-15 years).

#### J. I. Case

Case currently employ 2324\* at the Meltham tractor plant dominating the local employment structure. In fact Case is the largest employer in Kirklees other than the local authority, providing 1.8% of total employment in 1981.

It is estimated that 1115 employees (48%) live within Meltham, the remainder living within the Huddersfield Travel to Work Area (T.T.W.A.). The effects of plant closure would therefore be very localised.

#### Unemployment

In terms of direct effect on unemployment in the Huddersfield T.T.W.A. total closure would result in over a 20% increase in the numbers unemployed - a 2.6% increase in the unemployment rate (Table 1).

However, it is likely that the residential unemployment rate of Meltham will increase by over 500% to exceed 32%, whilst the male unemployment rate is likely to reach 46% (Table 2) - almost one in two men.

\* By May 1985 further job losses of around 380 had been announced at the plant bringing employment below 2000. The loss of 80 design and development staff in May was particularly worrying, as this effectively withdraws the plant's ability to alter designs and specifications as required.



TABLE 1

Projected Unemployment Rates (Male and Female)

	Huddersfield No.	T.T.W.A. %	Kirklees No.	%	Meltham* No.	%
1984 average	10558	11.8	20019	13	209	5.9
Half Closure	11720	13.1	21181	14.2	681	19.4
Total Closure	12822	14.4	22343	15.0	1153	32.8

Source: Department of Employment information

\*Directorate of Technical Services calculation.

TABLE 2

Projected Meltham male residential unemployment rate

	No	%*
1984 average	123	5.7
Half closure	562	25.9
Total closure	1000	46.1

Source: Department of Employment Information.

\*Directorate of Technical Services calculation.

Alternative Employment

Prospects for alternative employment in Meltham are very limited and few opportunities exist elsewhere in Kirklees. During 1984 there was an average of 31 unemployed people for each vacancy notified at Job Centres and Careers Offices in the Huddersfield T.T.W.A. It is estimated that this ratio would increase to 38:1 on the closure of the tractor plant. Not only are there few vacancies, they also occur predominantly in sectors unassociated with the skills of the employees at Case, such as electrical, selling and cleaning. In October 1984 over 38% of the unemployed in Kirklees had been so for at least 12 months. As the ratio of vacancies to unemployed increases the problem of long term unemployment will worsen.

The other major sectors of employment in Kirklees i.e. Textiles and Engineering have shown past trends of vulnerability which has led to many redundancies. Although it is hoped that these trends have now 'bottomed out' current negotiations within these industries, for example, the Multi Fibre Agreement may result in further unemployment. The employment base of Kirklees remains vulnerable.

### Available income and expenditure

The projected increase in unemployment will result in a net loss of income to the local economy. In 1984 the total weekly take home income of Case employees was estimated to be £303,452 (Table 3). When compared with the estimated average weekly income of those people claiming unemployment benefit and supplementary benefit a deficit of £117,922 per week can be reached (see Appendix 1). In terms of the Meltham workers alone the deficit is calculated to be in the region of £56,607 per week, almost £2.9 million a year. The total net loss to the local economy will be £6.1 million per annum.

TABLE 3

	£ per week	
	Huddersfield Area	Meltham
Total Case employees take home income	303,452	145,656
Substituted income (redundancy compensation, unemployment and supplementary benefit)	185,520	89,049
Deficit	£117,932	£56,607

Source: Directorate of Technical Services (see Appendix 1)

### Effects on the Meltham Economy

Such a reduction in available income will have a concentrated effect on shops and services within Meltham. Expenditure in shops will be proportionally reduced leading to a reduced viability of operation. As a result staff levels will be cut primarily in terms of part time employees thus compounding the economic problems experienced by many families within Meltham. In 1978, 767 people were employed in shops and services in Meltham and Honley. Associated problems of cashflow are likely to ensue leading to eventual liquidation or closure of many local shops and services. As a result unemployment rates will increase even further and the current number of 53 shops and services in Meltham will dwindle along with the range of shops and services available to the community. Severing of linkages with other local businesses may cast a shadow over their future, for example, Shaws Readipak Limited, and the Durker Roods Hotel, both interlinked with Case currently employ 31 and 26 respectively.

### Effects on the Kirklees economy

Throughout the Kirklees economy the effects of the possible plant closure will be felt. Huddersfield, being the nearest large shopping centre offering a wide range of goods and services along with the smaller centres of Honley and Netherton will undoubtedly undergo an associated decline. In 1981 service industries accounted for 50% of employment in the Huddersfield Employment Exchange Area.

There will be a net loss of around £200,000 per annum rate income to the local authority from the cessation of manufacturing at the Case plant, with the addition of rate rebates to those unemployed - all leading to an increased dependance on central government funding.

### Conclusion

The future for Meltham and Huddersfield if J. I. Case were to close their Meltham tractor plant is very bleak. With a probable unemployment rate in excess of 33% compared with the Yorkshire and Humberside average of 14% Meltham will be very severely affected.

Even partial closure would have very serious consequences for the local economy. The statistics in this paper provide indications as to the scale of the social and economic problems which may be created. In reality, the situation could be far worse, as is demonstrated by such areas as Consett which have suffered major plant closure, and the area would be projected into a spiral of decline that would be virtually impossible to halt.

EDU/AG/RAH/CPS  
WP No. 4UJ.REP  
May 1985

## APPENDIX ONE

### The Calculation of total Case Workers weekly income

#### 1. Income

It is estimated that Case employs 1656 men in manual posts and 80 women. 562 men are 'staff' employees, 81 women. The average gross taxable weekly earnings of male manual workers in the vehicle manufacturing industry in 1984 was £148.71, women, £105.10, male staff was £206.60, and female staff was £105.60.

This computes as follows:

Male manual	:	1656 x £148.71 <sup>(1)</sup>	=	£246,246
Female manual	:	80 x £105.10	=	£ 8,408
Male staff	:	562 x £206.60	=	£116,109
Female staff	:	81 x £105.60	=	<u>£ 8,553</u>
				£379,316

Income tax averaged 20% of median income in 1982-83.<sup>(2)</sup> Total take home weekly income = 379.316 x 20% = £303.452.

#### 2. Redundancy

Redundancy payments are determined on the basis of years employed.

Assume that the plant pays redundancy compensation at the maximum grant assisted by the Government (£152 for each year of work).

The average length of employment at Case is assumed to be three-quarters of the working life of the staff.

Male median age = 42 years.

Female median age = 40 years.

Therefore, assumed redundancy period:

$$\begin{aligned} &= \text{Males } (42 \text{ years} - 16) \times 75\% = 19.5 \text{ years} \\ &= \text{Females } (40 \text{ years} - 16) \times 75\% = 18 \text{ years} \end{aligned}$$

Forecast redundancy payment:

$$\begin{aligned} &= \text{Males } £152 \times 19.5 \times 2218 \text{ male employees} = £6574,152 \\ &= \text{Females } £152 \times 10 \times 161 \text{ female employees} = \underline{£ 440,496} \end{aligned}$$

£7014,648

Assume that redundancy money is spent over 2 years of unemployment.

Weekly expenditure = £7,014,648 ÷ 104 = £67,448 per week.

#### 3. Unemployment benefits

The standard rates of unemployment and supplementary benefits<sup>(3)</sup> are as follows:

	£
Male, single	28.45
Male, married, no dependants	46.00
Male, married, with dependents (assume 2 children aged over 11*)	74.25
Female, single	28.45
Female, married, no dependents	46.00
Female, married, with dependents (as above*)	75.25

(\* Reasonable assumption, based on the median age of the workforce)

Based on the 1981 Census composition of Kirklees, the likely breakdown of the Case workforce is as follows:

Male, single	705
Male, married, no dependents	794
Male, married, with dependents	719
Female, single	47
Female, married, no dependents	60
Female, married, dependents	54

Therefore the likely base weekly benefit income is:

MS	705 x 28.45 =	£20,057
MM,NC	794 x 46.00 =	£36,524
MM,C	719 x 74.25 =	£53,385
FS	47 x 28.45 =	£1,537
FM, NC	60 x 46.00 =	£2,760
FM,C	54 x 74.25 =	<u>£4,009</u>

£118,072

Therefore, the total weekly income drop from plant closure would be:

$$\begin{aligned}
 &(\text{Earnings}) - (\text{Redundancy}) + (\text{Benefits}) \\
 &£379,316 - £67,448 + £110,072 = £193,796 \text{ per week}
 \end{aligned}$$

#### Notes

- (1) New Earnings Survey
- (2) Social Trends
- (3) Base benefit rates not including mortgage interest relief.

# Grey Scale #13



**A** 1 2 3 4 5 6 **M** 8 9 10 11 12 13 14 15 **B** 17 18 19

