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PREM 19/1905

Confidential Filing

Meeting with Dr David CLARK, MP
about closure of PLESSEY
factory, in South Shields
12 April 1984. & subsequent
meetings

PRIME MINISTER

March 1984

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
9/4/84							
11.4.84							
12.4.84							
18.4.84							
4.5.84							
11.6.84							
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29.8.84							
13.9.84							
9.6.85							

PREM 19/1905

Dr DAVID CLARK MP



OA
cc Caroline

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 June 1986

Shana
Did PM see
him?
JF 5/8

No-not
through me!
Shana
5/8.

JF?

The Prime Minister has asked me to thank you for your letter of 2 June in which you seek a meeting about further redundancies in your constituency. As you will recall it is her normal practice to meet individual Members to discuss constituency problems rather than delegations and on this occasion she would prefer to stick to that practice and to see you on your own.

If this is acceptable she would be pleased to meet you at a convenient moment: may I suggest that you contact Caroline Ryder here to arrange such a meeting.

(Timothy Flesher)

Dr. David Clark, M.P.

OA

1. Mr. Addison *Prime Minister.*
2. Prime Minister *I am sure Tim is right. Sunderland was a clear exception.*

Attached is a letter from David Clark asking for a meeting to discuss the implications of the closure of Tyne Shiprepair and their facilities in his constituency. I am sure you will wish to agree to this request.

You will also note that he asked to bring three shop stewards from the company. May I suggest that you turn down this request. Now that you have agreed to see Bob Clay and a number of local councillors, shop stewards etc we are in danger of having to agree to practically any request from a delegation to see you and I think it is about time that we reassert the principle that you see individual MPs about closures not delegations.

Agree to see Dr. Clark on his own?

Yes no

H

Tim Flesher

3 June 1986

JALATT

cc MA



HOUSE OF COMMONS
LONDON SW1A 0AA

2 June 1986

Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

Dear Prime Minister

As you will recall, I have seen you on a number of occasions about the high level of unemployment in my constituency, which sadly has deteriorated further.

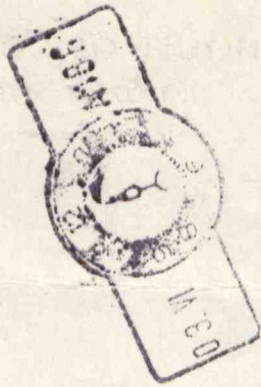
Only last week we had the announcement of the British Rail waggon repair yards with the loss of 43 jobs as well as the announcement by Tyne Shiprepair of the closure of their facilities in South Shields.

The situation is even more serious, and as you know South Tyneside TTWA has the highest unemployment level in Great Britain. I wonder therefore whether you would be prepared to meet a small delegation of myself and three shop stewards to discuss the very serious problems we are facing in light of the fact that Tyne Shiprepair have told me that they are not prepared to sell the yard to any other shiprepair company and indeed there is a strong possibility that they will destroy the yard completely.

I do hope you will see us.

Yours sincerely

Dr David Clark MP





FIVE RM
cc: MA (12/9)
DTI
(Encls)
Const. Hbr. ref

10 DOWNING STREET

13 September, 1984

THE PRIME MINISTER

Dear Mr. Cuthbert,

Thank you for your letter of 25 August about the difficulties facing Mr. & Mrs. Cuthbert of 44 Mowbray Road, South Shields, Tyne and Wear.

I fully understand the disappointment felt by Mr. & Mrs. Cuthbert at not being able to raise the necessary finance for their proposed business venture. I hope that they will not be deterred by this setback. Under the Loan Guarantee Scheme it is the banks who are responsible for carrying out the commercial appraisal of all prospective borrowers and it is banks who must decide whether they are prepared to submit an application to the Department of Trade and Industry for a guarantee.

As part of their assessment the banks need to consider many factors including the potential viability of the project and the personal commitment of those who will be running the business. The commitment need not always be measured in terms of finance and the banks are urged to take other considerations into account. But ultimately it must be for the banks to decide how much of the prospective business's overall financing requirement should be met from the proprietor's own resources. This decision will depend a great deal on individual circumstances but it is worth remembering that the view taken by one bank may not be shared by another. With 30 banks and financial institutions currently offering Loan Guarantee Scheme facilities it may be well worth the effort of shopping around.

SH

To help in their search for finance Mr. & Mrs. Cuthbert might find it useful to discuss their plans and difficulties with one of the experienced small business counsellors working for the Department of Trade and Industry's small firms service. An appointment with a business counsellor can be arranged by contacting the Small Firms Centre at the following address: Centre House, 3 Cloth Market, Newcastle upon Tyne, NE1 3EE (telephone 0632 325353 or dial the operator and ask for Freefone 2444).

A local counselling service is also provided by the Tyne and Wear Enterprise Trust Limited, SWS House, Stoddart Street, Newcastle upon Tyne NE2 1AN (telephone 0632 614838).

I do hope that Mr. and Mrs. Cuthbert decide to persevere, and that their efforts are rewarded.

Yours sincerely
Margaret D. Clark

Dr. David Clark, M.P.



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

Telephone (Direct dialling) 01-215 5147
GTN 215)
(Switchboard) 215 7877

From the Minister of State
for Industry and
Information Technology

RT HON KENNETH BAKER MP

Timothy Flesher Esq
10 Downing Street
LONDON
SW1

10 September 1984

Dear Tim,

Cor
Pse type. ²¹⁵
029

Thank you for your letter of 29 August
enclosing one from Dr David Clark MP.

I attach a draft for the Prime Minister's
consideration.

Yours,

Neil

N M McMILLAN
PRIVATE SECRETARY

ST2AAF

Dr David Clark MP
House of Commons
LONDON
SW1A 0AA

RAM

September 1984

Thank you for your letter of 25 August about the difficulties facing Mr and Mrs Cuthbert of 44 Mowbray Road, South Shields, Tyne and Wear.

I fully understand the disappointment felt by Mr and Mrs Cuthbert at not being able to raise the necessary finance for their proposed business venture. I hope that they will not be deterred by this setback. Under the Loan Guarantee Scheme it is the banks who are responsible for carrying out the commercial appraisal of all prospective borrowers and it is banks who must decide whether they are prepared to submit an application to the Department of Trade and Industry for a guarantee.

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The commitment need not always be measured in terms of finance

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I do hope that Mr and Mrs Cuthbert decide to persevere, and that their efforts are rewarded.

ackd 29/8

file

da

29 August 1984

I enclose a copy of a letter which the Prime Minister has received from Dr. David Clark M.P.

I should be grateful if you would provide a draft reply for the Prime Minister's signature, to reach this office by 12 September.

Timothy Flesher

Neil McMillan, Esq.,
Department of Trade and Industry.

RW

~~CC MCA~~



HOUSE OF COMMONS
LONDON SW1A 0AA

25 August 1984

Rt Hon Margaret Thatcher MP
10 Downing Street
London W1

PP

R29

Dear Prime Minister

30 July

You will recall that you wrote to me recently about Grant Aid to businesses in South Shields.

Since then I have received the enclosed letter which I think you might find of interest and about which I would greatly appreciate your comments.

Yours sincerely

Dr David Clark MP

Enc.

SHERLOCK (HOME) IMPROVEMENT AGENCY

44 Mowbray Road, South Shields, Tyne and Wear. ne33 3au.

B & S CUTHBERT

0632 564446.



Dear Dr. Clark,

On reading the Shields Gazette on Friday August 3rd 1984. I was most annoyed at the suggestions made that people of South Tyneside, were not taking the full opportunity to start up in business for themselves.

It was implied that the government backed loan systems were freely available, together with all the other grants, and in this area were not being used to their full extent,

As to the points above, I feel that they are misleading. I would like to explain how impossible it is to obtain these grants.

My wife and I would like to set our own business up. The company would be called Sherlock Home Improvements, we have both been employed in direct selling for several years. We have done 18 months market research and we have also been on a parttime course for small businesses, which we paid for. My wife has just completed a 10 week course with MSC, which she was paid for. To gain acceptance on to the course your business has to be viably sound. We also got our accountant to do a profit and loss acc, feasibility study, balance sheet, everyone except bankers feel that our project has a very good chance of succeeding.

We have spent approx. 3,000 pounds out of our own pockets and several hundred hours of work. Upon taking this to our local banks we are told I am sorry but we do not think very much of the government loans scheme, at the time the loan scale was 80% 20%. We at the time offered to put into the company £3,000 cash and our family car, but we were told that this was not enough, we asked for £20,000 to start the company on a sound foundation.

We were told if you put in £10,000 the bank would put up the rest. I am only a working man trying to better myself and my family. There is no way I could afford to put £10,000 in to it, if I could I would. I have been to several banks and they all regret that they cannot help us. Especially with a government loan scheme, except if I can put up 50%, with my house as security.

As for incentives from local councils, there is very little on offer at South Shields or South Tyneside. In South Shields there is no rent free periods, also I would have to pay full rates of £2 11p in the pound.

If our company was helped to start, I would be taking 5 people off the dole, we have been trying to get backing since Dec 1983. As for other grants we are told that they are discretionary, and if you qualify they are paid out 3 to 6 months after you have started up. Which to me is not a lot of help, as the money is needed at the start.

We have been talking to a lot of people, who like ourselves are trying to start up in small businesses, but they were given the same answers by banks.

My wife and I are going to start our company with nothing and if that is not trying then I do not know what is.

It is annoying when we hear of millions of pounds being lost or wasted by large companies, to think we are only asking for 80% of £20,000. It makes me sick.

I feel if the backing were made available our company would have more chance of succeeding and expanding, thus in turn taking more people of the dole, than it would be by us starting with nothing.

I also feel that it would be better for you, if I were repaying you a loan instead you are having to pay five people's dole.

The schemes that are running seem to be aimed at keeping people out of work. In South Shields you are given no encouragement or incentives.

WE hope this letter gets some attention and lets you see some of



de JKR

10 DOWNING STREET

THE PRIME MINISTER

1 August 1984

Dear Mr. Clarke,

At our recent meeting, I undertook to look into the point which you made about the charges levied by the Port of Tyne Authority. I have, as you know, replied separately on the question of the take-up of various Government schemes in South Shields.

The charges in any particular port are made up of two main elements - those levied by the port authority itself on the services it provides, and those covering pilotage and light dues. The port's charges are a matter for the commercial judgement of the port authority concerned and the very competitive nature of the industry means there is every incentive for all UK ports to price keenly. I have no evidence that the Port of Tyne Authority are any different in this respect. Indeed, they have made substantial progress in recent years to improve their position after the loss of the former staple trades of coal and iron ore.

Pilotage charges are the responsibility of the Tyne Pilotage Authority. The Government remains concerned about the efficiency and organisation of pilotage nationally and a great deal of work has been devoted towards reaching agreement, so far without success, on a scheme which would deal with the central problem, that of the surplus among pilots. But as far as the Tyne is concerned, I have to say again that we have no evidence that charges are out of line with those in other UK ports and it also has to be

JKR

remembered that, except for passenger vessels (for which pilotage is compulsory in all UK pilotage districts), pilotage is non-compulsory in the Tyne district.

It is distressing that the coal dispute is proving a setback to the position of the Tyne and other ports, and for the job prospects for the many people who depend on them.

Yours sincerely

Margaret Thatcher

Dr. David Clark, MP.



10 DOWNING STREET

THE PRIME MINISTER

30 July, 1984

o/f file R17
ce D O E
DIM
DTI

M. Alison.

Dear Mr. Udale.

When Kenneth Baker and I met you on 5 July, you expressed concern that South Shields, and the North East generally, should receive its fair share of support under various Government schemes. Kenneth will be in touch with you separately on the specific industrial matter we discussed.

I have had officials in Departments look at the take up of these schemes in the South Shields area, and I have to agree that it is not entirely encouraging. The main schemes involved are.

(i) Industry Act Assistance: South Shields received around £470,000 in 1983/4, which amounted to 0.4% of the aid taken up in the Northern region. This is a good deal below the rate one would have hoped in an area employing 2.3% of the workforce in the North East. But this, as I know you realise, is not a sign of Government neglect, but reflects the take up of the support which is demand-led.

(ii) Small Firms Assistance: There were 156 enquiries over the last year at the Small Firms Clinics held at the South Shields Job Centre. This represents about 1% of the region's enquiries, again, well below what might be expected. While we do not have any figures for loan guarantees given to small firms in the South Shields area the Northern region as a whole has had a low take up of the scheme at around £19 million.

AB

(iii) Under the Urban Programme, South Tyneside received nearly £4 million of the £34 million allocated to Local Authorities in the Northern region designated under the Inner Urban Areas Act 1978. The total allocation to such authorities throughout the country was £231 million. South Tyneside has increased its use of Urban Programme to build up the economic infrastructure in the area. One of these projects concerns Plessey's own factory in South Shields and we have supported an application for European Regional Development Fund assistance for the Enterprise Centre being planned there and will consider very sympathetically the application we are expecting for support under the Urban Programme. Tyne and Wear Enterprise Trust, who are involved in the project, do valuable work in advising small businesses and they received £50,000 of Urban Programme support this year.

(iv) Additionally, South Tyneside has been invited to put forward private sector schemes for support under the Urban Development Grant Scheme. The up take of this has been disappointing. Only three schemes were submitted, and all of these have been withdrawn. One further scheme has been submitted this year and this is being looked at actively now. The position is slightly better in the Northern Region as a whole, where UDG offers have been made for £11 million, involving a total investment of £40 million.

(v) I have seen your correspondence with Peter Morrison about the Community Programme. Currently the Northern Region's allocation of the 130,000 filled places is 12,500. This is nearly 2,000 more places than a strict share based on the number of long term unemployed in the region would normally allow, and as such the Northern region does have an advantage here for the moment. In South Tyneside, 657 of the 669 places available have been filled, and the rest will be filled very shortly.

(vi) There are places available immediately on the Enterprise Allowance Scheme in the North East, and we will certainly consider making more places available if the need arises. I have to say, however, that take up of the scheme is lower than expected compared with other parts of the country. Nevertheless 2,200 people have entered the Scheme in the Northern Region since it started there on 1 August 1983. In addition, for young people, we will go on providing as many places under the Youth Training Scheme as is necessary to meet the needs of young people eligible under the scheme.

This is a slightly mixed picture. The low take up of the schemes available is not the result of lack of promotion by Government of them. Take up of Industry Act Assistance tends to be low because of the particular industry mix of the area which has followed a pattern of decline in employment and activity. The disappointing take up of a small firms schemes and start ups under the Urban Development Grants and Enterprise Allowance Schemes seem to stem from the same root causes, of a fairly under developed independent small firms sector, and an apparent lack of individual enterprise in the area.

Ultimately, our support schemes can only work if people are prepared to take them up. I believe that the central Government support available at the moment is adequate, and we are doing our best to attract applications to the schemes. But ultimately, it is up to the people of South Shields to make use of these schemes. In an area which has been traditionally dominated by large-scale industry, I know that there is no strong tradition of people starting 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, while this process has started slowly in the Northern region, mean that

our schemes will be taken up to a larger degree there in the future.

The Directors of the three Departments' Regional Offices in Newcastle stand ready, as in the past, to help local interests in every way possible, and to consider constructively with you and them how take-up of the various schemes might be improved.

Yours sincerely

Margaret Thatcher

Dr. David Clark, M.P.



10 DOWNING STREET

Mr. Muntz.

You promised a
letter to David Clark
about the take up
~~the~~ various schemes in
South Shields. The story
is very depressing.

D.

W. H.

26 July 1984

The Prime Minister has now seen Mr. Baker's minute of 26 July about Plessey in South Shields. Like Mr. Baker, she was extremely disappointed by the news that Northern Telecom are not going to South Shields but recognises that this is a decision for the company.

(TIM FLESHER)

Neil McMillan, Esq.,
Department of Trade and Industry.

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CONFIDENTIAL

PRIME MINISTER

PLESSEY SOUTH SHIELDS

As you know the UK Manager of Northern Telecom, Wally Benger, visited the North East of England on 11 July, accompanied by officials from my Department, to assess prospects for Northern Telecom locating a manufacturing facility in the region.

Following that visit the news is not good. Mr Benger has said that he does not believe that the South Shields area is a suitable location. Northern Telecom see considerable problems in establishing a non-union workforce next door to the Plessey facility which has union recognition. They are also apprehensive about setting up a manufacturing facility next door to a major competitor.

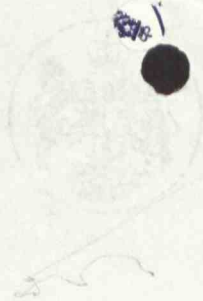
Northern Telecom have not rejected the North East entirely. Whilst Northern Telecom's decision will be disappointing to the people at South Shields there is still some hope for the region and they are willing to look at suitable facilities in the Washington New Town area. The Northern Telecom team were very impressed by the success of the Black and Decker factory which operates with non-union labour in the Durham area. Northern Telecom however are still looking at other areas in the UK and I have heard that senior management have been impressed by South Wales, particularly in view of the good communications. The M4 gives easy access to Heathrow Airport and to other facilities in Maidenhead.

I am afraid that this is bad news for South Shields and for Dr Clark and I think it is best to tell Dr Clark soon. I suggest that I should write to Dr Clark once Parliament has risen. I will also be suggesting to Mr Benger that he meets Dr Clark to discuss the position.

K.B.

KENNETH BAKER

26 July 1984



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1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215)
GTN 215) 5147
(Switchboard) 215 7877

From the Minister of State
for Industry and Information Technology

RT HON KENNETH BAKER MP

Tim Flesher
10 Downing St
London SW1

26 July 1984

Dear Tim, *Get the info*

DR DAVID CLARK - PLESSEY SOUTH SHIELDS

Your letter of 5 July asked for a letter for the Prime Minister to send to Dr Clark on the take-up of various Departments' support schemes in the S. Shields area, and a commentary of why, as you will see the attached draft confirms, this is so low.

I have put together a draft for the Prime Minister to send incorporating the contributions we have had from the Departments of Employment and Environment in a slightly shortened form. I have, to save time, had our regional office in Newcastle clear this with their DoE and DEmpl counterparts. The respective Private Offices were content with this approach.

You will by now have received a separate minute from Mr Baker to the Prime Minister (not copied to other Departments) dealing with the interest shown by an overseas company in the Plessey factory site and the news we received yesterday that they had decided against locating there. You may wish to consider along with it whether you will wish to handle the draft letter attached differently as a result.

I am copying this to Peter Smith in the Department of Employment and Andrew Allberry in the Department of Environment.

*Yours
Neil*

N M McMILLAN
Private Secretary

M56/M56AAZ

DRAFT LETTER FOR THE PRIME MINISTER

LANABR

Dr David Clark MP
House of Commons
LONDON
SW1A 0AA

When Kenneth Baker and I met you on 5 July, you expressed concern that South Shields, and the North East generally, should receive its fair share of support under various Government schemes.

Kenneth will be in touch with you separately on the ~~and not~~ specific industrial matter we discussed

I have had officials in Departments look at the take up of these schemes in the South Shields area, and I have to agree that it is not entirely encouraging. The main schemes involved are

- (i) Industry Act Assistance: South Shields received around £470,000 in 1983/4, which amounted to 0.4% of the aid taken up in the Northern region. This is a good deal below the rate one would have hoped in an area employing 2.3% of the workforce in the North East. But this, as I

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(iii) Under the Urban Programme, South Tyneside received nearly £4 million of the £34 million allocated to Local Authorities in the Northern region designated under the Inner Urban Areas Act 1978. The total allocation to such authorities throughout the country was £231 million. South Tyneside has increased its use of Urban Programme to build up the economic infrastructure in the area. One of these projects concerns Plessey's own factory in South Shields and we have supported an application for European Regional Development Fund assistance for the Enterprise Centre being planned there and will consider very sympathetically the application we are expecting for support under the Urban Programme. Tyne and Wear Enterprise Trust, who are involved in the project, do valuable work in advising small

businesses and they received £50,000 of Urban Programme support this year.

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(v) I have seen your correspondence with Peter Morrison about the Community Programme. Currently the Northern region's allocation ^{of the} 130,000 filled places is 12,500. This is nearly 2,000 more places than a strict share based on the number of long term unemployed in the region would normally allow, and as such the Northern region does have an advantage here for the moment. In South Tyneside, 657 of the 669 places available have been filled, and the rest will be filled very shortly.

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certainly consider making more places available if the need arises. I have to say, however, that take up of the scheme is lower than expected compared with other parts of the country. Nevertheless 2,200 people have entered the Scheme in the Northern Region since it started there on 1 August 1983. In addition, for young people, we will go on providing as many places under the Youth Training Scheme as is necessary to meet the needs of young people eligible under the scheme.

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of these schemes. In an area which has been traditionally dominated by large-scale industry, I know that there is no strong tradition of people starting 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, while this process has started slowly in the Northern region, mean that our schemes will be taken up to a larger degree ^{there} in the future.

The Directors of the three Departments' Regional Offices in Newcastle stand ready, as in the past, to help local interests in every way possible, and to consider constructively with you and them how take-up of the various schemes might be improved.

Dr. David Clark: P.M. March 84.

26 JUL 1984

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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Timothy Flesher Esq
Private Secretary
10 Downing Street
LONDON SW1

25 July 1984

*Mr Flesher
3/7*

Dear Tim

*GM
A.M.*

Thank you for your letter of 5 July to Henry Derwent about the Prime Minister's meeting with David Clark MP and Don Dixon.

/ I enclose a contribution to the Prime Minister's reply to Dr Clark on the various points which she undertook to look into.

Yours ever

Andrew

ANDREW MELVILLE
Private Secretary

recent
At our meeting, ^{the} ~~will you recall~~
I undertook to look into ~~your~~ ^{the} point about the charges levied
by the Port of Tyne Authority. I have, as you know
~~replied separately in the question to be taken up by various~~
~~Government schemes in South Shields~~

The charges in any particular port are made up of two main elements - those levied by the port authority itself on the services it provides, and those covering pilotage and light dues. The port's charges are a matter for the commercial judgement of the port authority concerned, and the very competitive nature of the industry means there is every incentive for all UK ports to price keenly. I have no evidence that the Port of Tyne Authority are any different in this respect. Indeed, they have made substantial progress in recent years to improve their position after the loss of the former staple trades of coal and iron ore.

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It is distressing that the coal dispute is proving a setback to the position of the Tyne and other ports, and for the job prospects for the many people who depend on them.

Pm: My with David Clark, M.L.

March 84

CF PPS?



Caxton House Tothill Street London SW1H 9NF
6400
Telephone Direct Line 01-213.....
Switchboard 01-213 3000

Tim Flesher Esq
Private Secretary
10 Downing Street
LONDON SW1

file
no acting
19 July 1984

Dear Tim,

Thank you for copying your correspondence to Neil McMillan of 5 July, concerning the meeting which the Prime Minister held to discuss the aftermath of the Plessey closure in South Shields. I now attach a draft reply and also some tables which I hope you will find useful. A copy of a letter from Peter Morrison to David Clark of 16 July on the same subject is also enclosed.

I apologise for the delay in sending this response.

Yours sincerely,
Judith Rutherford

JUDITH RUTHERFORD
Private Secretary

I have seen your correspondence with Peter Morrison at the Department of Employment about the Community Programme. As you know The North and the North West responded promptly to the opportunities offered by the Community Programme and gained temporary use of some places which could not be used immediately in other parts of the country. However as Peter Morrison has said, and I agree, it is right that in the longer term places on this Programme should be allocated according to the incidence of long term unemployment so that an unemployed person has an equal chance of access to a job supported under the Programme, irrespective of where he or she lives. On this basis, the Northern Region's share of the 130,000 filled places available nationally was 10,600 whereas 12,500 places were allocated to them. We have announced that the re-distribution of additional places will not have to be completed until October 1986. Until then the Northern Region will have an advantage over other parts of the country. The position last month was that Northern Region had 12,610 people in jobs supported by the Programme, while in South Tyneside 634 of the 659 places available were filled and the remainder will be filled very shortly.

Places are available immediately on The Enterprise Allowance Scheme in the North-East, whereas in some other parts of the country applicants must wait up to 16 weeks before joining. If the need arises we would certainly consider making more places available for the North-East because take-up is lower than expected, given the level of unemployment. You will remember that I did make a point at our meeting that there may be a lack of a tradition of individual enterprise in the region and this seems to be borne out by the interest that has been shown in this scheme.

Unemployed people have equal access to jobs and training opportunities provided by our measures eg in 1983/84 we provided sufficient places under the Youth Training Scheme to meet the needs of eligible young people in all parts of the country and this will hold true for 1984/85.

COMMUNITY PROGRAMME**Northern Region**

(1) Allocated places	12,500
(2) Filled places	12,610
(3) Approved places	15,722
(4) Authorised places	15,555

South Tyneside

(2) Filled places	635
(3) Approved places	659
(4) Authorised places	659

(1) Region's share of national target of 130,000 filled places.

(2) Places occupied by long term unemployed people.

(3) Places on projects which have been approved for support under the Programme.

(4) Places on projects which have been approved for support on the Programme where the Manpower Services Commission has given the sponsor authority to recruit unemployed people for the jobs which the project has created.

1 In April 1984 Northern Region's allocation of places was 12,500 places. On the basis of a national allocation of 130,000 places this will be reduced to 11,000 by October 1985 and to 10,600 by October 1986.

2 The majority of places in South Tyneside has been taken up by South Tyneside Metropolitan Borough Council.

3. The Northern Region's share of unemployment in the Community Programme's client group (18-24 year olds unemployed for more than 6 months, 25 year olds and over unemployed for more than a year) has been constant at 8.2% - 8.3%. Their planned share of CP places (October 86) is 8.2%.

YTS FIGURES NORTHERN REGION

	1983/84	1984/85
Approved Places To 31.3.84		<u>Planned Places</u>
MODE A	16769	MODE A 15995
B1 - CP	5246	B1 - CP 3879
TW	2435	TW 2491
ITEC	380	ITEC 500
B2	<u>3928</u>	B2 <u>3045</u>
	28758	<u>25910</u>
Entrants To 31.3.84		<u>Planned Entrants</u>
MODE A	13870	MODE A 17390
B1 - CP	5224	B1 - CP 3790
TW	2639	TW 2490
ITEC	419	ITEC 555
B2	<u>3557</u>	B2 <u>3020</u>
	25909	<u>27245</u>
In Training at 31.3.84		
MODE A	10001	MODE A 68
B1 - CP	3334	B1 - CP 221
TW	1660	TW 240
ITEC	320	ITEC 4
B2	<u>2592</u>	B2 <u>11</u>
	17907	544
		At 31.5.84
		MODE A 10596
		B1 - CP 3935
		TW 1094
		ITEC 435
		B2 <u>1285</u>
		17345

YTS Figures for South Shields and Hebburn

		<u>1983/84</u>		<u>1984/85</u>
<u>Approved</u>				
	Mode A	- 1114	Mode A	- 76
	B1-CP	- 374	B1-CP	- 300
	TQ	- 187	TW	- 189
	ITeC	- 45	ITeC	- 45
	B2	- 166	B2	- Nil
		1887		610
<u>Entrants</u>				
	Mode A	- 937	Mode A	- 20
	B1-CP	- 360	B1-CP	- 136
	TW	- 242	TW	- 46
	ITeC	- 45	ITeC	- 1
	B2	- 224	B2	- Nil
		1808		203
<u>Intraining</u>				
at 31.3.84	Mode A	- 690	Mode A	- 634 at 19.7.84
	B1-CP	- 304	B1-CP	- 311
	TW	- 141	TW	- 156
	ITeC	- 38	ITeC	- 37
	B2	- 106	B2	- 65
		1279		1203

Schemes in the area are considered good quality and all are up to standards set by the MSC.

No separate figures for South Shields

ENTERPRISE ALLOWANCE SCHEME

	EAS TAKE ON TO 10.8.84.	%	unemployed(thousands) (14.6.)	%
London	3824	9.6	369.6	12.7
Southern	6187	15.5	420.1	14.4
South West	3195	8.0	179.3	6.2
Midlands	7150	17.9	520.7	17.9
North West	7728 (including Cumbria)	19.2	445.0	15.3
Y&H	3767	9.4	280.1	9.6
Northern	2306 (excluding Cumbria)	5.8	204.0	7.0
Scotland	3206	8.0	329.1	11.3
Wales	2644	6.6	162.9	5.6
TOTAL	40,007	100.0	2910.8	100.0

Northern Region - EAS Teams Coverage of TTWA

	Take on	%	unemployed(thousands)	%
Newcastle	636	27.6	50.8	24.9
* Gateshead	638	27.7	62.9 ⁽¹⁾	30.8
Darlington	473	20.5	35.2	17.3
Middlesborough	559	24.2	55.1	27.0
<u>TOTAL</u>	<u>2306</u>	<u>100.0</u>	<u>204.0</u>	<u>100.0</u>

There are no waiting lists in Northern Region area and there does not seem to be the demand even if more places were allocated.

* (1) Includes Chester-le-Street, Seaham and Washington (Darlington EAS area) and Prudhoe (Newcastle EAS area).

JOB RELEASE SCHEME

On the full-time Scheme at 4 July 1984 123 people were in receipt of the allowance who had their applications handled by the South Sheilds Jobcentre. The figure for the Northern Region at this date is 5184.



Minister of State

Our Ref: PO 12390

Dr David Clark MP
House of Commons
LONDON SW1A 0AA

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213.....7.790.....
Switchboard 01-213 3000

16 July 1984

David

Thank you for your recent letter and the enclosed copy of one from Mr K Stringer, Director of Education of South Tyneside Metropolitan Borough Council, about the Community Programme.

I wrote to you on 30 March 1984 and 29 May 1984 about the redistribution of Community Programme places within your constituency. As part of this exercise the Borough Council has been asked for the present to reduce the size of its agency from 600 to 500 places. The reduction in the number of places available will inevitably intensify the competition for support under the Programme and, in consequence, local officials and Area Manpower Boards have to make judgements between projects. They have been asked to give priority to projects which are most likely to improve the long term unemployment prospects of the participants and which produce the highest level of practical benefit to the local community. All new proposals and renewal applications must be assessed against these guidelines.

We are at present reviewing a number of the Government's employment schemes and I am aware of the popularity of and competition for funding under the Community Programme. An announcement on the future of the Programme will be made in due course.

I understand that Brian Baxter, the local Area Employment Manager met Mr Stringer and other representatives of the Borough Council on 26 June 1984 when the problems outlined by Mr Stringer in his letter were discussed and the Education Department were invited to submit a request for extra places. When this is received by the Manpower Services Commission it will be carefully considered, but, as I am sure you will appreciate, I cannot prejudge this local decision. I will of course keep you fully informed of developments.

I hope this is helpful. Thank you again for writing

Peter Morrison

PETER MORRISON



2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

19 July 1984

Dea Pirvate Secretary

*Ar
19/7*

As you know, Tim Flesher copied to us his letter to you about the Prime Minister's recent meeting with local MPs to discuss the Plessey closure in South Shields.

This Department is not, of course, directly involved in assistance to the unemployed or small businesses. Nevertheless, it does support through the Urban Programme local authority schemes involved in this area, as well as projects which have a more general impact on the local economy by improving the local infrastructure. South Tyneside is a "Programme Authority" and as such receives an allocation of Urban programme resources. It is also about to put to the Department a scheme for the conversion into managed workshops of the factory that Plessey themselves are vacating.

A contribution to the draft letter to Dr Clark, covering these points, is enclosed. Within the total amount of resources allocated nationally to the Urban Programme, we are satisfied that South Tyneside is receiving its full share. We are less happy about the number of Urban Development Grant projects coming forward from the authority. As the draft points out, these are demand-led and depend upon suitable projects coming forward from the private sector. Nevertheless, action is being taken by the Department to try and increase the number of successful projects; South Tyneside is among a small group of authorities being offered grant for the employment of "facilitators" to aid local authorities and developers in putting together UDG schemes, and both the UDG appraisers (seconded from the private sector to examine schemes put forward) and the Department's Regional Office are doing what they can to stimulate interest in projects locally.

I hope that the enclosed draft provides you with sufficient material. I am copying this letter to Tim Flesher and Peter Smith.

Yours,
Andrew Allberry

A C ALLBERRY
Private Secretary

Private Secretary to
The Rt Hon Kenneth Baker MP

CONTRIBUTION BY DEPARTMENT OF THE ENVIRONMENT TO DRAFT LETTER
FROM THE PRIME MINISTER TO DR DAVID CLARK, MP

In addition to programmes specifically aimed at providing support to the unemployed and small businesses, there is also the assistance which is given to South Tyneside under the Urban Programme. As a "programme authority", South Tyneside has received this year an allocation of £3.93m. Its share is broadly commensurate with the relative scale of its urban deprivation, and is part of a total of £34m allocated to authorities in the Northern Region designated under the Inner Urban Areas Act 1978 out of the £231m given nationally to such authorities. With the Government's encouragement, South Tyneside have made a good effort in recent years to increase the proportion of their UP resources devoted to economic projects, which has risen from 37% in 1981/82 to 49% in 1984/85, and there has been a good uptake of grants to private firms under the Tyne and Wear Act 1976 and the Inner Urban Areas Act 1978, for which £150,000 has been allocated this year.

Plessey's own factory is the subject of a proposed Urban Programme project, involving its conversion into a new enterprise centre and managed workshops, consisting of 100 small units. The project is the result of an initiative by Northern Engineering Industries, who commissioned the consultants, Job Creation Limited, to undertake a study of how additional job opportunities might be created in South Tyneside. The project will involve both the public and private sectors and the enterprise centre will be managed by the former head of the local enterprise agency at

Consett. The Government has supported an application for ERDF money for the project, and will consider sympathetically an application for UP support, when this is received from the local authority.

One of the agencies involved in the project is the Tyne and Wear Enterprise Trust (Entrust), who are actively involved in advice to small businesses and to those wishing to set up in business on their own. They receive support from the Urban Programme (£50,000 this year), and have a local office in South Shields.

As well as having their own UP allocation, South Tyneside have also been invited to submit private sector schemes for assistance under the Urban Development Grant scheme. Unfortunately, not as many schemes have come forward as we would have wished. Only three schemes were submitted by South Tyneside in the first year of the grant's operation, all of which were ultimately withdrawn. One further scheme has been submitted this year, and this is currently under consideration. The problem here is that the grants are demanded and depend on interest from the private sector. In an effort to improve South Tyneside's performance, steps are being taken to improve awareness of the grants locally. The position is somewhat better in the Northern Region as a whole with offers of £11m of UDG having been made so far, involving total investment of £40m.

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MB with
P. Curran
3/84



File to

10 DOWNING STREET

From the Private Secretary

5 July, 1984.

I enclose a note of a meeting which the Prime Minister held with Dr. David Clark, M.P., and Mr. Don Dixon, M.P., about South Shields. During the course of the meeting Dr. Clark suggested that shipping is failing to use the Tyne owing to excessive charges imposed by the Port of Tyne Authority. I should be grateful if you could look into this and arrange for a draft letter for the Prime Minister to send to Dr. Clark.

BTI

I am copying this letter to Neil McMillan (Department of Trade and Industry).

Timothy Flesher

Henry Derwent, Esq.,
Department of Transport.

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ce Maxter

JBD, A.A.S.

Jee

SUBJECT



10 DOWNING STREET

From the Private Secretary

5 July, 1984.

Dear Neil

The Prime Minister, together with Mr. Baker, met Dr. David Clark, M.P., and Mr. Don Dixon, M.P., to discuss the aftermath of the Plessey closure in South Shields. Mr. Alison was also present.

Dr. Clark said that the workforce of Plessey, having cooperated to a very large extent with the closure of the South Shields factory, had been particularly concerned at the announcement by the company of a major expansion at Plymouth. The answers which had been given as to why Plessey had not chosen another site in the north east, had seemed extremely unconvincing. Mr. Baker noted that Plessey had stressed the need for their new factory to be close to their Swindon and Plymouth sites. In any event, the decision was a fait accompli about which the Government had known nothing in advance.

Both the Prime Minister and Mr. Baker stressed that the important point now was to maximise the chance that another high technology company might set up in South Shields. The Managing Director of the company was visiting the area in the next few days accompanied by a team from the Department of Trade and Industry who would be concerned with selling the area to him. Whether this possibility will turn into reality depended upon the outcome of a public sector contract which at this stage looked promising. The contract would last for three years although there was always the chance that during that time additional work would be found. A few hundred jobs would be provided. The company had made it clear that given the relatively short period of the contract, they would only go to South Shields if there was a guarantee that they would not be subject to pressure if there had to be a closure after three years. Dr. Clark said that he would willingly give such an undertaking for himself and for those for whom he spoke. He fully accepted that the Department was doing everything possible to bring the company to South Shields, and he would do whatever he could to support those efforts.

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More generally, Dr. Clark stressed that the unemployment situation in South Shields was becoming desperate. There had been 500 redundancies in recent weeks, and the unemployment rate was going over 25%. Morale, especially amongst young people, was extremely low. He was not convinced that the various aspects of regional policies were helping South Shields as they should, or that South Shields and the north east in general received their fair share of national schemes such as the Community Programme and the Enterprise Allowance Scheme. The Prime Minister wondered to what extent this was due to an absence of a tradition of individual enterprise in the area. Nevertheless, she undertook to look into the point Dr. Clark had made. Dr. Clark also mentioned his view that shipping was tending not to use the Tyne because the charges imposed by the Port of Tyne Authority were higher than in comparable ports. The Prime Minister undertook also to look into this point.

Following the meeting the Prime Minister asked that the various points made by Dr. Clark should be followed up. In particular, she asked that the relevant Departments should look at the extent to which the various programmes providing assistance for the unemployed and for small business were taken up in the north east in general, and in South Shields in particular. She would be grateful for a letter to Dr. Clark setting out the information at our disposal, and, if as Dr. Clark had argued, this suggested that South Shields received less than might be expected, a commentary on the reasons for this.

I am accordingly sending a copy of this letter to Peter Smith (Department of Employment), and Andrew Allberry (Department of the Environment), for any contribution which they wish to make.

Tim Flesher

Neil McMillan, Esq.,
Department of Trade and Industry.

MEETING BETWEEN DR. CLARK AND MR. DON DIXON OF PLESSEY

* but see overleaf. but Dr Clark is not aware of this

The company which is interested in taking up manufacturing space in the South Shields area is Northern Telecom (NT)*. NT's interest is dependent on obtaining a British Telecom order which has still not been landed. NT have stressed to us that if this order should be landed it will provide three years' work at the most. They have expressed concern that they should not have to endure at the end of three years the sort of political campaign which has been organised against the Plessey closure. David Clark, MP, understands this worry entirely and has given an assurance that NT will not be subjected to a high profile political campaign against closure should NT after three years be required to run down production. He has, however, said that his political position would require that some token gesture in this regard would no doubt be necessary. NT have been told this and they are relieved that any such campaign would be moderate.

The process of selling South Shields to NT has already started, although it is the DTI's opinion that the area should be sold to them on good commercial grounds. However, it will be stressed to NT how important, for political and social reasons, it is that they should be seen to be good citizens. Although the NT Board will no doubt be hard-headed, discussions with Wally Benger, the Managing Director, have revealed that he understands this point. The Department has also impressed on Mr. Benger that there is no pressure to occupy the current Plessey site, although we place great importance in them setting up somewhere in the immediate vicinity. The DTI's Invest in Britain Bureau will be arranging for Mr. Benger to visit the South Shields area as soon as possible.

The DTI has, over the last few weeks, been optimistic that there is a real prospect of landing NT in the South Shields area. They would indeed be a valuable capture. Already, Plessey are starting to lay off part of their workforce.

The mood of the workforce over the last few weeks has, however, changed. Although their campaign against the closure has still

not become militant, there is no doubt that the workforce and the MPs for the area are bitterly disappointed at Plessey's sudden announcement to open a further manufacturing facility at Plymouth.

It is important to note that David Clark has not been advised as yet that NT are the company with whom the Department has been negotiating and nor are they aware that British Telecom is the company for whom they will depend for this major contract.

David Clark understands entirely that the Department has not revealed this to him because it has been NT's express wish to keep their considerations confidential. The DTI continue to wish to keep this confidential and David Clark will not press to know.

The DTI's North East Regional Office is still holding discussions with the South Tyneside Borough Council on the question of nursery workshops and is considering with the Council whether there is any scope for assistance through the non-quota section of the European Regional Development Fund. These discussions are continuing as quickly as they can.



CDTI
MA.

10 DOWNING STREET

THE PRIME MINISTER

22 June 1984

Dear Mr. Clark,

Thank you for your letter of 6 June on Plessey's announcement last week of its intentions to invest £50 millions in an integrated circuit factory at Plymouth.

I understand that use of the South Shields factory was considered by the company's consulting engineers, who found it unsuitable for integrated circuit manufacture. Modification of the building at considerable expense, would have been necessary to provide clean room facilities and associated services like water treatment, special gas supplies and air filtration. The main obstacle, however, is in the mechanical stability needed to manufacture advanced integrated circuits with features defined to less than a micron; this would have necessitated a complete reconstruction.

Further, Plessey already has plants at Swindon and Plympton and concluded that its new plant needed to be adjacent to one of these. The company claims that otherwise it would need to recruit extra process support and product engineering staff so that the third site would be largely self-sufficient and that, with their product mix, this would have significantly reduced the competitiveness of their products.

I can appreciate that Plessey's announcement is disappointing for South Shields and for the North East. There are hopes of an alternative use for the South Shields site, as I mentioned in my letter of 4 May. This is still

/ being considered

being considered, but is a long way yet from being a certainty.

Plessey has applied to the Department of Trade and Industry for grants for the Plymouth project, with provisional costings. The Department is now considering whether this application meets the usual criteria.

Insofar as the project is eligible for Regional Development Grant, RDG is paid automatically so long as the expenditure is eligible for grant according to the normal criteria.

You asked if I will be prepared to meet Don Dixon and yourself again to discuss the present situation. I should, of course, be more than willing to do so and perhaps you would contact my office to arrange a time.

Yours sincerely

Margaret Thatcher

Dr David Clark, M.P.

PRIME MINISTER

As you know, Dr. David Clark MP wrote you a further letter about the closure of the Plessey factory in South Shields asking to meet you again to discuss the announcement by Plessey of a new factory at Plymouth. The attached draft reply from DTI explains the reasons why Plessey did not consider that the South Shields site was suitable. DTI advise that you should meet Dr. Clark and Mr. Don Dixon if you wish. I note, however, that he has also asked to meet Kenneth Baker, and a further meeting with you, particularly during such a busy month, to discuss a point which is not essentially about a closure, might be overdoing it a bit. Nevertheless, I know that you are sympathetic to Dr. Clark's problems in South Shields and have drafted the letter on the assumption that you wish to accede to his request for a meeting.

If you wish to meet Dr. Clark but would prefer to keep your powder dry, we can contact him by telephone rather than by letter. Do you wish

- a) to agree to the meeting and if so
- b) to write as attached or
- c) to leave this material for the meeting itself?

21 June 1984

Jeve

PRIME MINISTER

Joy passed the attached correspondence to me following David Clark's mention of a meeting. In fact his letter of 6 June, which is attached, is entirely separate from the earlier correspondence about a constituent of yours. The company which Dr. Clark mentions, Newman's Limited of South Shields, is as he says in the hands of the Receiver who is in touch with DTI about the possibility of help. Since Dr. Clark does not positively request a meeting but merely says he might be seeking one if the factory finally closes, perhaps you might like to reply along the attached lines.

20 June 1984



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

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

PS/ Secretary of State
for Trade and Industry

19 June 1984

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

*Papers marked to Tim
12/16*

Dear Tim,

Thank you for your letter of 7 June enclosing the correspondence to the Prime Minister from Dr David Clark MP on the recent Plessey announcement. A suggested reply and .. background note are attached.

2 Subsequently Dr Clark has sought a meeting with the Prime Minister and with Mr Baker. The Department will provide a brief for these meetings.

*Your ever,
Andrew Lansley*

ANDREW D LANSLEY
Private Secretary

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DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO:

Dr David Clark MP
House of Commons
LONDON
SW1A 0AA

Thank you for your letter of 6 June on Plessey's announcement last week of its intentions to invest £50 millions in an integrated circuit factory at Plymouth.

I understand that use of the South Shields factory was considered by the company's consulting engineers, who found it unsuitable for integrated circuit manufacture. Modification of the building at considerable expense, would have been necessary to provide clean room facilities and associated services like water treatment, special gas supplies and air filtration. The main obstacle, however, is in the mechanical stability needed to manufacture advanced integrated circuits with features defined to less than a micron; this would have necessitated a complete reconstruction.

Further, Plessey already has plants at Swindon and Plympton and concluded that its new plant needed to be adjacent to one

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of these. The company claims that otherwise it would need to recruit extra process support and product engineering staff so that the third site would be largely self-sufficient and that, with their product mix, this would have significantly reduced the competitiveness of their products.

I can appreciate that Plessey's announcement is disappointing for South Shields and for the North East. There are hopes of an alternative use for the South Shields site, as I mentioned in my letter of 4 May. This is still being considered, but is a long way yet from being a certainty.

Plessey has applied to the Department of Trade and Industry for grants for the Plymouth project, with provisional costings. The Department is now considering whether this application meets the usual criteria. ~~If it does then there can be no question of withholding or halting the grant, as you suggest.~~

Indeed, ^{if} insofar as the project is eligible for Regional Development Grant, RDG is paid automatically so long as the expenditure is eligible for grant according to the normal criteria.



BACKGROUND NOTE ON THE PROPOSED PLESSEY FACTORY IN PLYMOUTH

Plessey Semiconductors is rapidly expanding at 30% yearly and now needs capacity for integrated circuit manufacture additional to its plants at Swindon, which incorporates the company's design centre, and Plympton.

The company has explored carefully alternative options for acquiring this additional capacity. Its present plants are incapable of sufficient expansion, and the purchase of existing plants from other companies in the UK and US has proved unattractive. Plessey also considered the possibility of modifying the South Shields factory, the closure of which was discussed with the Prime Minister by Dr David Clark MP and Mr Don Dixon MP on 12 April.

Unfortunately there are two major drawbacks in using the South Shields building. Firstly the manufacture of advanced integrated circuits calls for extremely demanding environmental services, in terms of air cleanliness, temperature and humidity control and freedom from vibration. Plessey was advised by its consultants that the present building cannot meet, even with some modification, the latter condition, since mechanical isolation of the floors from walls and roof would be necessary, as well as major piling to support the floors.

The second drawback is in servicing a third site from Swindon both in terms of cost and taking up the time of its skilled staff, who are in short supply. Plessey estimates that the additional manpower for a third site would be 75 staff in process support and product engineering over expansion in Plymouth and this would seriously affect the competitiveness of its products.

... Plessey announced on 6 June its intention to build a new plant in Plymouth at a cost of £50 millions (press announcement is attached) and that it is seeking government support. We have received an application, with provisional costings, which is now being assessed.

... A suggested reply is attached.

Department of Trade and Industry
LA Division

13 June 1984

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10 DOWNING STREET

From the Principal Private Secretary

11 June 1984

Many thanks for your letter of 8 June and for the background information about your plans for the development of your semiconductor business including the closure of the Plessey factory at South Shields. It is very useful to have this, and I will make sure that the Prime Minister is aware of it if any aspect of the matter is raised with her.

FERS

Sir John Clark



Jeve.

DF
11/6

10 DOWNING STREET

From the Principal Private Secretary

11 June 1984

I attach a copy of a letter which I have received from Sir John Clark about Plessey's plans to expand their semiconductor business, including the closure of their South Shields plant. No doubt this is familiar to you, but I thought you should have a copy of the letter. I have acknowledged it and no further action is necessary.

FARB

Callum McCarthy, Esq.,
Department of Trade and Industry.

✓



HOUSE OF COMMONS
LONDON SW1A 0AA

11 June 1984

EC

Rt Hon Margaret Thatcher MP
10 Downing Street
London W1

Prime Minister:

*Do you wish
to meet Dr Clark and
Mr Dixon again?*

Dear Prime Minister

Since I last wrote to you about Plessey's I have met the
workforce and have obtained further information about
the latest moves in this case.

12/6

I wonder whether you would be prepared to meet Don Dixon
and myself again to discuss the new developments, which
in essence mean a transference of 600 jobs from South
Shields to Plymouth at the cost of £16 million to you and
I as taxpayers.

I look forward to your reply.

Yours sincerely

David Clark

Dr David Clark MP

Advice for -

DTT

mt

CHAIRMAN AND CHIEF EXECUTIVE
SIR JOHN CLARK



The Plessey Company plc
Millbank Tower London SW1P 4QP
Telephone: 01-834 3855 Telex: 897971

8th June 1984

F E R Butler Esq
Principal Private Secretary
to the Prime Minister
No 10 Downing Street
LONDON SW1

Dear Robin.

You will I am sure be aware of our exciting new £50m programme to develop our semiconductor industry. We announced this at a press conference on Wednesday 6th June. Unfortunately, there has been a reaction from some quarters expressing some rather harsh comment bearing on our decision to close a telecommunications plant employing 600 people in South Shields, whilst apparently announcing an equivalent new factory in the Plymouth area also creating 600 new jobs.

As you may imagine it is clearly not in our interest to dispel with the goodwill of a superb work force and the production capacity of an existing facility such as South Shields without some very detailed soul-searching and analysis. The decision to close this factory was one which was reached with the understanding of the Rt Hon Kenneth Baker MP, to whom we explained that because of the run-down of old-fashioned technology that the old factory could no longer be economically justified. However, this decision was not taken without first considering to what other use the facility and its work force could be put.

The new programme of investment provides for a totally new type of building especially designed for the manufacture of advanced microchip products. Requirements for production of these amazingly small dimension products - eventually down to 1 micron - are extremely stringent. There must be precisely controlled temperature, humidity and dust particle count. Conditions of a cleanliness which could not be found in any existing Plessey building are essential. Furthermore, when dealing with the exacting dimensional tolerances required, vibration becomes a serious problem, indeed it becomes a major limiting factor. The production floor has to be mounted on separate piles isolated from side walls, roof structure and basement floor. The production floor has to be constructed of a special dynamically stable, vibration resistant material and the basement area for services has to be located directly under, and as close as possible to, the production area to prevent the induction of impurities into the process materials.



For those reasons, conversion of an existing, even high quality conventional building, is absolutely impossible for good technical reasons.

Now another issue is whether we should have chosen to construct this new building at a location in South Shields. Plessey Semiconductors have had a rapidly expanding (at least 30% per annum) MOS facility at Plympton near Plymouth, for some 10 years. Now employing 250 people, this operation is forecasting a continuing, even increasing, level of growth for the foreseeable future. A very important part of the plan to expand our MOS business into the new generation microchip manufacture is to situate the new building as closely as possible to the existing one. This is necessary to allow an effective changeover of product and specialist production knowledge to the new manufacturing area. Also it is fundamental that we utilise the existing highly trained and specialist work force and technical staff to commission the new factory upon completion 18 months from now.

Finally, another source of very understandable aggravation has been the figure of 600 persons which would be employed by this new factory compared to a similar number losing their jobs in South Shields. In fact, about 250 new employees will be required during the near future at the new plant. We expect that this number will grow to 600 by the year 1990 and this figure includes 100 persons who will have to be located at the Plessey Semiconductors headquarters in Swindon in the central design and services area. These people will have to have a very different type of skills mix from those in the South Shields establishment.

In summary, I hope you will understand that it is not our business policy to make large redundancy together with vast re-investment decisions without looking across the whole gamut of Plessey Group interests to ensure synergy. We have found that unfortunately the South Shields facility cannot be used for any other programme within our sphere of presently-understood operations. Also since the market requires our expansion in an area of expertise which we believe is fundamental to our future survival, we must take the broadest possible view of the best way to capitalise on this capability. For good technical, synergistic and employment grounds therefore, we are convinced that our only logical course of action will be to expand our existing semiconductor facility in the Plymouth area.

Sincerely



SNRS
Enclosures
Press cuttings re New Semiconductors Plant



Charles Barker Group Limited
 30 Farringdon Street, London EC4A 4EA
 Telephone 01-634 1000
 Telex 883588/887928

FINANCIAL TIMES

Plessey to build £50m microchip plant

By Jason Crisp

PLESSEY, the British electronics group, is to spend £50m on building a microchip plant at Plymouth, Devon, which will employ over 600 people by 1990.

The investment is part of an £80m programme for microchip capital expenditure over the next five years. In addition, Plessey expects to spend £30m on research and development over the same period.

Plessey specialises in semi-custom and full custom semiconductors, designed for specific applications, rather than the commodity microchips made by companies like Texas Instruments, Intel, NEC and Inmos.

It is mostly that latter sector where supply shortages have been seen recently, but chips for specific applications are now taking an increasing share of the overall semiconductor markets. Sales of the application specific product worldwide last year reached \$2.8bn (£2bn), according to U.S. consultants Dataquest.

Sir John Clark, chairman of Plessey, said yesterday the company was determined to increase its share of the world microchip market, which was "so important for the future of the electronics industry."

Plessey semiconductor sales are currently over £50m a year. It expects to increase that by 450 per cent over the next five years.

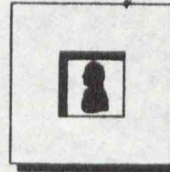
The Plymouth plant will produce chips for use in telecommunications, direct broadcast by satellite and cellular radios.

The company already makes microchips in Swindon, Wilts, and at Plympton, near Plymouth.

The company is seeking government support for the new plant in the form of regional development grants and under the Microelectronics Industry Support Programme.

The other British companies making microchips are GEC, Ferranti and Inmos, which is Government-owned.

Several foreign-owned companies have or are building semiconductor plants in Britain, including National Semiconductor of the U.S., NEC of Japan and Motorola of the U.S.



Charles Barker Group Limited
30 Farringdon Street, London EC4A 4EA
Telephone 01-634 1000
Telex 883588/887928

DAILY TELEGRAPH

Plessey plans £50m plant for microchip

**By Our Business
Correspondent**

PLESSEY the electronics group, yesterday announced plans for a £50 million microchip plant which could create up to 600 jobs on a 13-acre site at Plymouth.

Construction is to start shortly and the plant should be in full production by the end of next year. In its first two years 250 jobs will be created.

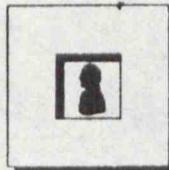
Sir John Clark, Plessey chairman, said the company was seeking Government help for the plant.

Significant expansion

He added: "At a time when so many sections of industry are talking of retrenchment it is heartening to be able to announce a significant expansion which will create jobs for Britain.

"The Government has repeatedly emphasised its determination to increase the effectiveness of the UK electronics industry and we are looking forward to full Government support for this particular investment plan."

cb



Charles Barker Group Limited
 30 Farringdon Street, London EC4A 4EA
 Telephone 01-634 1000
 Telex 883588/887928

- 6 JUN 1984 - 6 JUN 1984

THE STANDARD

PLESSEY'S DISH OF CHIPS

ELECTRONICS giant Plessey are investing £50 million in a new silicon chip plant in Plymouth to step up production of chips for such markets as telecommunications, direct broadcasting by satellite and cellular radio.

The plant, due to come on stream at the end of next year, will initially produce five inch wafers offering 250,000 transistors on a single chip.

Plessey chairman Sir John Clark said the investment was "good news for Plessey, for Britain and for the industry in general."

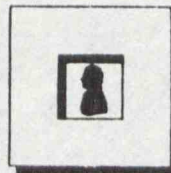
Plessey have concentrated on "application specific" chips where the worldwide market is expected to grow this year by nearly 40% to around £3 billion. But most chip users go for "standard component" chips which are still expected to hold 65% of the market in 1990 even after rapid growth in the "application specific" field.

Sir John justified Plessey's chip strategy by saying that in the "standard component" market, the company faced "the most ginormous competition" from the U.S. and Japan.

Plessey are committing £130 million over the next five years just to silicon chips, while £50 million is being invested in Gallium Arsenide, a new chip material. CB

07 JUN 1984

Press Cuttings Service



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Charles Barker Group Limited
30 Farringdon Street, London EC4A 4EA
Telephone 01-634 1000
Telex 883588/887928

THE TIMES

Plessey picks Plymouth for microchip plant

By Jonathan Davis, Financial Correspondent

Plessey is to spend £50m on building an advanced microchip factory in Plymouth, which could create up to 600 jobs by 1990.

Construction of the 120,000 sq ft plant is to begin in the next few weeks, with the aim of starting production by the end of 1985. The company is negotiating with the Department of Trade and Industry about grants. Sir John Clark, chairman of Plessey, announcing the project said yesterday that the plant will produce sophisticated integrated circuits

(microchips) for specific uses in telecommunications, military electronics and mobile radio systems.

In common with other British companies, Plessey has no plans to produce multi-purpose, or standard microchips, the bulk of which are imported from the United States and Japan.

Sir John said that Plymouth had been chosen because of its development area status, good communications and skilled labour. About 250 jobs will be created in the first two years. *AB*



Plessey to make microchips in Plymouth

By Jonathan Davis

Plessey is to spend £50m on building a microchip factory in Plymouth, which could create up to 600 jobs by 1990.

Construction of the 120,000 sq ft plant is to begin in the next few weeks, with the aim of starting production by the end of 1985.

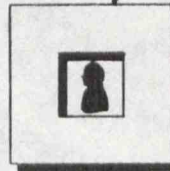
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Telephone 01-634 1000
Telex 883588/887928

THE SUN

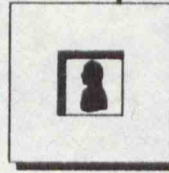
Jobs with chips

ELECTRONICS giant Plessey yesterday announced plans to build a new £50million microchip factory at Plymouth. The plant is expected to be operational next year, and to create up to 800 jobs by 1990. *cb*

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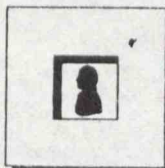
DAILY MAIL

600 jobs at chip factory

THE electronics giant Plas-
say is to build a £50 million
microchip plant at Plymouth
which could create 600 jobs. *cb*

07 JUN 1984

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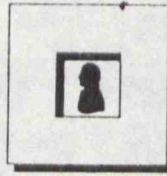
Charles Barker Group Limited
30 Farringdon Street, London EC4A 4EA
Telephone 01-634 1000
Telex 883588/887928

MORNING STAR

Chip plant planned

The electronics giant Plessey yesterday announced plans to build a new £50 million micro-chip plant at Plymouth initially providing 250 jobs and hopefully 660 by 1990.

Press Cuttings Service



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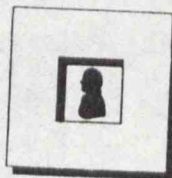
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30 Farringdon Street, London EC4A 4EA
Telephone 01-634 1000
Telex 883588/887928

DAILY STAR

STAR NEWS

Electronics giant Plessey yesterday announced plans to build a £50 million microchip plant in Plymouth which will create up to 600 jobs. *CB*

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was announced show that the Government is still not brave enough to face the real issue publicly. Sir John Clark, chairman of the huge electronics group Plessey, has no such political inhibitions.

He said yesterday that Plessey would not get into the mass-market chip business — the competition is too huge — yet he also acknowledged that Britain should be in that business.

The paradox has been painted again and again. If Britain today had three firms making mass-market chips then we would have the edge on our competitors in the current world shortage.

Britain's demand for chips now exceeds that of any other European country — mainly but not entirely because of our home computer bonanza. We cannot satisfy that demand, because the collection of foreign-owned chip plants here do not con-

tribute their chips directly to the UK. Therefore economic revival is being slowed.

But, as Sir John Clark indicated, there is no commercial sense in meeting that demand on a UK scale. The business is far too chancey. So, the only answer is a non-market one, a government-backed supply of a crucial but uncommercial national resource.

Mrs Thatcher has bought most of the arguments about the post-industrial world we are moving into. But that particular argument she just cannot accept. Therefore, whatever Inmos deal eventually emerges, Britain now looks certain to lose a crucial advantage. We will be paying for it in the 1990s.

C.I.S.

THE GUARDIAN

Old paradox

THE Government's decision (reported below) to resist the easy option in its determination to denationalise the state-owned microchip enterprise Grants is heartening so far as it goes.

But the terms in which it

Institutions' plan for investment turned down as Plessey reveals new plant

Baker rejects City stake in Inmos

By Peter Large.

Technology Correspondent

The government has rejected a £30 million investment package proposed by City institutions for a 30 per cent stake in the state-owned microchip company Inmos, because it undervalues the company.

The rejection was announced in the Commons yesterday by the Information Technology Minister, Mr Kenneth Baker. He said in reply to questions that the government's British Technology Group, which owns three-quarters of Inmos, would now explore "other options" for the privatisation of the firm. These could include an American share flotation or a takeover by the American giant AT&T on a new basis that would ensure the development of Inmos technology in Britain.

Earlier yesterday, the Plessey electronics group an-

nounced a further strengthening of Britain's hold on microchippery through a £50 million investment in a new chip-making plant in Plymouth. This plant will provide about 250 new jobs in the next two to three years and should be employing 600 by 1990.

But the Plessey expansion will be in microchips designed for a particular industry sector, like telecommunications, not in mass-market general-purpose chips — the mainstream of the business in which Britain had no presence till the formation of Inmos in 1978.

Plessey's chairman, Sir John Clark, in making the announcement, frankly acknowledged the commercial dilemma of Britain's strategic need for mass-market chips — particularly now that the world is caught in yet another chip famine.



Sir John Clark

He said that Plessey, although it has been in the chip business since 1957, had set its face against the mass-market

business because of "the most ginormous" competition in the two vast market places of the US and Japan. Yet Sir John also said that Britain needed to be in that business — if only for balance-of-payment reasons.

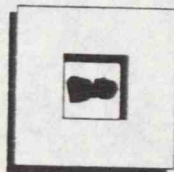
In his Commons statement, Mr Baker said that the Government had "withheld the signature" of the British Technology Group to the City's Inmos deal, thereby hinting that the BTG itself would have accepted, despite resistance from within Inmos. The reply also indicates that the Industry Department has — pro-tem — won its battle with the Treasury over a quick Inmos sell-out.

Mr Baker pointed out that Inmos was now into profit. (The company, in fact, is currently ahead of its 1984 projections of a £10 million profit.)

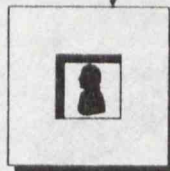
The Minister said that the BTG, in "actively exploring other options," would bear in mind the taxpayers' past investment (amounting to around £100 million in a mixture of direct funding, grants, and loan backing) and the future development of Inmos technology.

Plessey's new plant in Plymouth, due to be in production next year, will be seven miles from another Plessey chip factory at Plympton. Plessey's chip sales last year totalled more than £50 million, 70 per cent of them in exports.

The semi-specialised chips on which Plessey — and Britain's other big electronics groups — are concentrating are increasing in importance. It is estimated that by 1990 they will account for 30 per cent of the total world market for microchips.



Charles Barker Group Limited
30 Farringdon Street, London EC4A 4EA
Telephone 01-634 1000
Telex 883588/887928



-5 JUN 1984

WALL STREET JOURNAL

Plessey to Spend \$70.1 Million To Build Semiconductor Plant

By BETH KARLIN

Staff Reporter of THE WALL STREET JOURNAL

LONDON - Plessey Co. plans to spend about £50 million (\$70.1 million) to build a semiconductor plant in the U.K., in hopes of tapping an expected world-wide boom in semi-custom integrated circuits.

Plessey, a major British electrical company, is expected to announce its specific investment plans tomorrow. Its expansion comes as several other European semiconductor makers are starting to build up their semi-custom integrated circuit businesses as well. Plessey also is believed to be considering similar facilities in the U.S.

Industry watchers predict that the global semi-custom market, currently accounting for about 3% of world integrated circuit production, will rise to about 15% by 1990. Semi-custom circuits, which can be used in everything from cars to telephones, give customers more flexibility than standard mass-produced circuits, without the high pricetag of fully customized products.

In semi-custom circuit manufacturing, the basic product can be made in large quantities and then personalized in the last stage of production. Full-custom products are developed to satisfy one customer's requirements, and are therefore made in small quantities.

Custom Market to 'Explode'

The custom circuit "market is going to explode," according to Robert Heikes, vice president, international, for National Semiconductor Corp., a U.S. maker of integrated circuits. He predicts growth "both in dollar volume and, more importantly, in strategic importance."

Among European companies expanding semi-custom circuit production are Italy's SGS-Ates S.p.A.; France's Thomson S.A.; and Holland's N.V. Philips. They are well positioned to work closely with European users to develop customized products.

Industry observers acknowledge that the Europeans will still face tough U.S. and Japanese competition, but many believe that the odds are better than for mass-produced semiconductors. There, U.S. and Japanese companies have vast economies

of scale that let them undercut European prices and still make a profit.

In mass-produced chips, the Europeans' share of the world-wide market has fallen more than 30% since 1978, to 9.6%, according to Dataquest Inc., a San Jose, Calif.-based consulting company. In the same period, the Europeans' share of their home market has dropped 9.4% to about 40%.

Though sales have risen lately, many industry participants worry that Europe's semiconductor manufacturers lack the money and global marketing skills to survive another major downturn. "The European semiconductor industry hasn't yet established the structural basis for its long-term profitability," said Jacques Noels, general manager for semiconductors at France's Thomson, at a recent Dataquest semiconductor industry conference.

While the big companies insist that they will continue to provide standard chips, they are also pursuing other strategies to broaden their customer base. Most are expanding into semi- and full-custom products, increasing exports and burrowing into niches. "The key to survival is to stand clear of mass production and concentrate on niche products," said George Stojsavljevic, an analyst with Mackintosh International Ltd., a U.K. consulting company.

Plessey's Semiconductor Investment

This is the second major semiconductor production investment planned by Plessey in six months. Late last year, the company said it would build a £35 million gallium arsenide plant in the U.K.

So far, Plessey's investment in semiconductors is paying off. In the year ended March 31, Plessey's microelectronics and components sector reported a 47% rise in operating profit to £12.5 million from £8.5 million the previous year, with much of the increase coming in the fourth quarter. At £63.4 million, the order book is 35% higher than last year.

The microelectronics and components operations represent about 12% of Plessey's total £146.3 million in operating profit, and Plessey expects that to grow.



HOUSE OF COMMONS
LONDON SW1A 0AA

cc: Mr. Alison

Ack'd on 7/6

Prime Minister:

6 June 1984

Rt Hon Mrs M Thatcher MP
10 Downing St.
SW1.

I am attaching
a draft reply.
Dr Clark's wrath
seems understandable

MT
8/6.

Dear Prime Minister,
re: Plesseys, South Shields.

You will recollect that some little time ago you kindly met Don Dixon and myself to discuss the closure of the above factory. Following the meeting you sent me a helpful letter offering some hope in the form of a possible new company taking part of the factory.

I now write to draw to your attention the announcement of Plessey today to invest £50m in a new factory in Plymouth creating 600 new jobs, precisely the number being lost in South Shields. You can imagine the feeling in my Constituency.

I implore you to instigate a full investigation into Plesseys proposals which I believe can in no way be justified except as simple regional bias against a region that has served Plesseys and this country well. Time is running out for the North-East and before long violence will become the order of the day for plainly it is the only language that is understood. Meanwhile I presume all development grants to Plesseys in respect of this proposal should be halted.

Yours sincerely,

Dr David Clark MP

Am: Pessey Course
March 84



MEMORANDUM FOR THE RECORD

CONFIDENTIAL



24



10 DOWNING STREET

THE PRIME MINISTER

4 May 1984

ke set
c. Don Dixon
DTT

Mr. Clark.

When we met with Paul Channon and Don Dixon to discuss the proposed closure of Plessey's switching factory in South Shields I undertook to follow up the suggestions which you made for preserving some of the employment at Plessey.

The Department of Trade and Industry have contacted a considerable number of companies concerning the factory. So far one high technology company has expressed an interest in locating in the South Shields area, possibly by acquiring part of the Plessey site. This might lead to the creation of a significant number of jobs requiring skills similar to those available at Plessey. It would, however, be wrong to raise hopes too high at this very early stage in the discussions, which the company concerned wish to remain confidential for the moment. A decision is not likely for some months yet.

As I expect you are aware the South Tyneside Metropolitan Borough Council and a group of private sector interests are considering establishing nursery workshops on the site. It is

/ up to

up to the consortium to progress this proposal and to submit proposals to the Government for any funding which might be sought.

You also raised the possibility of the Roboserve project. I understand that it is Plessey's view that this would create such a small number of jobs that it would not itself justify keeping the plant open.

I am copying this letter to Don Dixon MP.

Yours sincerely
Margaret Thatcher

Dr David Clark, M.P.



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

Telephone (Direct dialling) 01-215
GTN 2155.144
(Switchboard) 215 7877

From the Minister for Trade

Prime Minister:

COMMERCIAL-IN-CONFIDENCE

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

*This looks
slightly more
hopeful. A draft
letter to Dr Clark is
attached*

O/f ps.

*Raf/s May 1984
despatch*

*Dr
3/5*

Dear Tim

PLESSEY CLOSURE: SOUTH SHIELDS

Following the Prime Minister's meeting with Dr David Clark MP and Mr Don Dixon MP to discuss the closure of the Plessey factory at South Shields, officials here have been following up the issues raised.

Discussions have been held with a number of electronics companies with regard to their taking over all or part of the site. The best current prospect is an interest by Northern Telecom, the Canadian telecommunications manufacturer, in acquiring part of the site to manufacture telephones employing about 150 people initially, but with prospects of expansion. Alternatively Northern might prefer to establish a smaller factory in the South Shields catchment area. South Shields is not an ideal location for Northern but the company is keen to establish good relations with the Government and their awareness of the Prime Minister's personal interest in South Shields has encouraged them to consider seriously locating there. Northern are unlikely to make a decision in less than a month and it would be most unwise to raise hopes in South Shields at this stage. Northern have also stressed the need to preserve the confidentiality of their interest.

A draft letter is attached for the Prime Minister to send to Dr Clark.

*Yours sincerely
Simon*

SIMON CARTER
Assistant Private Secretary to the
Minister for Trade (PAUL CHANNON)

Dr David Clark MP

House of Commons

LONDON

SW1A 0AA

May 1984

When we met with Paul Channon and ^{Don}~~David~~ Dixon to discuss the proposed closure of Plessey's switching factory in South Shields I undertook to follow up the suggestions which you made for preserving some of the employment at Plessey.

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I am copying this letter to Don Dixon MP.

PRIME MINISTER

You also noted the possibility of an increase in the number of...
...of the...
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1981 MAY 31



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

Telephone (Direct dialling) 01-215 5144
GTN 215
(Switchboard) 215 7877

From the Minister for Trade

Tim Flesher Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

18 April 1984

Dear Mr Flesher,

DWB
19/4

Thank you for your letter of 12 April to Stephen Nicklen, who is abroad at present, reporting the outcome of the Prime Minister's meeting with Dr David Clark MP and Mr Don Dixon MP about the Plessey closure at South Shields.

Although the Department is still pursuing the three particular initiatives mentioned at the meeting, we are unlikely to have anything positive to say until after the Easter break. We shall write to you again as soon as possible after the holiday period with the results of our enquiries and also provide a draft letter for the Prime Minister to send to Dr Clark and Mr Dixon.

Yours sincerely

Ian Gladding

IAN GLADDING
Assistant Private Secretary to the
Minister for Trade (PAUL CHANNON)

AM - meeting with David Clark.
March 84

10 APR 1984



SUBJECT



10 DOWNING STREET

From the Private Secretary

12 April 1984


Jean Steve,

Dr. David Clark, M.P., together with Mr. Don Dixon, M.P., met the Prime Minister today to discuss the closure of the Plessey switching factory at South Shields. Mr. Channon was also present.

Dr. Clark explained that the closure of the Plessey factory was a major blow to the area coming so soon after the welcome announcement that Nissan were to site their factory at Sunderland. The departure of such a modern industry from South Shields would mean the loss of valuable skills which would serve as a powerful incentive for other new investment to follow the example of Nissan. The workforce at Plessey had reacted to the proposed closure extremely responsibly. They had eschewed strike action and with the help of the trade unions had produced a plan to preserve 250 jobs. It was a measure of the moderation of the unions that they were prepared to contemplate many hundreds of redundancies. The plan which they had drawn up represented a workable alternative to retain a number of jobs at South Shields to bridge the gap until new jobs were created in the wake of Nissan.

The Prime Minister said that she well understood Dr. Clark's concern particularly following a series of major redundancies in his and neighbouring constituencies. Clearly the decision was a commercial one for Plessey and their move to Edge Lane would bring jobs to Merseyside. She asked Dr. Clark how he believed jobs might be saved. Dr. Clark referred to a number of the activities carried out at Plessey and said that he believed these might productively stay at South Shields. In particular he mentioned the development of the Roboserve mini-bar, a remarkable electronic development which was likely to be installed by Holiday Inn establishments throughout the world. It was thought that this development might be going abroad and would therefore be lost not only to South Shields but to this country. There might be a role for a continued presence at South Shields for a kind of pilot plant for new ideas such as Roboserve.

/Mr. Channon



Mr. Channon said that the Department of Trade and Industry was pursuing the idea of a nursery workshop in South Shields and was also trawling other high technology companies to discover if any were interested in taking over the South Shields plant. He did not hold out much hope of either. Nevertheless he would make urgent further enquiries of Plessey in the light of what Dr. Clark had said particularly about the Roboserve. Concluding the meeting, the Prime Minister said that while there did not seem to be a great deal of hope every effort should be made to see if any jobs could be saved.

BT
Following the meeting Mr. Channon undertook to look into the points which had been raised and to report to the Prime Minister. I should be grateful if when he has done so you could arrange for a draft letter for the Prime Minister to send to Dr. Clark and Mr. Dixon to be submitted setting out the results of your enquiries.

Y
In ever
Tim Flesher

Tim Flesher

Steve Nicklen, Esq., Office of the Minister for Trade,
Department of Trade and Industry.



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

Telephone (Direct dialling) 01-215 5144
GTN 215
(Switchboard) 215 7877

From the Minister for Trade

Tim Flesher Esq
Private Secretary to the
Prime Minister
10 Downing Street
Whitehall
London SW1A 0AA

11 April 1984

Dear Tim

You spoke to this Office yesterday and requested further briefing on two points in the Background Note attached to my letter of 9 April to Caroline Ryder on the closure of Plessey's South Shields factory for the Prime Minister's meeting with Dr David Clark MP on Thursday, 12 April at 4 pm.

The grant referred to in paragraph 2 of the note was £½M interest relief grant and a £400,000 training grant.

I attach a copy of the document mentioned in paragraph 3 and as you requested, a brief summary of that feasibility study.

Yours etc

Steve

STEPHEN NICKLEN
Private Secretary to the
Minister for Trade (PAUL CHANNON)



BRIEF FOR THE PRIME MINISTER'S MEETING WITH DR DAVID CLARK, MP FOR SOUTH SHIELDS

PLESSEY CLOSURE AT SOUTH SHIELDS

1. The run down and closure of the Plessey switching factory at South Shields is a matter of regret to the Government but this is clearly a matter for the company's own commercial judgement.

2. The Department of Trade and Industry did as much as possible before the announcement of the closure, to help Plessey identify new projects which might be brought into South Shields. None proved acceptable to Plessey.

3. The Government is actively encouraging investment in the Regions and the Nissan decision to locate their new British car factory at Sunderland could benefit the South Tyne area including South Shields (the selected site is about 6 miles from South Shields and near to, though not in, Dr Clark's constituency).

4. Assisted areas such as the North East suffer from a poor innovation record (when compared with the South East) and the Government would welcome views on whether special measures should be taken in the Assisted areas to encourage innovation. Existing IT policies are designed to make manufacturing industry as a whole more competitive and thereby create new jobs but take up of Government support schemes in the North East is much lower than for other parts of the UK. It is really up to the industries in the North East to come forward with proposals.



BACKGROUND NOTE

On 12 January Plessey announced the run-down of their South Shields factory, which produce electromechanical and semi-electronic telephone exchange equipment, with the loss of 600 jobs by August 1984. Nearby Plessey Circuits, which makes printed circuit boards and employs 290 people, is not affected.

Despite a large grant in 1978 *(£500,000 interest relief grant + £400,000 training grant)* from the DTI to keep the company (and jobs) in the area, Plessey have had to rationalise their production capacity of outmoded exchange equipment, and concentrate manufacture at their factories on Merseyside. In spite of anticipated large System X orders Plessey still have too much production capacity due to the smaller space and lower labour requirements of digital equipment. Further rationalisation measures and closures are likely in the North and in Northern Ireland as employees needed for telephone exchange production falls - numbers may increase from 1987 if there is sufficient growth in sales and exports. Plessey have in fact now announced the planned loss of 800 jobs at Edge Lane on Merseyside as part of their rationalisation plan. In consequence to this and the closure at South Shields the workforce at Edge Lane are now taking industrial action.

The products which formed the bulk of the South Shields factory output is now completely exhausted and the company has little option but to reduce its workforce. The alternative was an increased reduction in Merseyside or Northern Ireland. The workforce, trades unions, and local authorities concerned have jointly produced a document outlining some alternative proposals to closure and a deputation led by local MPs has met Mr Baker. Dr Clark has also been pressing for a Parliamentary Debate on the closure. Although the Department does not intend to intervene, Mr Baker has asked the Company to give serious considerations to these proposals. Plessey have made it clear that the alternative work proposed by the workforce would only transfer jobs from one hard hit area to another.

Department of Trade and Industry

April 1984

PM March 84

Mtg with Clarke closure of Plessey





PLESSEY: SOUTH SHEELDS

ALTERNATIVES TO CLOSURE: FEASIBILITY STUDY BY THE TRADES UNIONS

1 The Trades Unions, in collaboration with the workforce and the two Local Authorities, have now conducted a feasibility study, attached, which sets out alternatives to closure and which the trades unions believe could safeguard at least 250 of the 600 jobs at risk.

2 There are three main strands to these alternative proposals comprising rescheduling of existing work, allocation of new work to the factory and the conversion of the remaining unused factory space into an 'enterprise workshop'.

3 The trades unions recognise that the electro mechanical switching equipment is obsolete but argue that manufacture of Meter Control Units, due to end in May, could be extended to August and beyond if potential orders materialise. They also claim that production of cables for System X, which is to be increased, should be maintained at Southshields and not transferred to Edge Lane and Chorley (where Plessey are concentrating System X manufacture).

4 The new business which the trades unions argue could be channeled into Southshields is that of manufacture of call logging equipment which Plessey are developing in competition with GEC and IBM to satisfy British Telecom's requirements but which again relies on potential orders from BT or from other sources eg Stromberg Carlson, Plessey's US subsidiary. Additionally the trades unions perceive opportunities for the Plessey factory as general subcontractor to private enterprise for example extending and building on their current work as the assembly facility for the Roboserve Minibar, a computerised and refrigerated vending machine for hotel bedrooms.

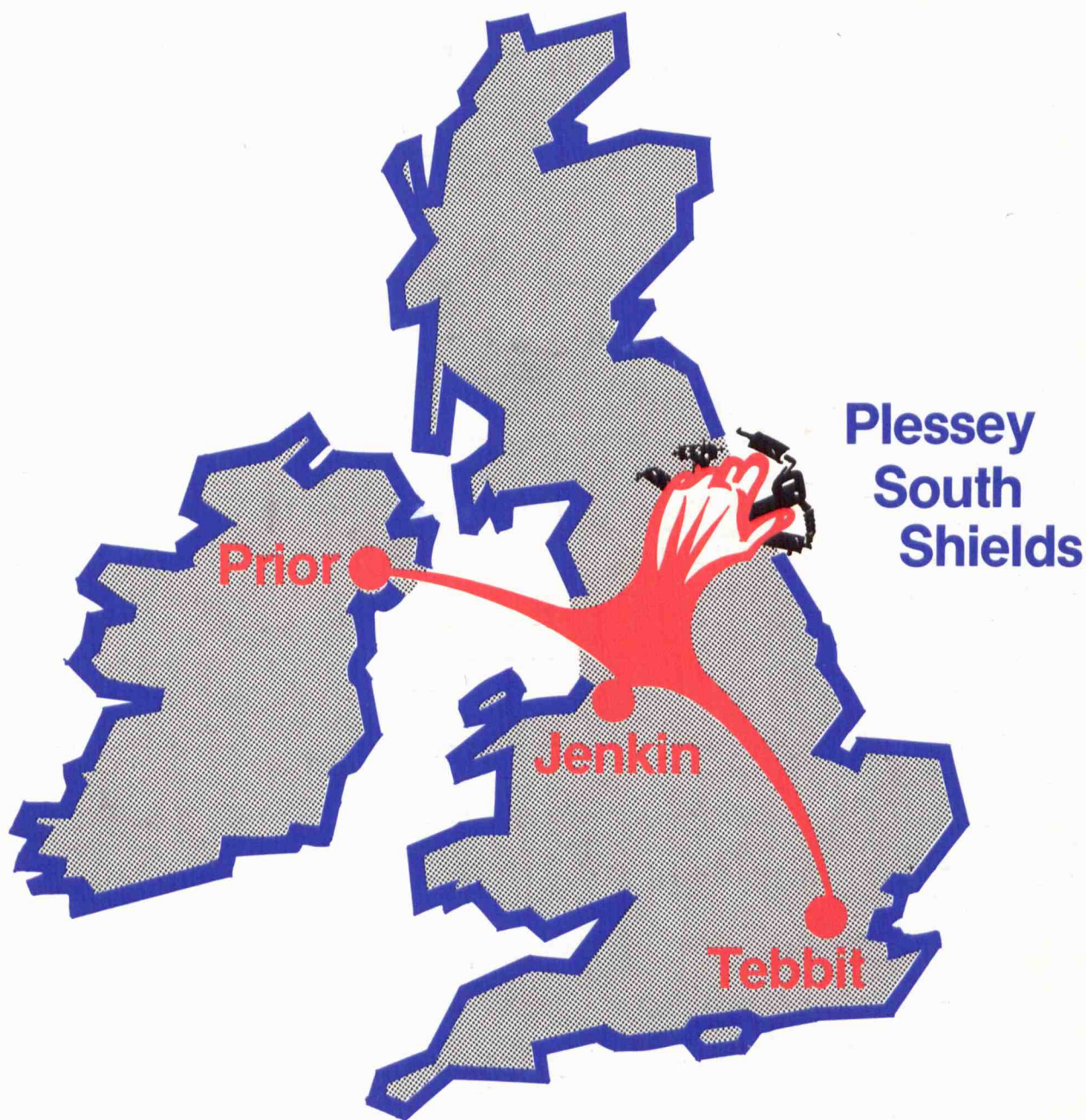


5 The above plans are expected to save some 250 jobs and it is proposed that the remaining unused half of the factory threatened with closure should be converted into an enterprise workshop consisting of a number of nursery units which could be rented out short term to small businesses in a start up situation. South Tyneside council have produced a tentative costing but there is no indication of how this might be funded initially before rental income accrues.

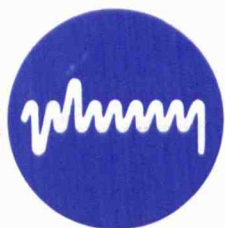
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HANDS **O**FF **P**LESSEY **T**ELECOM**S**

For Our Future



A feasibility study into the alternatives to closure



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On January 12th, the Plessey Company, the biggest private employer in South Shields, made the shock announcement that 600 workers were to face redundancy. Confronted with the loss of these jobs the workers initiated an examination of the alternatives.

The Unions argue that 600 redundancies are not inevitable and that existing work could be re-scheduled and additional work allocated to save at least 250 jobs.

This could be achieved by:-

- maintaining System X cable production at South Shields
- continuing production of meter control units for British Telecom at South Shields,
- expanding commercial assembly work
- introducing call logging production to South Shields in 1985

As Plessey are committed to maintaining the present 300 strong workforce at the PCB plant the workers argue that the continuation of production at the Switching Unit remains viable. The Unions' plan presents a comprehensive alternative to the company's proposals for the wholesale closure of the Switching Unit.

An analysis of the economic and social costs of closure on South Shields shows how disastrous the impact of a further 600 redundancies in South Tyneside would be to the local community generally and to the individuals who would lose their jobs. Indeed, the cost of closure in financial terms is greater than the cost of keeping the Plessey workers employed.

Adding to the cost of unemployment in South Tyneside could be avoided by keeping the Switching Unit open. A commitment to maintain jobs, and create new ones through the development of new technology, is now needed to turn the tide away from more closures and redundancies.

Industrial relations at Plessey's have been good and the workers have proved themselves productive and adaptable. It is these workers who are putting forward realistic alternatives to their redundancy and their proposals deserve the fullest consideration. In the long term more positive action is necessary in order to ensure that areas such as South Tyneside, already, one of the hardest hit areas of the country, are not further decimated by the arbitrary decisions of company policy makers.

Introduction

On 12 January 1984 the Plessey Company, the biggest private employer in South Shields, made the shock announcement that 600 workers were to face redundancy. Confronted with the loss of these jobs the unions initiated an examination of the alternatives.

All the redundancies in South Shields are due to the closure of the Switching Unit which over the past 18 years has built equipment for the British Post Office. Orders for the now obsolete apparatus are exhausted, but the workers argue that this does not mean redundancies must take place.

In its 18 year history on this site, Plessey have profited from the work of local people who have helped bring in the technological revolution taking place in telecommunications. As one South Shields worker has said:-

"It would be a tragedy if this great workforce with its adaptability, its application to the task in hand, its willingness to tackle anything, its great industrial relations record, were to be sacrificed".

It is ironic that this sacrifice is proposed at a time when the Plessey Company has boosted its profits to £124.6 million in the last nine months of 1983.

This report argues that the redundancies are not inevitable, that viable alternatives do exist, and that put into operation these alternatives could maintain a highly productive and profitable factory at South Shields that would benefit the workforce, the company and the whole community of South Tyneside.

The Plessey Company

The Plessey Company today is one of the UK's most successful companies. Number 12 in the Stock Exchange's British Top 100 companies¹, and number 80 in The Times 1000². Plessey restructured the company in the 1970's to meet the demand of new products, markets and economic climate. The company is now making a bid to become one of the world's leading producers for the expanding telecommunications industry.

Plessey's roots are found in a small tool making firm in Ilford, Essex. The original firm was founded by Sir Allen Clark, "a brilliant entrepreneur"³, and father of John Clark and Michael Clark, Chairman and Deputy Chairman respectively.

The company was registered in 1925, changed its name in 1927 and went public in 1937.⁴

During the second World War Plessey established itself in the defence-equipment market, producing radio apparatus and aircraft components. After the war the company "diversified and grew by a series of mergers into machine tool control, hydraulics and consumer electronics."⁵

The early 1960's saw Plessey's involvement in telecommunications increase with a number of take over bids that made it the leading British supplier.⁶ In 1961 Plessey acquired two companies, Automatic Telephone and Electric (ATE) and Ericsons Telephones, giving Plessey factories in Liverpool, Wigan, Sunderland and Beeston. Later in 1966 Plessey took over the Rank Bush Murphy factory in South Shields. Plessey made an attempt to cross the Atlantic in 1970 via Alloys Unlimited, an American company but it plunged into loss soon after it was bought.

New Organisation

Plessey's future during this period was uncertain and by the early 1970's the company was running into difficulties: "its once sparkling profits record fizzled out as it struggled to hold together a heterogenous collection of businesses based heavily on engineering sub-contracting".⁷

Profits in 1971 and 1972 fell and although they did recover in 1973 and 1974 the "level of profitability was unacceptably low"⁸. The British Post Office cut its orders in 1974/5 and Plessey's profits took a commensurate drop in 1975.

It was becoming increasingly clear in the early 1970's that products, markets and the economic climate were changing rapidly and that Plessey, in order to meet these new challenges would have to reorganise the company and redefine its objectives.

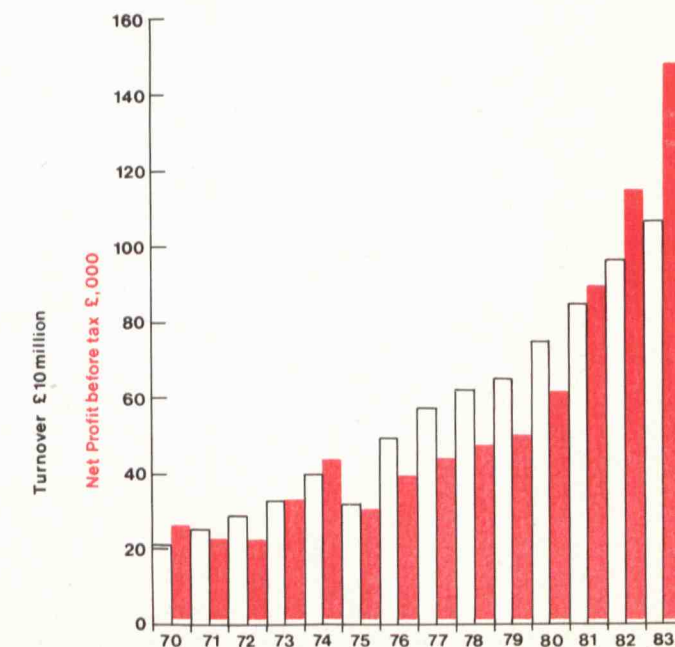
Plessey had three related problems to solve:-

- (i) Plessey had grown largely as a sub-contracting manufacturer making mechanical and electro mechanical products for other companies. Thus Plessey had insufficient marketing skills in a world where the competition was becoming fierce.
- (ii) Plessey's organisation structure and decision making process was highly centralised, vast and bureaucratic.
- (iii) New technology was about to change the entire telecommunications business.

The organisational structure of Plessey was consequently changed from what is called the "pyramid" model into "organisation modules". This Plessey hoped would give individual companies and their management freedom to make decisions and plans. This would in turn attract a better quality manager of the "stature" necessary to capture big customers, in a highly competitive market.

Telecommunications became Plessey's biggest interest, representing today 40% of their turnover and some 55% of profit. Plessey have consequently since the early 1970's been narrowing down the diversity of their interests to concentrate on telecommunications and related new technologies.

Plessey profits and turnover



New Technology

Developments in electronics have revolutionised the way "information" is processed and stored. Computers are now a part of everyday life. These advances are based on "digital" electronics which permits vast amounts of information to be handled in milliseconds. The range of applications for this new technology are likewise immense.

Plessey had during the 1970's been developing communications systems based on digital switching for the private, military and public markets.

In the early 1970's plans to modernise the telephone exchange system in Britain were being made. "System X" is the outcome of these developments and is currently being installed. In 1983 Plessey won the contract from British Telecom to be the major supplier of System X. By the end of 1984/85 the demand for electro-mechanical and interim electronic exchange equipment will have been completely exhausted.

Developments are still continuing, the current emphasis is on developing "networks" of computers using "wide band" signals to exchange information via telephone, videos and satellites.

New Markets

The telecom market is world wide and Plessey, therefore, has had to make decisions about its future in a world context. As Sir John Clark put it, "its a question of phenomenon of scale. We took the view that we needed 5 - 6% of the world telecommunications market to secure our long term future". The entire UK market by the end of this decade will only be about 3% of the world total".⁹ Penetration of other markets is, therefore, essential. Plessey have spread their interests in Europe, Australia, South Africa, Latin America and Asia, but North America represents the market with the greatest single potential.

In 1982 Plessey made another attempt to cross the Atlantic and bought the Stromberg-Carlson corporation, a leading manufacturer of public telephone exchanges in the USA. In January 1983 Plessey announced its decision to buy shares in the American corporation Scientific-Atlanta, a fast growing maker of satellite earth stations and cable TV equipment. Last Autumn the British government awarded a grant of £925,000 towards Plessey's investment of £6.7 million in their expansion programme System X in Liverpool. The Edge Lane site in Liverpool where System X production is being concentrated is also adjacent to a government funded "Technology Park" which has attracted some £6.5 million of government money.¹⁰

Old Story

From the early 1970's Plessey has been shedding its workforce. In the ten years to 1980 some 30,000 jobs were lost world wide. In the UK between 1975/76 and 1981/82 the workforce fell from 50,656 to 33,026.¹¹ The telecommunications and office division cut its workforce from 25,000 to 19,000 in the 18 months up to November 1980 and planned further annual cuts of 5 - 10%.¹²

These job losses are not the result of recession. As a company Plessey in terms of profit and sales is going from strength to strength in a market with great potential for those companies that are prepared to exploit it. Plessey have put themselves in

such a position by narrowing down what they produce, reorganising and adapting to new technology.

The new digital "hardware" products, however, do not require the same numbers of workers as the old electro-mechanical system.

In the north Plessey closed their Sunderland factory in 1977 and in Scotland, their Bathgate factory in 1982, whilst the South Shields plant has in the last 8 years had its workforce reduced from 2,000 to under 1,000.

New technology has preserved some jobs. The development of the printed circuit board plant (see next chapter) has maintained jobs in South Shields and as this report argues it could be the key to job creation in the town. What remains to be seen is whether Plessey are prepared to pick up this challenge and give those who have built the products which have built Plessey, a future with new technology and not without it. As this recent extract from the press quite clearly shows Plessey have the financial resources to meet such a challenge.

Plessey sparks

PLESSEY, the telecommunications and electronics group, has boosted its profits by over £22m. to £124.6m. in the nine months to December 30.

The order book is bulging, the dividend has been hoisted 15 per cent. and shareholders are to be paid out two months earlier than usual, and the outlook for Plessey is good.

But despite all this good news, the shares dropped 12p to 288p as the City decided the performance was not quite power packed enough.

One key area is the telephone main exchange manufacturing operation where British Telecom is said to be still dragging its feet on switching many of Britain's

big exchanges over to the System X digital and computer controlled systems.

Plessey is the main contractor for System X and is anxiously awaiting the go-ahead for the updating of the U.K. phone network which is likely to cost billions of pounds.

Plessey, which is locked in lengthy bargaining over the plan to revolutionise the phone network at the same time as British Telecom is being prepared for privatisation, will say only: "Negotiations for substantial System X development and production orders are not yet complete."

Had they been complete, and current orders could amount to £1,250m. once the go-ahead is given, Plessey's order book would look even smarter than the £200m. rise to £1,528m. announced yesterday.

On the bright side, the group electronic systems an equipment operation is doing extremely well, thanks to some juicy defence linked contracts.

Despite the drop in the shares, the City still expects a big rise in overall 1983-84 profits, to at least £175m. from last time's £146m. The mic year dividend is being raised 15 per cent. to 1.56p per share with payment on May 1 rather than July 1.

References

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2. The Times 1000 1983-84
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4. Extel Annual Card - The Plessey PLC 5/07/1983
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7. Financial Times 6/04/1983 (3)
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* See The Description of Products

Plessey in South Shields 1966 - 1984

In 1961 Plessey moved to the North East when they took over Ericsons Telephones in Sunderland. Development in the region continued when in 1966 Plessey took over the Eldon Street premises of Rank Bush Murphy, (RBM), in South Shields. The main centre of Plessey's telecommunications interest is currently in the North West region, although production is also carried out in Nottinghamshire, Northern Ireland and the North East.

The RBM factory had been involved in television production until Plessey took over the site for production of Strowger Electro-Mechanical exchange equipment for the British Post Office. Workers from Sunderland, Liverpool and Beeston as well as South Shields were brought in to build up the labour force. Four assembly lines, a "monorail" system and a night shift were introduced to meet demand.

New orders required a second factory to be built on the site. This was opened in 1969 making South Shields the prime plant for the production of the more efficient Crossbar Electro-Mechanical Systems* for the Post Office.

The run down of Strowger equipment created space in number 1 factory, which was used for the production of the innovative TXE2 or Pentex System. Within six weeks of starting the labour force had met all the targets set for the production levels. However, the increased demand for Crossbar required more space, TXE2 was consequently transferred to Ballynahinch in Northern Ireland. The workers involved on TXE2 made the change back to Crossbar. At this time the plant employed some 2,000 people. Crossbar production by 1978 was past its peak, but demand for the new TXE4* system produced at South Shields kept employment levels up.

In 1977 Plessey secured a contract to equip mobile communication trailers for Nigeria. The 50ft trailers were fitted with modern sophisticated apparatus for converting one type of signalling to another, to satisfy the requirements of a Pan African Conference's findings. This was an important contract for Plessey at a time when they were moving into Africa. This type of conversion had never been attempted and represented the kind of technological challenge which the workforce at South Shields can more than adequately meet.

Innovation

It was becoming increasingly clear by 1975 that the change from electro-mechanical to electronic technology would take place over the next ten years.

This rapid change would result in a short to medium term demand for conventional printed circuit boards (PCB's)*, replaced quickly by a requirement for more sophisticated plated-through-the-hole PCB's of high quality, in equal quantities which few, if any, suppliers were equipped to meet.**

All building work was completed by March 1979. Commissioning of the plated-through-the-hole facility followed, becoming available for production in September 1979 and deliveries in December 1979. The first exports were made in January 1980 to Finland.**

The PCB plant is consequently the most advanced PCB producer in Europe, employing the use of sophisticated

equipment and process designed to meet close tolerance requirements.

Plessey Circuits, a Plessey subsidiary for marketing the PCB's has been able to date, to secure contracts and help develop projects for the growing "private" market for micro-technology. These contracts have been used to absorb the excess capacity of the PCB plant until System X's demand for PCB's came on stream.

Commercial assembly, producing PCB's for private contractors, has been used as a stop gap during this period, but management now looks set to drop this work. However, these efforts to utilise spare capacity have scratched the surface of a market that could potentially be as lucrative as telecommunications. Roboserve*, is one example of an idea that could continue to provide work in South Shields. How many other good ideas could be successfully developed with access to the technological expertise of the Plessey workforce in South Shields?

Closures

Alongside this kind of development Plessey have also been closing plants down. The Sunderland factory was closed in 1977 with the loss of 2,000 jobs, similarly in 1982 the "capacitor" plant at Bathgate, Scotland was closing down. The transition to digital technology is now being given as the reason for the next round of redundancies which will close the Switching Unit in South Shields and the factory at Lamberhead, Wigan. A total of 860 jobs.

The announcement on 12 January was not one that had long been expected, or foreseen as inevitable. Quite the opposite is true, the closing of the Switching Unit came out of the blue and was contrary to the beliefs that Plessey had been building up about the Unit's future, as these following extracts from management notices show.

"Plessey, South Shields employees and site has an excellent record of successfully coping with change". (1982)

"We have an excellent record which shows that we have been able to adapt to change in the past and that we have been successful in the introduction of new processes. System X should help to keep the South Shields operation on an expanding course". (1983)

"The need to adapt to change is by no means a new experience to many Plessey South Shields employees and the site has an excellent record of successfully coping with change throughout the last 16 years". (1983)

"We have secure manufacturing plans which look forward to stability in Plessey Switching". (1983)

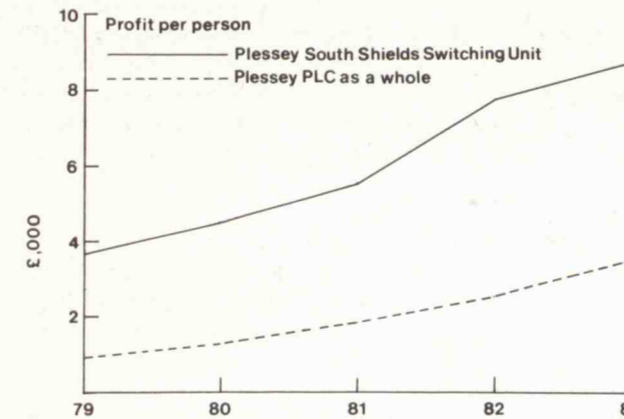
"Quite clearly there is an underlying enthusiasm across the site to develop and respond to new ideas". (1983)

This is also reinforced by the Switching Unit's profitability as the graph below shows.

From its beginning the factory has been profitable, has constantly reached its productivity levels and enjoyed good

* See Description of Products

** Quarterly Industrial Review, South Tyneside Borough Council



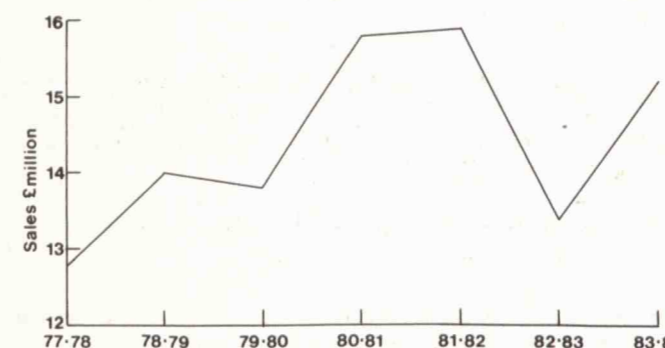
labour relations. The workers have always shown a willingness to adapt to new products, particularly the jump from electro-mechanical to electronic products. The fact that South Shields was chosen as the site for PCB production showed that a commitment was being made by Plessey to the town. Production of call-logging* equipment from 1985 added further to the belief that South Shields was a developing site. It was this belief that was shattered by the announcement of 600 redundancies.

The Unions Alternative

The Plessey site at South Shields consists of two areas of production, the Printed Circuit Board (PCB) site and the Switching Unit. The PCB plant employes about 300 people while there are approximately 600 workers in the Switching Unit. It is these 600 jobs in the switching unit which are threatened by Plessey's decision to close down part of the South Shields site.

Over the past 18 years the Plessey Switching Unit at South Shields has been consistently profitable. Sales figures over the past seven years average out at £14½ million per annum and close to £16m in 1980/81 and 1981/82. (see graph below)

Switching Unit Sales



Management recognise this fact and also acknowledge the capability of the workforce. Plessey's Regional Director, Stanton Fuller, commenting on the current position, stated on 18th January 1984 that:

"the Unit has met its objectives in the financial year to date in terms of work done, goods delivered and costs incurred".

Precise figures for profitability are difficult to ascertain given the nature of the South Shields plant's position within Plessey's overall structure. The switching unit has not operated as a self-contained business and its role has been one where the majority of work allocation and sales transactions have been within the company.

However, telecommunications accounts for over half of the profit within Plessey's as a whole (54.5% in 1982; 56.8% in 1983). Prior to 1982 profit in telecommunication was split in the company accounts between office data and control systems and main exchange equipment. Office data and control systems usually accounted for approximately one-third of the profit in telecommunications and main exchange equipment work approximately two-thirds. In terms of Plessey's overall profit main exchange equipment work presently accounts for something in the region of one-third.

Applying these figures to the South Shields Switching Unit with sales averaging £14½m per year we can estimate that the plant at South Shields is likely to have been running at an average £5m per year profit.

Given the overall expansion of Plessey Telecommunications and its increasing profitability over recent years, coupled with management statements concerning the Units efficiency, the past viability of the South Shields plant for Plessey is clear.

The current problem at South Shields however, is directly related to the expansion of Plessey Telecommunications into new technology, the manufacture of which is less labour intensive than the electro-mechanical exchange equipment that has been the main-stay of production at South Shields.

Historically the Plessey workforce have shown themselves capable of adaptation to new technological development with the introduction of Crossbar in 1969, the development of the TXE2 or Pentex System with the run-down of Strowger electro mechanical equipment, and then a further move onto the updated TXE4 system.

Plessey's present expansion plans centre around the System X high speed switching and signalling system which is much less labour intensive than previous electro-mechanical systems. The workforce at the South Shields plant are fully aware of this. The proposed plan to save the switching unit is based upon the arguments that:-

i) the loss of 600 jobs at South Shields is not an inevitable consequence of technological development within the company.

ii) at least 250 of the present 600 jobs could be saved:

iii) excess capacity on the site could be retained in order to create further jobs in 1985, through the introduction of call logging, the expansion of commercial assembly and the development of nursery units (see Appendix)

Arguments against the closure of Plessey's South Shields Switching Unit

In taking the decision to close part of their South Shields plant Plessey's management stated that:-

"practical advantage could be gained by locating the growth of System X exchange manufacturing activity in the North West, in order to obtain the benefit of the extensive support services already established there."

* See Description of Products

While it may be true that the geographical centre of Plessey's operations in Britain is the North West, Plessey Executive Chairman F K Chorley has stated that the centralising of manufacture in this area is not Plessey policy as manufacture shall continue at Beeston in Nottingham, Ballynahinch in Northern Ireland, as well as the Printed Circuit Board Unit in South Shields.

The management decision to concentrate production of System X in the North West must, therefore, be determined by other factors.

Whatever the reason it does not necessarily follow that part of the South Shields site must close.

The alternative to 600 redundancies

Plessey management argue that at the present time many of the workforce are employed in the manufacture of systems which are now obsolete, and no further orders can be expected for this work. Management have arbitrarily decided that all existing work will end in August and that the switching unit workers will be sacked. The workers argue that existing work could be rescheduled and additional work allocated to save at least 250 jobs. Schematic representations of both management and union proposals are shown below figs 1 & 2. The following pages outline the workers' proposals for the rescheduling of work up to and beyond April 1985.

"Firm Forward work load and resource requirements to August 1984" (Plessey Management)

Product	Month 84					
	Mar	Apr	May	Jun	Jul	Aug
Crossbar	88		80	72	60	
TXE 4 Units	88	75				
TXE 4 Cables	52					
System X Cables	45					
Meter Control Units	9					
Call-logging	17					
Commercial Ass.						
Total required	297	284	276	184	155	95
Production Supervision	29	24	23	16	13	8
Production Indirects	24	23	22	15	13	8
Management Indirects	240					

"Proposed forward work load and resource requirements"

Product	Month 84												Month 85												86
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan		
Crossbar	88		80	72	60																				
TXE 4 Units	88	75																							
TXE 4 Cables	52																								
System X Cables	43									95															
Meter Control Units	9																								
Call-logging	17												?												
Commercial Ass.																									
Total required	297	284	276	195	181	121				121															
Production Supervision	25																								
Production Indirects	24																								
Management Indirects	240																								

TXE4 and Crossbar

TXE4 units and cables employ 88 direct workers. Present work on TXE4 units shall be complete in May 1984 while work on TXE4 cables shall not continue beyond August 1984, the proposed closure date. However, current orders are sufficient to carry on TXE4 cable work until November 1984. Current work on the Crossbar system shall end in July 1984.

These electro mechanical telecommunications systems are being rapidly superceded by new technology digital systems such as System X and it would be impossible to argue a case for their continued production.

Meter Control Units

Meter Controls Units (M.C.U.) presently being produced at South Shields have been scheduled by management for completion by May 1984. However, a potential order for 5,000 further MCU's from British Telecom could ensure the continuation of production until August 1984 and as Regional Director, Stanton Fuller, has made clear:-

"If practical, manufacturing of meter control equipment will be carried through in parallel with TXE4 (PIC) cable assembly to the conclusion of TXE4 orders"

Plesseys plan to keep the switching unit running until August 1984 and there is no reason why MCU production should not be 'practical' at least up until then. The workers understand that Plessey have tendered for a further 95,000 MCUs and Plessey's potential share of this would be 25%; some 23,000 units. Securing this order would ensure work on MCUs at least up until April 1985 and the workers argue that production should be retained at South Shields to take advantage of this order.

System X

"We have an excellent record which shows that we have been able to adapt to change in the past and that we have been successful in the introduction of new processes. The choice of Plessey as the main contractor for British Telecom's System X shall help to keep the South Shields operations on an expanding course".

Plessey Regional Director, Stanton Fuller 1983

At present System X cables are produced at South Shields. There are 43 direct workers employed in the production of System X, manufacturing 600 cables per day. Plessey's plans for

System X cable manufacture envisage output being stepped up to 1400 per day by September 1984 rising to 1400 per day by December 1984. Management are proposing, that rather than maintaining the switching unit at South Shields, this work should be transferred to plants at Edge Lane and Chorley in the North West. This is clearly contrary to management plans for South Shields as stated in 1983.

The workers propose that continued production of System X could easily be maintained by transferring the workforce at present employed in TXE4 cable production onto System X manufacture.

The present 43 direct workers in System X could continue production while the 52 workers presently employed in TXE4 cables could be gradually transferred to System X production as requirements increase.

System X is part of a new generation of telephone exchange equipment for which demand is growing significantly, primarily with British Telecom. "Plessey will get guaranteed sales from System X at least until the end of the century" (Sunday Times, 26-02-84, R. Brooks). Given the will to maintain the switching unit at South Shields there is no reason why System X cable production should not continue at least until April 1985, when call logging is due to come on stream, if not beyond this date.

Call Logging

"We are about to start a new financial year and we have ahead of us the exciting challenge of taking on new products - namely System X, Meter Control Units and particularly important, Call Logging"

Plessey Regional Director, Stanton Fuller 1983

Call-logging is a system designed to satisfy British Telecom's need for additional facilities to enable them to introduce a more flexible charging system as well as collecting and presenting detailed information.

Three contractors are competing on the pilot scheme, Plessey, GEC and IBM Plessey are expected to be the prime contractors and the South Shields factory was chosen to develop the pilot scheme which is successfully running in Edinburgh. A demonstration model has also been completed for Stromberg-Carlson, Plessey's US subsidiary. Work on the pilot scheme shall be completed by June 1984.

Taking into account this practical experience and involvement with call logging there is a strong case for this work to go to South Shields when it comes into full production in 1985. Indeed, Plessey management have indicated that call logging "could result in South Shields winning a very significant amount of work if British Telecom decides to place national contracts."

It is anticipated by Plessey management that BT will place national contracts and that Plessey's share in this could include the production of 100,000 slide-in units, 10,000 shelves, and 150,000 cables. The value of this would exceed £50 million, and indications are that this work would be spread over a three year period from some time in early 1985.

Call logging is undoubtedly part of an expanding telecommunications market and the South Shields plant clearly contains the experience and the expertise to become Plessey's major producer of the system. The workers proposal clearly demonstrates that it is possible to re-schedule work for the interim period up to April 1985 when full production of call logging could come on stream at South Shields.

Commercial Assembly

"The process of restructuring many of our support and service departments and functions is going ahead and I am optimistic that this approach will ensure that we continue to be in good shape to take on new products and face up to new opportunities and challenges"

Plessey Regional Director, Stanton Fuller 1983

Another potential area for expansion within Plessey at South Shields, is that of work for private enterprise. However, management contrary to the view shown above now seem determined to abandon this area of potential employment.

The Roboserve minibar for example has been tested with great success at the Holiday Inn, in Paris. It is relatively simple to install and draws upon the computer technology Plessey specialise in. Design and test engineers from Plessey in South Shields worked closely with field engineers in Paris on the installation of Roboserve at the Holiday Inn. This close liaison resulted in Holiday Inn, specifically asking for all final testing to be carried out at South Shields. It is expected that Holiday Inn will seek to establish Roboserve throughout their establishments world wide.

Again the potential market for this type of computer technology is obviously an expanding one, and the South Shields workforce are clearly capable of handling such work. Management maintain that this work at South Shields plant shall end in June 1984.

The workers argue that the expertise developed in commercial assembly over the past years should not be wasted, given the great potential which exists in this area for the expansion of jobs and profit.

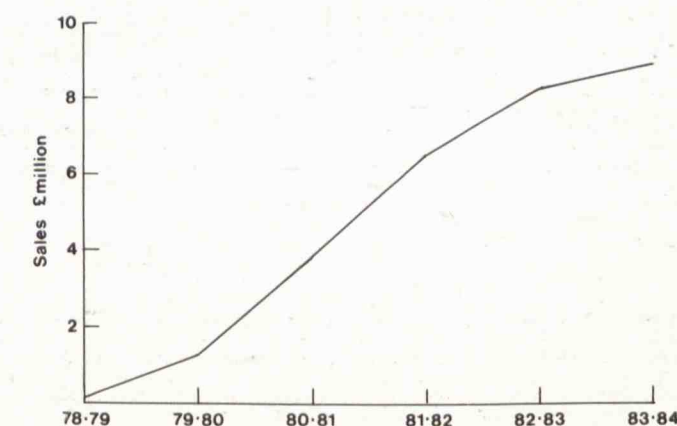
Printed Circuit Board Plant

The process employed in the production of Printed Circuit Board's (PCB) at South Shields is generally regarded as one of the most modern and sophisticated in the world.

There has been no indication from Plessey management that they intend to close down the PCB section of the South Shields plant which is still an ongoing development.

In fact, the PCB plant at South Shields is Plessey's only dependable source of mass produced plated-through-hole printed circuit boards.

Printed Circuit Board Sales



Plessey have received £2,986,000 in grant income over the past six years to develop this section of the site, as well as a further £150,000 over the same period for the switching unit.

Receipts from sales for the PCB section show a massive leap from the 1979 figure of £64,000 to the 1983 figure of £8,952,000. (see graph above) This, taken with the investment in this section of the plant by Plessey, clearly suggests some commitment to retaining the PCB unit at South Shields.

The workers argue that as this vital section of the Plessey Company is to be retained at South Shields it underlines the case for the maximum possible use of both workers and resources on this site.

Conclusion

The workers argue that as the PCB plant is to be maintained in South Shields it would make economic sense for Plessey to:-

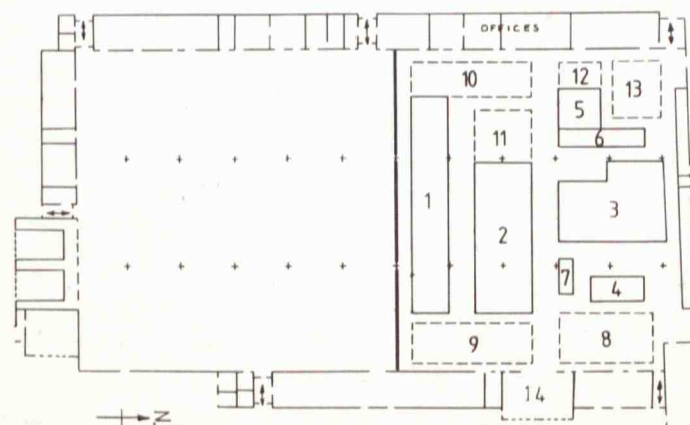
- i) maximise existing resources in terms of workforce skills
- ii) utilise excess capacity on site which would otherwise remain unused.
- iii) save jobs in South Tyneside

The plan of the Plessey site (see below) shows how the existing two thirds of the site not involved in PCB production could be utilised in order to save jobs. Areas 1 - 14 (See key) identified on the plan could be used as outlined in the previous sections to:-

- i) continue the production of System X cables, employing workers currently producing TXE4 cables.
- ii) continue meter control unit production for British Telecom
- iii) develop commercial assembly work such as Roboserve

This work would certainly be sufficient to maintain the Switching Unit until April 1985 when call logging is due to come on stream. There would be sufficient capacity at the South Shields site to accommodate call logging production and commercial assembly. System X production could be maintained at South Shields after April 1985.

The forward workload and resource requirement schedule proposed by the Plessey workforce outlines a realistic alternative to that proposed by management. Applying the present ratio of one direct to one indirect worker the plan, if implemented, would save 250 jobs. It takes into consideration the developments in telecommunications which necessitate a reduction in the labour force, while balancing this against the need to maintain jobs in South Shields and stem the further decline in the local economy of South Tyneside.



The Economic and Social Costs of Closure

1. The Northern region as a whole has suffered disastrously from the impact of recessions that have caused the destruction of traditional industry and local skills. Thousands of workers have lost their jobs and thousands of young people have been denied the right to work. Unemployment is destructive to both individuals and the community. It also causes more unemployment, as less money is spent locally leading to lost orders and further job losses. At present Plessey is South Shields largest private employer and the impact on the local economy of putting 600 people out of work and the proposed alternative should be given serious consideration by both the company and the government.

South Tyneside - Needs the Work

2. South Tyneside Borough Council and Newcastle Polytechnic have produced a number of studies that show what many people have over recent years, been saying, that parts of the North East are now experiencing conditions similar to the deprivation of the 1930's¹. Out of the 560 people who work in the Switching Unit, 460 live in South Tyneside and 420 of these in South Shields, Jarrow and Hebburn. This is where the impact of closure will be felt most.
3. The current figures speak for themselves as indicators of the depth and seriousness of the problem faced by the people of South Tyneside:-

Unemployed and Vacancies (January 1984)

- * 230,859 were unemployed in the North East
- * 72,000 vacancies in the North East
- * 95,697 were unemployed in Tyne and Wear
- * 3,000 vacancies in Tyne and Wear
- * 34,362 were unemployed in the South Tyne area
- * 657 vacancies in the South Tyne area
- * 15,240 were unemployed in South Tyneside Borough
- * 14,264, over a third, of the South Tyneside count had been unemployed for over 12 months.
- * **Jobs created.** Between 1967 - 1978 4,650 new jobs were created in the Borough compared to the 14,261 jobs that were lost.

Other Social Indications

- * 60% of households have no car - 20% worse than the National average
- * 69% of families live in rented accommodation
- * 50% of households receive Housing Benefit
- * 22% of pupils in school receive free school meals

KEY

- 1 PLUG IN CABLE
- 2 SYSTEM X CABLE
- 3 METER CONTROL UNIT
- 4 COMMERCIAL ASSEMBLY
- 5 CALL LOGGING
- 6 SUB TEST AREA
- 7 FLOW SOLDER M/C
- 8 STORES PIECE PARTS
- 9 CABLE DRUM STORAGE
- 10 P.I.C. PACKING
- 11 SYSTEM X CABLE PACKING
- 12 CALL LOGGING PACKING
- 13 CALL LOGGING CABLE DRUM STORAGE
- 14 GOODS IN / DESPATCH

The Economic Cost of Closure

4. The Conservative government's policies have as their basis the belief that state intervention, via public expenditure, has damaged private enterprise and that private ownership as opposed to public ownership is the key to the creation of wealth from which everyone will benefit. Government economic policy is geared towards encouraging private enterprise to prosper. But what the following tentative costings show, as have many such studies², is that government policy far from reducing public expenditure, ends up by increasing it. It does in fact cost more to keep people out of work, than it would to keep them employed.

5. The following figures based on 600 redundancies are an estimate of how much it would cost the government and the local economy in the first year after the Switching Unit had been closed.

a) income tax and national insurance lost by the government	1,950,915
b) Unemployment Benefit paid	762,060
c) Redundancy pay from government funds	375,000
	TOTAL £3,087,975⁽³⁾

6. This figure is what it could cost the government for the redundancies alone in one year and as there is little prospect of the majority of the 600 finding new work, with one job to every 23 unemployed people, the cost will continue into subsequent years. This figure is probably too low. It does not include any supplementary benefit which could be paid the extra administrative cost the government is likely to incur nor the redundancy money from the company.

7. The cost to the local economy will be as bad:-

d) Goods and services purchased by Plessey locally will be lost	1,342,000
e) Payments to local utilities by Plessey are lost	337,000
f) The spending power of former Plessey workers is cut	2,040,880

TOTAL £3,719,880(4)

8. The wages bill for the Switching Unit for 1983/84 has been forecast at £4,165,000, the cost to government and local economy is nearly £7m.

9. The impact of this reduced expenditure will be felt throughout South Tyneside Borough. Former suppliers of goods and services to Plessey will lose orders and former employees will spend less in local shops. Redundancy pay may to some extent offset the immediate impact on some local shops and services but shopping areas such as Frederick Street, adjacent to the Plessey site will feel the loss immediately, Plessey workers presently shop there but will not travel to do so. The PTE have estimated that each additional unemployed person could account for 300 lost journeys each year.

10. This pattern of reduced expenditure has a knock on effect, other suppliers may have to close and shops either close or reduce their staff, which in turn creates additional costs to the government and reduces further local expenditure.

The Social Cost of Unemployment

1. There is one side to unemployment which is difficult to quantify - the cost to the individual's morale and well being.
2. Losing employment means a sharp reduction in income, there will be a period when this is offset by severance pay but DHSS regulations are such that after one year on unemployment benefit, anyone with savings above £3,000 will not be entitled to any state benefits, and would therefore have to live off their redundancy money. Even those receiving state benefits will have a very meagre income indeed.
3. As the length of time spent out of work increases so too does the difficulty in maintaining good physical and mental health. Initially, the majority of people made redundant are quite hopeful of getting further work. Redundancy gives people the opportunity to take a few weeks off and in the short term money may not be a problem.
4. However, expectations of finding work are soon undermined. There was only one vacancy to every 23 unemployed people in South Tyneside in January 1984. Once this fact begins to sink in, optimism can change to frustration and hopelessness, and can lead to health damaging stress for both the unemployed and their families. Such stress can be reflected in chronic depression, thoughts of suicide, abuse of drugs or alcohol, or at best feelings of worthlessness in the face of increasing scepticism about employment opportunities.⁵
5. The drop in income results in families taking measures to make ends meet. Expenditure on food, clothing, heating and travel and entertainment are all cut down.
6. For many young people particularly, the loss of a job or very little possibility of finding work, can lead to cynical disillusionment which can express itself in anti social and health damaging behaviour, eg. glue, alcohol, drugs.
7. Family life can change. There is increasing evidence of deteriorating marital relationships, debt accumulation, gambling, violence and many less obvious manifestations, relating to long term unemployment and the lack of hope.
8. Increasing unemployment creates more demand for social services of every description, whether provided by local or national government, but the same "policy" which trades off low inflation rates against high unemployment also reduces the money for services that unemployed people increasingly need.

References

- 1 a) Poverty and Deprivation in South Tyneside Technical Report - Sixth Inner Area Programme 1984/85 - 1986/1987 (Nov 1983)
- b) Unemployment and Poverty in South Tyneside - Report on a survey conducted in the All Saints area of South Shields
- 2 a) The Consequences of the Closure of Vickers Elswick Reference Division, Newcastle City Council Policy Services Department Jan 1980
- b) Employment Consequences of the Closure of Courtaulds at Spennymoor Sedgfield District Council

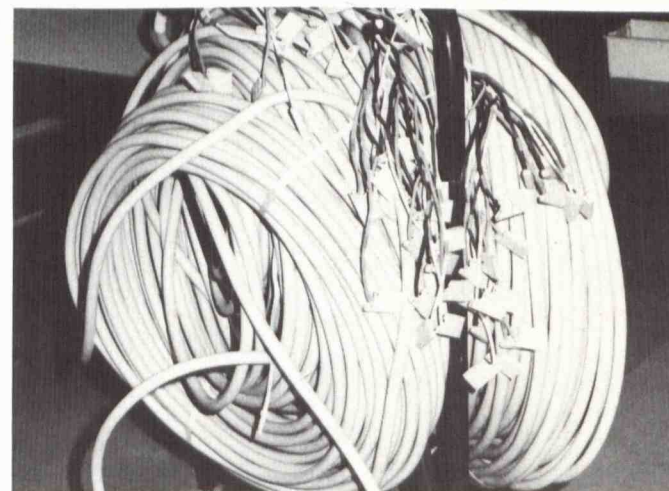
- c) There's Life in the Old Dock Yet - Henry Robb's Action Committee (Dec 1983)
- 3 Notes on the estimated costs to the Exchequer:
- The calculations were based on 600 redundancies of 450 women and 150 men. It was assumed that all the men and two thirds of the women would pay Class 1 NI contributions.
 - Tax was assumed to be paid at 21%
 - Unemployment benefit was assumed to be paid at £27 plus £16 for a wife in the case of a male worker. Payments for children were not taken into account.
 - It was assumed that given the level of unemployment in South Tyne and the present level of vacancies that the rate of re-employment would be low and have a negligible effect on the chances of other unemployed people or ex Plessey workers being employed at their expense.

System "X" Cables

South Shields factory is currently producing approximately 600 System "X" Cables per working day. These are similar to TXE4 plug-in cables in as much as they are external to the suites of switching and associated equipment and are delivered directly from the factory to the exchanges where they are plugged into place. The cables are made up of a wide range of connection devices attached to sheathed wire groups.

"System X is the heart of Britains complete approach to telecommunications. Totally flexible and versatile, it is an evolutionary system of modular construction. It is capable of accommodating further technological developments without the need for fundamental redesign. System X provides a comprehensive family of digital exchanges - from local configurations or remote subscriber units through to international gateways. It can be incorporated easily into any existing network, or be used to create a totally new telecommunications system. Progressive modernisation without disruption to existing service is a major feature of System X. The modular construction of System X ensures expansion of exchange in harmony with growth in traffic, numbers of customers and facilities required."

Plessey Hotline, Autumn 1983



Crossbar

In simple terms, "Crossbar" is the name of one of a number of telecommunications switching systems. All of these systems perform basically the same function, although the techniques by which they perform it are by no means the same as each other. They receive incoming calls, decode them to determine what the caller is trying to do, (usually this means in fact, who the caller is trying to reach), establish a path along which the caller and potential recipient can be connected and effect that connection.

Without switching equipment no telephone system as we know it could work. The switching is, to all intents and purposes, the telephone system, or at least what the whole system is built around. The fact that there are so many telephone users ensures that the task of the switching equipment in receiving, sorting and re-directing enormous volumes of traffic is immense. In order to cope with this, the equipment is very intricate.

The manufacturing process reflects the intricacy of the product. It essentially comprises a series of light assembly and wire connection operations va riously organised on flowline and department basis. The requirement for high quality demands that the process included a large number of inspection and testing points.

Call Logging

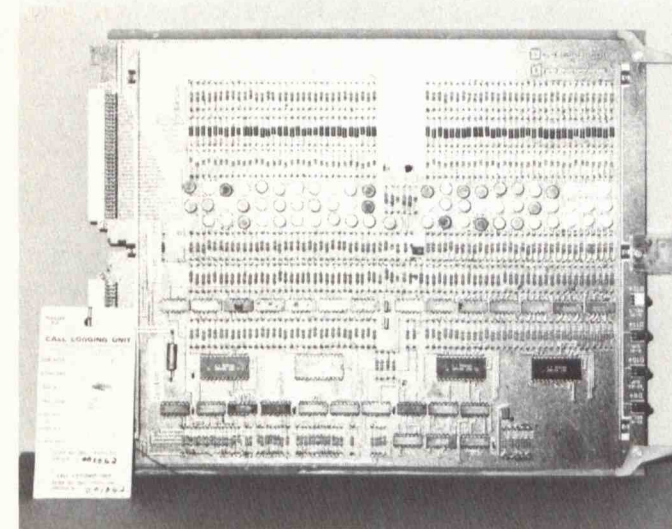
This response is the result of close collaboration between Plessey and ICL offering expertise in the key areas of telecommunications and data net-working.

The proposed system offers British Telecom:

- * Variable Tariffs
- * Flexible Billing
- * Call and Management Statistics
- * Area Control

The system design is:

- * Totally flexible and fully compliant with BT requirements
- * Resilient, and offers total data integrity
- * Capable of meeting traffic levels on largest exchanges by virtue of distributed processing
- * User friendly by use of high level software operating systems for data access and control



Roboserve/Minibar

Minibar is a complex vending machine, designed for use in hotel bedrooms.

The complete unit is a fridge with several compartments of various sizes plus an ice compartment.

Built into the fridge is a microcomputer which scans the compartments via infra-red diodes and fibre optic links. When a compartment door is opened and a drink removed, the micro detects this and via a miniature 50 MHz transmitter/receiver signals the main computer (usually situated in the hotel foyer), with the information, i.e. a drink had been 'served', the type of drink (anything from cola to champers) and the room number. At this point, the computer updates the invoice for that room.

Various other facilities exist.

- The main computer can 'order' the fridge door to be locked. (To prevent unauthorised entry.)
- When a compartment is empty a warning is issued to room service.
- Fault conditions trigger alarms to the main computer which displays instructions on a V.D.U., i.e. mains failure in that room.

Printed Circuit Boards

The purpose of a PCB, or more correctly a printed wiring board, is to replace a mass of conventional wires by producing an electrically conductive circuit onto a solid base material.

The base material is of an insulative composition to which is adhered a thin copper foil. The processing of the laminate, as the basic material and copper foil is called, is to produce the required "wiring circuit" in the copper foil to which electrical components can be attached.

The creation of the circuit on to the copper foil is by a printing process. The printing process can be either by using a chemical resistant "screen printing ink" or a photographic method using light sensitive materials. Both materials rely on producing an "image" of the required circuit onto the copper foil, and then removing the background copper by chemical processing. The component mounting holes within the circuits are made by highly accurate computer controlled drilling machines.

The plating processes used in the manufacture of circuit boards are to create a type of board which has a circuit on either side of the base material. The circuits can be connected by copper plating down holes which are common to the individual circuits, and thus effectively produces a single circuit. This type of PCB is commonly referred to as Plated Through, (or "P.T.H.").

APPENDIX

Nursery Units

As the plan of the Plessey site at South Shields shows (see page 8) the proposed plan to save 250 jobs at the switching unit will utilise approximately half of the capacity presently threatened with closure.

The further excess capacity in the South end of the existing site has the potential to be developed as an enterprise workshop area consisting of a number of nursery units. A feasibility study carried out by South Tyneside Council (See following) provides a tentative costing. Such a scheme could lead to the creation of up to 500 jobs over the next three years.

This would be of vital aid to South Shields in maintaining jobs in the area and for Plessey it offers the possibility of fully utilising all existing site.

Borough of South Tyneside Department of Planning

Draft Budget for Enterprise Workshop at Plessey No. 2 Factory, South Shields

Capital Expenditure

The following items of capital expenditure will need to be costed for the particular premises under consideration. The comparable figures for the "Filtrona" project are given for guidance only.

Item	"Filtrona" £
Structural	-
Partitioning of No. 2 Factory ¹	-
Partitioning into units ²	44,000
Electrical ³	75,000
Additional Fire Officer requirements ⁴	500
Ventilation	20,000
Equipment	-
Canteen Equipment ⁶	2,000
Office Equipment ⁷	4,000
Adaptations	-
Separation of Services ⁸	30,000
	<u>£ 175,000</u>

Description of products manufactured at Plessey South Shields

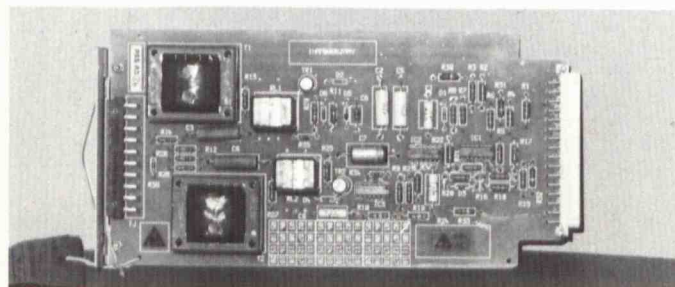
TXE4 Cables

South Shields factory is currently producing approximately 700 TXE4 'Plug-in' cables per working day. Not to be confused with cables - (more properly referred to as 'cable harnesses') - which are wired to plug-in units, these cables can be, and have been, manufactured totally independently of the other TXE4/TXE4A hardware.

These cables comprise lengths of sheathed wire groups to which female connectors are attached. They are used to provide connections between, for instance, racks in a suite and to connect suites of equipment to distribution frames.

Only during the exchange installation stage are the cables married to other equipment.

Meter control units are provided as a means of converting metering pulses from an exchange negative battery, or earth pulse, into a 50Hz longitudinal voltage pulse applied to the line. The units are suitable for detection by subscribers private meter equipment of tier 1, 2 or 3 payphone 50Hz detectors. They are connected into the line between the subscribers line circuits at the exchange and the subscriber's instrument.



1. No. 2 Factory will need to be divided to enable the Enterprise Workshop to occupy the southern section.
2. Stud partitioning is recommended because of its flexibility allowing the configuration of units to be varied. There are specialist firms in this field.
3. The "Filtrona" costing allowed for emergency and mall lighting, wiring, sockets and meters to all units and additional wiring to fans and ventilators.

Tenants are expected to provide any additional lighting and heating they require within their units.

4. This item is entirely dependent upon the layout of the partitions and the common malls.
5. The construction of the roof of the "Filtrona" building prevented ventilation ducting through it and this had an impact on many other aspects of the scheme.
6. Ideally, the canteen should be run as an independent business but in the early stages of the project a common area for tenants to meet is essential.
7. Office equipment to provide administration and common services could be mainly second hand, donated or leased to reduce capital commitment.
8. Separation of services from the rest of the Plessey complex is essential, although it may prove possible to meter any heating provided from the main boiler.

The following items of revenue expenditure are common to any Enterprise Workshop although the precise cost of rent and rates will need to be assessed.

Personnel ⁹	33,000
Rent ¹⁰	51,850
Rates	38,500
Power ¹¹	17,000
Maintenance of Equipment	2,500
Insurance	4,600
Maintenance of Building	7,500
Miscellaneous	10,000
	<hr/>
Debt Funding	26,000



System "X" Cables

9. Based on Manager, Secretary, Cartaker and clerk/Receptionist plus 20%. Secondment of the Manager and Secretary would provide valuable lessening of revenue expenditure in the early stages of the project.
10. A rent free period is probably essential if the project is to be viable in the short term.
11. Includes all heating and electricity costs which will be recovered by inclusive rental charge.

The project is based on inclusive rentals for small units. The important cost statistic for tenants is the weekly rent and the following figures are a possible basis for calculating overall income:

Size Sq ft	Rent/Week £	Rental/sq ft (p.a.) £
75	10.00	6.93
100	12.00	6.24
150	17.00	5.89
170	19.00	5.81
200	22.00	5.72
250	27.00	5.61
300	32.00	5.86
430	43.00	5.20
490	49.00	5.20
500	50.00	5.20
750	65.00	4.50
850	70.00	4.28
980	75.00	3.98

This rental structure operates as a deterrent to long term expansion within the Workshop and encourages movement out into "normal" factories where the rent levels are between £2.00 and £3.00/sq ft for units in this size range.

Total rent income will depend upon the combination of unit sizes and the rate of occupancy. Using the "Filtrona" layout as an example, the 62 units with a total floor area of approximately 20,000 sq ft (75% of available floor area) would generate approximately £100,000 rent income per annum.

At 80% occupancy, the Plessey project would need to provide 48,000 sq ft of lettable space to generate sufficient income of cover all the revenue costs of £190,950 per annum outlined above. At 75% of gross floor space, the Enterprise Workshop would require 64,000 sq ft of No. 2 Factory.



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

Telephone (Direct dialling) 01-215 5144
GTN 215
(Switchboard) 215 7877

From the Minister of Trade

Ms Caroline Ryder
Private Secretary
10 Downing Street
London SW1

9 April 1984

N. Fisher

Dear Caroline

Thank you for your letter of 30 March 1984.

As requested I attach a brief and a background note on the closure of Plessey's South Shields Factory for the Prime Minister's meeting with Dr David Clark MP on Thursday 12 April at 4 pm.

*Added
CR.*

Mr Channon will attend the meeting.

*Yours ever
Steve*

STEPHEN NICKLEN
Private Secretary to the
Minister for Trade (PAUL CHANNON)

PE/OT/SH/PL/NR/SC/MK/INT → Kay

CF
Waste 2'

24

Samples of a large petition
(2456 signatures) handed in
by Dr. David Clark M.P. yesterday.

There was no accompanying
letter.

Do you think you should
ack. receipt?

Kay
5/4/04

~~Yes~~ Kay

We are also having
a meeting with Dr

Clark, so we can ask
them. Ple add this to file

OT

X

WE THE UNDERSIGNED DEPLORE THE ACTION TAKEN BY PLESSEY TELECOMMUNICATIONS LIMITED IN ANNOUNCING THE CLOSURE OF THE SWITCHING SITE AT SOUTH SHIELDS, IN SPITE OF THE CONTINUING RECORD OF PROFITABILITY, AND SUPPORT THE CAMPAIGN TO RESIST THIS SENSELESS CLOSURE.

NAME	ADDRESS
S. Loughlin	South Shields
J. English	South Shields
J. Stewart	"
G. Pearce	Maitimer Road South Shields
M. Smart	WENTWORTH SO SHIELDS
V. Clark	Glenagles S/Shields
H. Mason	King George Rd South Shields
S. Brown	St Vincent St So Shields
R. Maxwell	52 ARNICK RD S/HIELDS
J. ...	South/SNEBS
Rob. Hitham	91 HIGHFIELD DRIVE S/C
M. Shield	7. FERN AVE. WHITBURN
R. Johnson	23 Benta Rd South Shields
E. Ayden	22, Lynalrust St So. Shields
G. Stokes	40 HERESBY RD S./SHIELDS
P. Thorne	South Shields
R. T. Gray	50 FROUDE AVE SO. SHIELDS
D. Newham	So Shields
J. A. Bell	100, PRINCE EDWARD ROAD S/S.
M. Richardson	9 LINCOLN RD S/S.
S. Watten	195, Mowbray Rd. S/S
Jim Brown	223. Cheive Rd S/S
J. Lines	31, Central Gdns S/S.
R. Guy	35 Hypion Ave. S/S.
J. D. Dawson	100 HOWBRAY ROAD,
Robert Jones	109 Mander Rd South Shields
M. Douglas	348 SANDERSON ROAD. S/S.



10 DOWNING STREET

From the Private Secretary

30 March, 1984.

The Prime Minister has agreed to see Dr. David Clark, M.P., regarding a closure at the Plessey Factory in his constituency.

The meeting will take place in the Prime Minister's room at the House of Commons at 1600 on Thursday, 12 April. We would be grateful if a Minister from your Department could attend this meeting, and we will also require a brief. Perhaps you could let me know which Minister will be attending.

Caroline Ryder

A. Lansley, Esq.,
Department of Trade and Industry.



to

10 DOWNING STREET

From the Private Secretary

30 March, 1984.

This is just to confirm the telephone conversation you had with my colleague, David Barclay, yesterday when it was agreed that you would see the Prime Minister in her room at the House of Commons on Thursday, 12 April, at 1600. At this meeting will be a Minister from the Department of Trade and Industry.

Caroline Ryder

Dr. David Clark, M.P.

to

PRIME MINISTER

Attached is a letter from David Clark about another factory closure in his constituency, this time by Plessey. I know that you will wish to see him, but he has in addition asked that he should bring a representative of the Plessey workforce with him. I suggest that you should stick to your usual preference for seeing Members on their own, since to agree to Dr. Clark's request would open the way to delegations, etc.

Agree to see Dr. Clark, but on his own?

Yes

not

Dr

28 March, 1984.



HOUSE OF COMMONS
LONDON SW1A 0AA

228
26 March 1984

Rt Hon Margaret Thatcher MP
10 Downing Street
London W1

Dear Prime Minister

As you are aware, Plessey Ltd have announced a factory closure in South Shields. Not surprisingly, as this is a highly technological and modern industry, we are even more concerned than usual.

I wonder if you would be prepared to meet me on this issue. The employees have not responded with strikes or 'sit-ins' but in a positive manner by producing a detailed blue-print to save some of their jobs. I am enclosing a copy of this document. In view of this, I wonder if you would allow one of their representatives to accompany me on this special occasion?

I look forward to hearing from you on this matter.

Yours sincerely

Dr David Clark MP

Enc.

Grey Scale #13



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

