

CONFIDENTIAL FILING

Prime Minister's meeting with
Allen Adams, MP to discuss
Babcock Power. 20 January 1987.

PRIME MINISTER

December 1986

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
20. 1. 87							
<p>PREM 19/2402</p>							

SUBJECT CC MASTER



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

20 January 1987

Dear Peter

The Prime Minister met Allen Adams MP, at his request, this afternoon. Your Minister was also present.

Mr. Adams pointed to the record of Babcock in manufacturing specialised equipment, in investment, and in progressive and cooperative relationships between management and workforce. He admitted to a degree of embarrassment because since he first sought the meeting with the Prime Minister the workforce had voted 4-1 to accept the management's proposals on redundancies. Nonetheless there was a real need to keep the workforce together against the possibility of future orders, particularly from the CEGB. He urged the Prime Minister to reach a decision on Sizewell quickly.

The Prime Minister said she shared Mr. Adams' assessment of Babcock, and she had every sympathy with the difficulties faced by the workforce. She would certainly bear very much in mind his concern for an early decision on Sizewell. She confirmed that the Sizewell Report had been received. It would be published soon. Members would have an opportunity to read it before it was debated, and then decisions would be taken.

I am copying this letter to Geoff Dart (Department of Energy) and Robert Gordon (Scottish Office).

25
Mark Addison

MARK ADDISON

Peter Ritchie, Esq.,
Minister of State's Office,
Scottish Office.

JKW

STR?
cc myA



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU
TELEPHONE: 01-270 3000

Prime Minister
for tomorrow's meeting.
MEX 19/1
19 January 1987

Mark Addison Esq
Private Secretary
10 Downing Street
LONDON

Dear Private Secretary

PRIME MINISTER'S MEETING WITH MR ALLEN ADAMS, MP
BABCOCK POWER

I attach a briefing note and line to take for the Prime Minister's use at her meeting with Mr Allen Adams MP, which has been arranged for 20 January at 15.45 in her room at the House of Commons.

Mr Lang will also attend.

Yours sincerely

Sandra Buckle

AP IAN JARDINE
Private Secretary

BABCOCK POWER LTD, RENFREW

NOTE FOR THE PRIME MINISTER'S MEETING WITH MR ALLEN ADAMS MP
ON TUESDAY, 20 JANUARY 1987

Summary

1. On 15 December 1986, Babcock Power Ltd, a wholly owned subsidiary of Babcock International PLC, announced that because of the worldwide lack of orders for power generation equipment, 715 redundancies were necessary. Of this number 620 will be from the company's main power generation equipment plant at Renfrew which currently employs around 2,500 people. The remaining 95 redundancies will come from the firm's London workforce.
2. This action follows a considerable investment programme of £50.2 million at the Renfrew factory which began in 1979; significant efforts by the company to diversify into new product areas; and a positive attitude to change, adopted by management and the unions alike through new flexible working practices. Evidence of this attitude has recently been illustrated through the unions' co-operation and acceptance of the need for short-time working at the plant which was introduced for 2,000 employees on 8 September 1986. Production at Renfrew includes the design, manufacture and marketing at home and overseas of boilers, pressure vessels and heavy fabrications for power generation activities and for industrial and marine purposes. The company received an offer of £7 million under Section 7 of the Industrial Development Act to assist their investment programme.
3. Babcock Power Ltd is the major manufacturing employer in Renfrew, and an important industrial force in Scotland, with a fine reputation at home and abroad. The plant is located in the Paisley North constituency area where unemployment at December 1986 totalled 5424 (November 5312). Paisley North is in the Glasgow TTWA where percentage unemployment in December was 17.2%.

Future Power Station Orders

4. There is no prospect for a future power station order in Scotland for some considerable time. However in England and Wales the CEGB sees a clear need for new stations to enable it to meet expected levels of demand. The pattern of future orders is dependent on the outcome of the Sizewell Inquiry which is at present under consideration by the Secretary of State for Energy. The timing of any announcement remains uncertain.

Assuming a decision favourable to the PWR, the CEGB would wish to proceed to placing orders for Sizewell as quickly as possible. It would also wish to plan for a series of 3-4 such reactors over the remaining years of the century and would submit applications to the Secretary of State accordingly. Babcock would hope to obtain from each PWR order work amounting to some 800 man years.

The CEGB has also stated publicly on several recent occasions its wish to build new coal stations and following the Sizewell decision the Board is expected to submit an application for a station at one of a number of sites under consideration in the South of England. The Secretary of State for Energy will consider this application on its merits. Babcock has been involved with the Board, British Coal and other manufacturers in a study of a new reference design for coal fired stations and would be well placed to gain work from future orders.

Overseas Markets

The key markets for power station projects are Africa, India, Iran and Indonesia. Competition is intense and the securing of Export Credit Guarantees is often crucial. There has however been a slump in power station orders worldwide and there does not appear to be any prospect of improvement in the near future.

Line to Take

(i) Very much regret the announcement of redundancies at the Renfrew plant brought about by the worldwide lack of orders for power generating equipment.

(ii) Recognise that it is particularly unfortunate in view of the company's efforts to modernise and rationalise through considerable investment programme, and in view of the very real efforts of management and workforce at Renfrew to diversify and introduce flexible working practices.

(iii) Future power station orders depend on the Sizewell decision; the Government hope to make an announcement as soon as possible.

(iv) The CEBG considers a number of new power stations is necessary to enable it to meet demand; it wishes to build both nuclear and coal stations. Any application submitted by the CEBG will be considered by the Secretary of State for Energy on its own merits.

Industry Department for Scotland
16 January 1987

Blue Folder

CF

NOTE FOR THE FILE

I rang Peter Ritchie in Ian Lang's Office (PUSS, Scottish Office), and asked if Mr. Lang could be present at a meeting with the Prime Minister and Allen Adams MP at 1545 on Tuesday 20 January. Mr. Lang will attend and his office will supply briefing.

re! Babcock
Redundancy

BF
B1

VC

PP

Caroline Ryder

14 January 1987



✓

cc50

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 January 1987

Just before Christmas we had a word on the telephone and you asked for a meeting with the Prime Minister to discuss the forthcoming redundancies at Babcock.

I am sorry it has taken a little while to come back to you, but the Prime Minister would be able to see you on Tuesday 20 January at 1545 in her room at the House of Commons. I should be grateful if you would let me know as soon as possible whether that would be convenient from your point of view.

(MARK ADDISON)

Allen Adams, Esq., M.P.

801

He rang to confirm
CR
1911

PRIME MINISTER

CR
When is the job available slot
for Mr Adams?
MEA 12/1

Allen Adams MP has asked to see you to discuss the forthcoming redundancies at Babcocks in Scotland.

Babcocks have announced 600 redundancies in the Renfrew area. But the Scottish Office advice is that until decisions have been reached on the Sizewell Report, it is difficult to say much to Mr. Adams one way or the other.

On the other hand, your practice is to see Opposition Members with a constituency interest when significant redundancies or closures have been announced. And Mr. Adams did ask you a question in the House part of which was drowned out by noise.

Agree in principle to see Mr. Adams, but aim to fix this early in February, by which time the way forward on Sizewell may be clearer?

~~Y~~
is
no
he will regard this as too late
And it has certain implications
for the Sizewell
decision
not

MEA

MEA
I can manage
TUE 20th at
15.45. any good?
CR
13/12

MARK ADDISON
9 January 1987

ECL/04

report. Derbyshire county council is still wasting hundreds of thousands of pounds of ratepayers' money on such unnecessary items as television advertising and publishing a civic newspaper. It has now decided, at public expense, to sent a number of Socialist councillors on a television interview training course. Is not this—

Mr. Speaker: Quickly.

Mr. Knight—a disgraceful abuse and yet another example of Labour's irresponsibility when in office? Is it not clear evidence that further Government action is necessary to stamp out this outrageous abuse?

The Prime Minister: My hon. Friend is right. Since the Audit Commission commenced operations in 1983 it has identified about £2 billion worth of economies that would give ratepayers very much better value for money. I agree with my hon. Friend that there is a great deal of scope for these economies to be made, often in the very authorities that are demanding more money, although they do not know how best to spend the money that they have already.

Mr. Allen Adams: I noted with interest the Prime Minister's concern about defence. Is she aware that Babcock Power yesterday announced 620 redundancies at its Refrew plant? This is a factory that is steeped in manufacturing parts for Trident, which is an integral part of the defence of the realm, apart from developing ultrasonic equipment and heavy lifting gear. *[Interruption.]* What does the Prime Minister intend to do about this and when does she intend to do it?

The Prime Minister: I am sorry that I could not hear the hon. Gentleman's supplementary question, except that I heard him say that there have been severe redundancies in a factory in his constituency. As he is aware, every possible effort will be made to help to create new jobs.

Q4. Mrs. Virginia Bottomley asked the Prime Minister if she will list her official engagements for Tuesday 16 December.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mrs. Bottomley: Will my right hon. Friend reconfirm the Government's unequivocal support of nuclear deterrence, which plays a crucial role in the defence of the West, in the light of the Soviet Union's overwhelming superiority in conventional forces? Does she agree that to scrap the nuclear deterrent and divert resources to conventional forces would be a paltry gesture that would not bridge the gap but would merely leave Britain isolated and exposed?

The Prime Minister: I agree with my hon. Friend. Nuclear deterrence is a fundamental part of our defence strategy and a fundamental part of NATO's defence strategy. We shall continue to modernise our own independent nuclear deterrent weapons provides far more deterrence than the same amount spent on conventional forces.

Mr. Michael Morris: On a point of order, Mr. Speaker.

Mr. Speaker: Does it arise directly out of questions?

Mr. Morris: It does, Mr. Speaker. I attended the Public Accounts Committee yesterday, when the Chief of Defence Procurement, Mr. Levene, made a statement in answer to questions about Nimrod. He did not say that the majority of costs on overrun were the responsibility of the Ministry of Defence. That is an incorrect statement of what he said in evidence.

GR



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Mark Addlson Esq
Private Secretary
10 Downing Street
London
SW1A 2AA

DK PEA
I think she will need to see
him, if she is

8. January 1987

Dear Mark

to follow the
normal practice. The meeting will
have to wait a week or two however,
as it will be for a date in February, the
position Sizewell may be clearer.

Thank you for your letter of 24 December seeking advice on the request from Allen Adams MP for a meeting with the Prime Minister to discuss the forthcoming redundancies at Babcock.

My Secretary of State is, of course, extremely concerned about the impact in the Renfrew area of over 600 job losses. However, given the company's heavy dependence on the CEGB power station ordering programme over the next few years while world markets for large boilers remain depressed, there is very little of a positive nature which the Prime Minister could say while the Sizewell Report is under consideration. This makes a meeting less attractive from a presentational point of view and our advice is, therefore, that the Prime Minister should not agree to meet Mr Adams at this time.

Yang
Andy Kinning
ROBERT GORDON
Private Secretary



Allen ADAMS MP

8/1

FILE

DA

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

24 December 1986

Allen Adams MP has asked for a meeting with the Prime Minister to discuss the forthcoming redundancies at Babcocks. I have told him that the Prime Minister will be sympathetic to the request, but that she will not be able to make a decision until she has had a chance to look at all her forthcoming commitments at her next diary meeting on 19 January. He said he was not seeking to bring anyone else to the meeting.

I should be grateful for your advice on Mr. Adams' request, by Thursday 8 January please. If the Prime Minister does agree to see him, we shall of course need to arrange for one of your Ministers to be present, and for a brief beforehand.

(Mark Addison)

Robert Gordon, Esq.,
Scottish Office.

dg

CEGB: → 270 6738

6/700
late done.



31/1

10 DOWNING STREET

Andy,

Alan Adam MP. Paisley

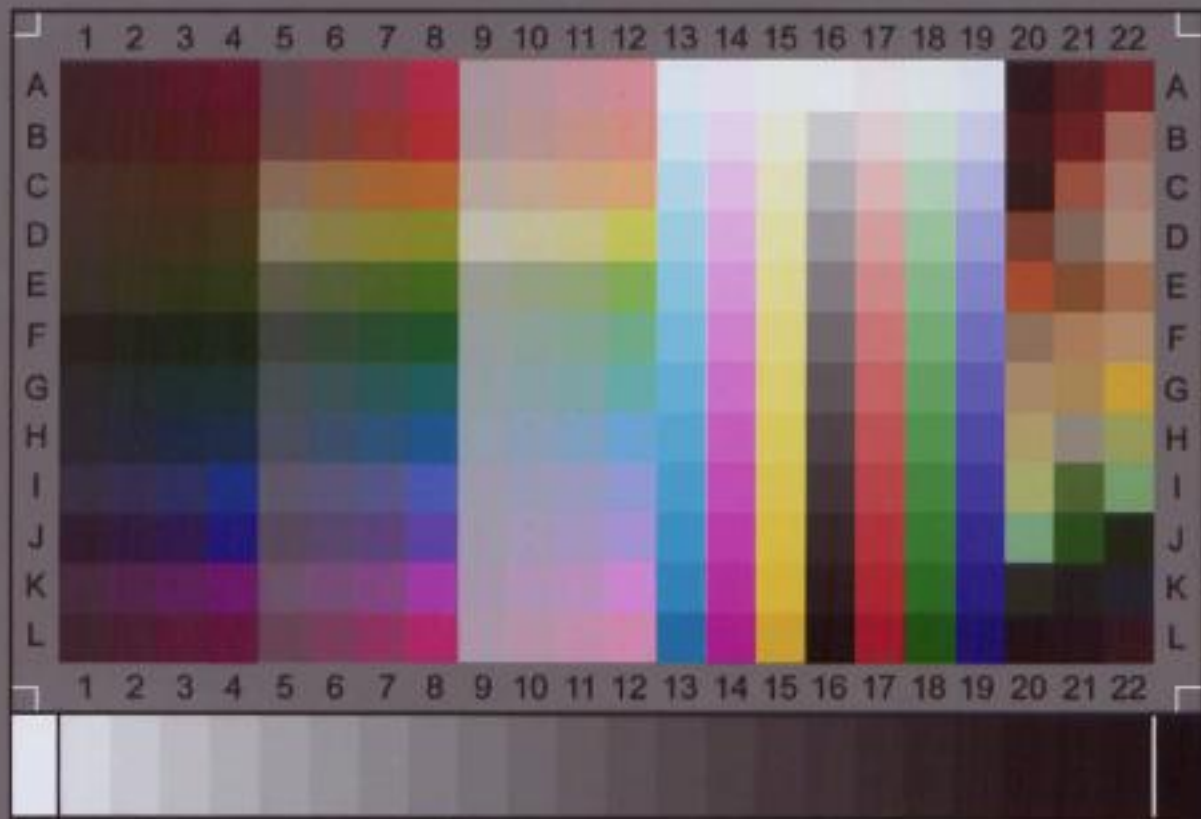
North (Labour) rang wanting to
arrange a meeting with HB PM.

He apparently asked for a
question last week about Babcock
Power which she didn't answer.
He thinks she didn't hear over
the noise in the H/C!

He would like you to
ring him.

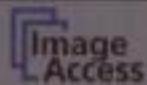
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