

CONFIDENTIAL FILING.

Prime Minister's meeting with
Aemy Steinberg, MP. 4 February 1988.

PRIME MINISTER

December 1987.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
18.1.88							
26.1.88							
9.2.88							
23.2.88							
18.3.88							

PREM 19/2407

dti

the department for Enterprise

R21/3

CF-PPS

Robert Atkins MP
Parliamentary Under Secretary of State for Industry

Mark Addison Esq
Private Secretary to
The Prime Minister
10 Downing Street
London
SW1A 2AA

Prime Minister (2)
MEA 2/3

Department of
Trade and Industry

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Date

215 5186

18 March 1988

Dear Mark *ms*

Your letter of 23 February recorded the Prime Minister's meeting that day with Gerry Steinberg MP about the closure of the Courtaulds plant at Belmont in his constituency. DTI North East officials were asked to contact the buyers, the Kenyan based Sunflag Group, to see whether the company might be eligible for some form of assistance. You asked that the Prime Minister be kept informed.

DTI/NE officials met a representative of the company, Mr Pasqual Alles, on 8 March. It was learned that Sunflag has not yet decided whether to sell the plant and machinery to other Group companies or third parties and sub-let the premises or to recommence manufacture, on a limited scale initially, employing up to 40 people. It seemed clear that this decision would be based on commercial, long term strategic considerations. If the company opted for a period of limited manufacture this would be used to assess the scale of the market and the investment needed to secure a long-term viable future. The company was advised of the part DTI grants could play in such an investment programme.

Local authority officials who were also present indicated possible temporary help with rates.

I will report any subsequent material developments.

*Yours,
Stuart Gill*

STUART GILL
PRIVATE SECRETARY


the
Enterprise
initiative

AA8AEO

Panel Minutes - Mtg with Gary Stenberg

my

9F

PMMA82



cc DT

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

4 March 1988

Dear Sir Christopher,

Thank you for sending me a copy of your letter to Francis Maude about the redundancy payments associated with the closure of your Belmont plant. I am most grateful to you for responding so promptly to Francis's letter, and for the evident personal interest you are taking to see that the employees to be made redundant are well treated.

Yours sincerely

Margaret Thatcher

Sir Christopher A. Hogg

SH

PRIME MINISTER

The attached letter from the DTI confirms that the appropriate regional office is in touch with Sunflag to consider the possibility of assistance, and that the redundancy terms offered by Courtaulds to their employees at Belmont are generous ones.

A draft letter for you to send to Christopher Hogg is attached.

MEAT

M E ADDISON

2 March 1988

GR

plce DTI.

dti

the department for Enterprise

CF - no trace

The Hon. Francis Maude MP
Parliamentary Under Secretary of State for
Corporate Affairs

Mark Addison Esq
PS/Prime Minister
10 Downing Street
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Date 29 February 1988

MEETING WITH GERRY STEINBERG MP

Thank you for your note of last ^{that} Tuesday's meeting. The Prime Minister asked (i) that DTI officials contact Sunflag about the range of services and grants that are available; and (ii) that we investigate the redundancy terms offered by Courtaulds to their Belmont employees.

On (i) DTI NE officials have contacted Mr Pasqual Alles of Sunflag and are hoping to meet him later this week. They have also invited representatives of the local authority and of the County Durham Development Corporation to attend so that, depending on Mr Pasqual Alles' plans for the plant, it will be possible to offer across-the-board advice.

On (ii) the Prime Minister has received a copy of Sir Christopher Hogg's letter of 25 February setting out the terms of their settlement. I have spoken to officials in Department of Employment who have confirmed that these are generous terms compared to the majority of offers they know about - although this is an area that they normally leave to employers.

I have asked DTI NE to report to Mr Atkins, within whose responsibilities this falls, on any further developments, so Stuart Gill (to whom I am copying this letter) will keep you in touch.

Miranda Harvey

MIRANDA HARVEY

RH2DFU

the
Enterprise
initiative

Pr: Mtg with Steinberg, M.

Dec 87 ●



Mark
I have not
chased as
yet.
JR 2/3

With
Chris Hogg's
Compliments

NH
GR.
I asked DZI
for advice. FL
class on Wednesday.
Mark 29/2



COURTAULDS

R226/2
PPS

25 February 1988

The Hon Francis Maude MP
Parliamentary Under Secretary of State
for Corporate and Consumer Affairs
Department of Trade & Industry
1 Victoria Street
London SW1H 0ET

Prime Minister. ②

This looks encouraging.
You may wish to reply to
Christopher Hogg, and I will
check first with Francis Maude's
office, to get his agreement.
MFA 26/2

Yes - we must
reply direct.

Dear Mr Maude.

Thank you for letting me know of the Prime Minister's concern that the redundancy payments associated with the closure of our Belmont weaving plant should properly reflect our responsibilities to those involved.

The settlement we have concluded at Belmont reflects our endorsement of the Prime Minister's views and has been well received by the area representatives of the four trade unions involved, and by the local shop stewards. It provides for an additional half week's pay per week of notice entitlement (equivalent in practice to each year of service), with a minimum of two weeks' pay, and £500, ex gratia, per person. This is additional of course to statutory redundancy pay and any relevant payment in lieu of notice. In order to ensure that the majority of employees were able to benefit from the latter, the issue of the notices of redundancy was delayed until 5 February; the plant is due to close on 11 March. The effect of the settlement is to increase the statutory provision for those with more than two years' service by at least 93% and in most cases substantially more. Those with shorter service receive two weeks' wages plus £500.

I trust this will enable you to reassure the Prime Minister.

Yours sincerely,

C A Hogg

Courtaulds plc

18 Hanover Square London W1A 2BB (01) 629 9080 Fax: (01) 629 2586 Telex: 28788

Registered in London No. 128124. Registered Office as above

Pu. Mtg with Steinberg MO, Dec 87.

①

1. The first part of the meeting was spent discussing the current status of the project. It was noted that the data collection is well advanced and that the analysis is well under way. The second part of the meeting was spent discussing the future of the project. It was agreed that the project should be completed by the end of the year.

WJ2CAT

SUBJECT CC MASTER

cc AH



10 DOWNING STREET

LONDON SW1A 2AA

23 February 1988

From the Private Secretary

MEETING WITH GERRY STEINBERG, M.P.

The Prime Minister this afternoon met Mr Steinberg at his request to discuss the closure of the Courtaulds plant at Belmont in his constituency. Your Minister was also present.

Mr Steinberg outlined his concerns about the closure and referred in particular to the poor reputation as an employer which Courtaulds had in the area. He went on to refer to the announcement today that Sunflag had bought the plant. A great deal of uncertainty nonetheless remained since it was not known whether Sunflag proposed to continue production at Belmont or to move the operation with the equipment to another of their sites. The redundancy notices remained in force and would take effect at the end of March. Mr Steinberg believed, however, that with the right incentive Sunflag could be persuaded to maintain production and jobs at Belmont.

There followed some general discussion on Courtaulds, the employment situation in and around Durham and your Secretary of State's recent announcement that Regional Development Grant was being abolished and Regional Selective Assistance expanded.

Summing up the discussion the Prime Minister said that Departments would do what they could to help. A Job Shop had already been set up on the site to help those being made redundant. Your Minister would see that the appropriate Regional Office got in touch with Sunflag (a Mr Pasquel-Alles - I hope the spelling is right - was mentioned as the appropriate Courtaulds' contact) to see whether the company might be eligible for Regional Selective Assistance, or some other form of help. Your Minister (or of course Mr Atkins) would keep the Prime Minister informed.

Sunflag.

After Mr Steinberg left the meeting there was a brief discussion about the help Courtaulds was offering those being made redundant. The Prime Minister had in the past

had cause to approach Sir Christopher Hogg about a closure in North Wales and he had done what he could to help. (This was a point she also made in general terms to Mr Steinberg.) It was agreed that your Minister would approach Courtaulds to find out what terms were being offered to their employees at Belmont, and he should feel free to convey the Prime Minister's interest in the matter.

I am copying this letter to ^{stuart file} ~~Malcolm McHardy~~ (Department of Trade and Industry).

Mark Addison

Ms Miranda Harvey
Department of Trade and Industry.



10 DOWNING STREET

Prime Minister.

This meeting had to be
postponed as a result of the
ILEVA statement.

Francis Mander will be
attending.

MEVA 22/2



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 February 1988

RF || As I said on the telephone yesterday, I am sorry that your meeting with the Prime Minister last week had to be postponed at such short notice. I can now confirm that we have rearranged the meeting for Tuesday 23 February at 1545, in the Prime Minister's room at the House.

(MARK ADDISON)

Gerry Steinberg, Esq., M.P.

From

dti

the department for Enterprise

cf B/W

Robert Atkins MP
Parliamentary Under Secretary of State for Industry

Mark Addison Esq
Private Secretary to
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Your ref
Date

26th January 1988

*CF
PL bt or 3/2*

MEW 2/1

Dear Mark

at top of file

Enclosed is the briefing requested in your letter of 18 January for the Prime Minister's meeting with Gerry Steinberg MP (City of Durham) on 4 February to discuss the closure of the Courtaulds factory in his constituency.

Yours Sincerely

Melanie Williamson

MELANIE WILLIAMSON
ASSISTANT PRIVATE SECRETARY



cc [signature]

GERRY STEINBERG MP FOR CITY OF DURHAM MEETING WITH THE PRIME MINISTER ON 4 FEBRUARY 1986 TO DISCUSS THE CLOSURE OF THE COURTAULDS WEAVING DIVISION FACTORY AT BELMONT IN HIS CONSTITUENCY.

OBJECTIVES

[redacted] will probably wish to express general concerns about the [redacted] the loss of 163 jobs of a once major employer in his constituency and explore the possibility of Regional Assistance to help any buyer of the business continue operations.

The Prime Minister should put the closure in perspective & there are greater problems nearby (Sunderland, Middlesbrough, Consett, Hartlepool etc); [redacted] plans are nevertheless available to stimulate expansion and modernisation, and other regional initiatives are being used to attract new companies to the area.

LINE TO TAKE

The decision whilst regrettable is a matter for Courtaulds commercial judgement. They have made strenuous efforts to secure a viable future. 220 jobs were lost in a slimming down exercise last year but heavy losses have continued.

[redacted] the loss of 163 jobs is serious but not disastrous. There are about 800 vacancies registered in Durham at present and [redacted] have found new [redacted] In December 1987 unemployment fell for the 18th successive month to 12% compared with 14.6% in December 1985. The number of unemployed (85,057) is 16% less than in December 1985.

OTHER POINTS FOR DISCUSSION

There are no known problems on the horizon in the area. Formerly dominated by the coal mining industry, it now has a good spread of light engineering and high-tech industry. [redacted] Prosperous Durham City also benefits from a growing tourist industry.

Regional initiatives to encourage inward investment and new job creation in local companies continue. These are led by dti through [redacted] Country Durham English Estates have a number of new factories available in the Belmont and nearby Dragonville industrial areas.

There have been 49 offers of Regional Selective Assistance in the area in the last 3 years with a grant value of £8.4m. These should create more than 1,500 jobs and safeguard a further 850.

COUNTER ARGUMENT

Mr Steinberg's written Parliamentary Question and Mr Atkins' answer are annexed. It seems his chief concern is that Courtaulds should not be allowed to get out of their employment obligations in the area readily. Statutory redundancy will be considerable. There may also be some liability to repay dti grants but the amounts involved are small. If a purchaser is found and agrees to accept the conditions of grant, recovery would not be pursued.

Mr Steinberg may seek assurances about the possibility of grant support to any buyer of the Belmont plant. Regional Selective Assistance could be possible provided the guidelines criteria are satisfied. (See background note below).

Mr Steinberg can be assured that dti North East will do all it can to market the factory premises in the event of closure.

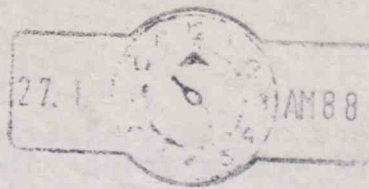
Mr Steinberg may refer to the difficulties of attracting Inward Investment to his constituency, an Intermediate Area surrounded by Development Areas where the scope for assistance is greater. It is policy to concentrate assistance in the areas of most need and thus it is more difficult to market lower priority areas such as Durham to Inward Investors. Efforts there centre on encouraging the development of indigenous companies.

BACKGROUND

Courtaulds has a poor record of investment in the textiles sector within the Region. 1,600 jobs were lost with the closure of its Spennymoor factory 8 years ago and Belmont is soon to close. But now that Courtaulds efforts to turn the business round have failed they are facing up to their responsibilities and are actively looking for a buyer.

d [redacted] had preliminary enquiries from the [redacted] potential
[redacted] it is too early to assess how serious a [redacted]
i [redacted] Regional Selective Assistance is generally not payable
[redacted] [redacted] [redacted] market rates.
[redacted] [redacted] were to drop out we could assist the other provided
it is need and the normal criteria are met. We have some concerns
about viability given a general over capacity in the textile
industry.

Swagston



PM. Matry with Steubury MP
Dec 87



HOUSE OF COMMONS PARLIAMENTARY QUESTIONS

PRIORITY (W)
ORDINARY

WRITTEN

FOR ANSWER ON 13-1-88

FOR RETURN BY NOON 14-1-88

MP'S PARTY LAB ACTION OFFICER..... Mr Thornton FRM

MINISTER ANSWERING F. MAJONE CC Mr ROBINSON CTS
Mr FIELD 103

Atkins.

Answered on 15/1/88

DEPARTMENT OF TRADE AND INDUSTRY

186 Mr Gerry Steinberg (City of Durham): To ask the Chancellor of the Duchy of Lancaster, what has been the total of grants paid by his Department to Courtaulds in respect of its Belmont factory since its inception; when the last grant payment was made; if, in view of the closure of the factory, Courtaulds will be repaying grant; what advance notice was given to his Department of the closure of the factory; and if he will make a statement.

Details of assistance paid to individual companies are published in British Business in accordance with established procedures. Assistance paid to Courtaulds in respect of its Belmont factory has been mainly by way of Regional Selective Assistance, most of which was paid in 1975 and 1976. No assistance has been paid since 1986. The question of any repayment of grant is a matter for consideration by my Department in negotiation with the company. My Department was notified of the proposed closure the day before the press announcement on 11 December. While the closure is, of course, regrettable, it is a matter for the commercial judgement of the company.

OFFICIAL APPROVAL
(Grade 5 or above)

MINISTERIAL APPROVAL

ANSWER GIVEN
ON

OFFICIAL REPORT
COLUMN(S)

14/1

PRIME MINISTER, Meeting with
Gerry Steinhilber MA Dec 87



13-1-88

PRIORITY (H)
WRITTEN
ORDINARY

FOR ANSWER ON
FOR RETURN BY

ACTION OFFICER
MINISTER ANSWERING
CC
J. Field
103

DEPARTMENT OF TRADE AND INDUSTRY

180 Mr Gerry Steinhilber (City of Durham). To ask the Chancellor of the Duchy of Lancaster, what has been the total of grants paid by his Department to Continental in respect of its Belmont factory since its inception; when the last grant payment was made; if in view of the closure of the factory, Continental will be repaying grant what advance notice was given to his Department of the closure of the factory; and if he will make a statement.

Details of assistance paid to individual companies are published in British business in accordance with established procedures. Assistance paid to Continental in respect of the Belmont factory has been mainly by way of Regional Selective Assistance, some of which was paid in 1975 and 1976. No assistance has been paid since 1980. The question of any repayment of grant is a matter for consideration by my Department in negotiation with the company. My Department was notified of the proposed closure the day before the press announcement on 11 December. While the closure is irrevocable, it is a matter for the commercial judgement of the company.

ANSWER GIVEN
OFFICIAL REPORT
MINISTERIAL APPROVAL
OFFICIAL APPROVAL
(Grade 2 or above)



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 January 1988

The Prime Minister is seeing Gerry Steinberg, M.P. for the City of Durham, on Thursday 4 February about the closure of a Courtaulds factory in his constituency.

I should be grateful for briefing for this meeting by Wednesday 3 February please.

(Mark Addison)

Stuart Gill, Esq.,
Private Secretary to Mr. Robert Atkins MP,
Department of Trade and Industry.

EA



✓

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 January 1988

Following our conversation on the telephone this afternoon, I can now confirm the second of the two dates we discussed for your meeting with the Prime Minister, that is at 1545 on 4 February in her room at the House.

I look forward to meeting you then.

Mark Addison

Gerry Steinberg, Esq., M.P.

ea

Can these papers go
back to Mark
Lam 15/1



file Lam
ccAH
DTT

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

15 January 1988

1615 Thedy.
DTT ro.v.b.

Thank you for your letter of 14 December to the Prime Minister. I am very sorry it has taken so long to reply.

The Prime Minister would certainly be willing to meet you to discuss the forthcoming closure in your constituency. I shall be getting in touch with you to arrange a time and date early next week.

M. E. Addison

Gerry Steinberg, Esq., M.P.

B.R.



PRIME MINISTER

Col Hughes
CF?

Gerry Steinberg, member for the City of Durham, has asked if you would be willing to see him about the closure of a Courtaulds factory in his constituency.

The Department of Trade and Industry have confirmed that Courtaulds have announced the closure of a weaving division factory by March with the loss of 163 jobs. I am sure you will therefore agree to see him, and we will make arrangements to put him in the diary.

MEA

Yes no

MEA

14 January, 1988.

dti

the department for Enterprise

R13/1

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

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Our ref PS2AAU
Your ref
Date 13 January 1988

Dear Mark

Your letter of 15 December 1987 asked whether the Prime Minister should see Mr Steinberg to discuss the prospective closure of the Courtaulds factory in Durham.

I can confirm that on 11 December 1987 Courtaulds announced the closure of its Belmont (Durham) Weaving Division factory by March 1988 with the loss of 163 jobs. More than 200 jobs were lost less than a year ago at the same factory. The Courtaulds statement attributed the closure to continuing heavy losses at Belmont.

There is no reason why the Prime Minister should not see Mr Steinberg.

Yours

Jeremy Godfrey

JEREMY GODFREY
Private Secretary

the
Enterprise
initiative

Gerry STEINBERG MP

22/12



file

DAST91

CC AH

1) 5/1
2) 12/1

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

Ack

15 December 1987

You will see from the attached letter that Gerry Steinberg has asked for a meeting with the Prime Minister, in view of the prospective closure of the Courtaulds factory in Durham. Mr Steinberg rightly identifies the Prime Minister's general policy on such requests, which is to agree to meet the Member - though not a delegation - if closures or redundancies are definitely in prospect in their constituency. I should be grateful for your confirmation that such a closure is envisaged by Courtaulds, and that you know of no reason why the Prime Minister should not see Mr Steinberg. If she does agree to a meeting, we shall commission briefing, and arrange for a Minister to join it as well, in due course.

M E ADDISON

Jeremy Godfrey, Esq.
Department of Trade and Industry

✓

CCB/UP.



HOUSE OF COMMONS
LONDON SW1A 0AA
CITY OF DURHAM CONSTITUENCY

4, Redhill Villas
Redhills Lane
DURHAM
DH1 4BA

Handwritten initials

Our Ref: GNS/KJB

Tel: (091) 386 0166

14 December 1987

The Prime Minister
10 Downing Street
London

Dear Prime Minister

I understand you established a practice during the last Parliament, that you would personally agree to have discussions with any Member who had suffered a complete factory closure in their constituency.

On Friday 11 December 1987, the Chief Executive of Courtaulds announced the closure of their factory in Durham City. Bearing in mind the high unemployment in Durham, I would be most grateful if you would agree to meet me.

Thank you in anticipation.

Yours sincerely

Gerry Steinberg

Gerry Steinberg MP



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