

CONFIDENTIAL

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PRIME MINISTER

Corby

The British Steel Corporation are to meet the TUC Steel Committee on Thursday. The unions will be told of the BSC's decision to close iron and steel making at Corby. It is anticipated that the unions will not be prepared to agree the terms of the package which will be offered on redundancy payments, but we do not know what time the meeting will end. BSC will issue a statement announcing their intention to close Corby after the meeting has ended.

The attached letter from Sir Keith Joseph to Mr. Heseltine covers a draft statement on remedial measures at Corby. Sir Keith is inclined to make the announcement by Written Answer, and is seeking the views of his colleagues.

My own view is that we should wait and see how the announcement is received. Our best guess at the moment is that it will come out too late on Thursday for there to be a statement in the House on that day - when we have in any case the statement on the Public Expenditure White Paper. But the pressures on the Government may make it desirable to have an Oral Statement on Friday morning rather than Monday or Tuesday next week, both of which are bad days because the Business is to be the Education Bill on the one day and the Industry Bill on the other.

I suggest that we leave the question of when the statement should be made and what form it should take until we know precisely what decision is reached on Thursday. But we shall need to keep closely in touch with events on Corby - and on Shotton, where the decision is due to be announced at the end of next week.

30 October, 1979.

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Secretary of State for Industry

30 October 1979

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Department of the Environment
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PS/All Ministers
Miss Mueller
Mr Lightman RPDG
Mr Binning RSI
Mr Gross IS
Mr Pulvermacher RPIB
Mrs Cohen IS
Mr Hilton RSI
Mr Walmsley RSI
Dir NWRO
Dir EMRO
Mr Evans Inf
Mr Costin PB
Mr Steel RPDG (on file)

John Michael,

CORBY REMEDIAL MEASURES

...
E(EA) agreed on 23 October to make Corby a Development Area should the British Steel Corporation decide to close iron and steelmaking there. I now attach a draft of a statement on remedial measures for Corby which has been agreed with your officials. I should be grateful for any views from you or our colleagues by Friday 2 November please.

I would make the statement after BSC had announced its decision on the future of the works, which may well take place on 1 November (although the BSC's timetable could slip because of developments in the negotiations with the unions or because of the present dispute at Hunterston). Should BSC's statement be made on 1 November I envisage making the statement on or about Monday 5 November, most probably in answer to an arranged PQ (unless the Chief Whip advises in favour of statement after Questions). Bill Homewood may however put down a Private Notice Question. In that event it would be helpful if a Minister from your Department could also be present in the House at the time of the announcement, because of your Department's responsibility for Corby as a New Town.

You will notice that the draft statement refers to the designation of Corby as a Development Area being subject to clearance with the EEC Commission. I see no point in trying to conceal this by referring vaguely to 'matters of procedure' as being responsible for the absence of immediate action eg the laying of an Order on the same day as the statement.

I understand that officials are drawing up a draft of the corresponding statement on remedial measures for Shotton in the event of the closure of steelmaking there.

BSC may suggest that I give them some help in bringing their

/negotiations....



CONFIDENTIAL

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negotiations over Corby to a successful conclusion by my volunteering a statement about Development Area status before the announcement of the closure decision. If they approach me with such a suggestion I will consult you all again (although this might have to be done quickly). Given Tom Trenchard's statement about Shotton's designation as a Special Development Area on 12 July I see no harm in volunteering that:

"The Government is urgently considering further measures to be taken to help create alternative employment in Corby should iron and steelmaking end. In particular we would be looking most carefully at the case for making Corby an Assisted Area".

I have said as much already to the deputation which we saw in August.

I am sending a copy of this letter to the other members of E(EA) as well as to Norman St John Stevas, to Ian Gilmour because of the EEC implications of the upgrading of Corby, and to Michael Jopling.

Lawson

Kerr

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180 OCT 1978



CONFIDENTIAL

DRAFT STATEMENT ON REMEDIAL MEASURES FOR CORBY

[The British Steel Corporation announced [] its decision to close iron and steelmaking at Corby]. In order to attract new employment for those affected by the steel closure, I intend, subject to the necessary approval of the European Commission, to make the Corby Employment Office Area a Development Area. Firms there would then be eligible for the full range of regional incentives including regional development grants on buildings, works, plant and machinery and regional selective financial assistance under Section 7 of the Industry Act 1972. As a Development Area Corby would be eligible for assistance from the European Regional Development Fund towards infrastructure and industrial projects and, as a steel closure area, from proposed measures under the Non-Quota Section of the Fund and from the European Coal and Steel Community.

2 The Corby Development Corporation has a substantial advance factory programme in hand and is also making efforts to attract private development. The Secretary of State for the Environment is making funds available for infrastructure and consolidation for an additional 70 acre site in the town. The Corporation is investigating the suitability of another 200-250 acres of land at Weldon, in the Corby Employment Office Area.

3 When the Development Corporation is wound up next year, the Commission for the New Towns will inherit its industrial assets



CONFIDENTIAL

and will be given the resources necessary to continue site development work. The Commission will be asked to devote priority to Corby within its responsibilities for other new towns. The Commission is already participating in arrangements with the Corporation and the local authorities to coordinate industrial development and promotion in Corby.

4 The Government has also announced recently that it is going ahead with the A1/M1 link along the route which can be completed most quickly. This means that firms in Corby will then have ready access to a high quality trunk road connecting them to the industrial Midlands and the expanding East coast ports.

5 All these measures, taken together with Corby's favourable location in the East Midlands, should mean that the town will prove more attractive to private investors, and this thus improve the employment prospects of those affected by the closure.