

of the workforce

Agree that -

i) we should not intervene to prevent the closure,

but ii) E(CA) should consider remedial measures?

Ref. A09741

MR. LANKESTER

Shotton

R 8/6

*Flag A
Flag B or C*

There is a difference of view between the Secretary of State for Industry (his minute of 1st June) on the one hand and the Secretary of State for Wales (his minute of 5th June) and the Chief Secretary (his minute of 7th June) on the other about the closure of the "heavy end" of the Shotton Steel Works.

Sir Keith Joseph says that this closure is essential to his target of restoring the Steel Corporation to viability by the end of the year. He does not want to do anything to divert the Corporation from this objective. The Corporation themselves have long wanted to close down steel making at Shotton, although they intend to keep the "finishing end" of the plant going for some years. He has told Sir Charles Villiers that he must warn his colleagues about the intending closure, but that he will give him a final decision at their next meeting on 20th June.

Thereafter, the Corporation intend to open consultations with the unions under the normal procedure. This means that the decision to close will automatically become public.

Not another.

The Secretary of State for Wales is worried about the speed with which this decision is being taken, about the effect on local employment, and about the lack of any remedial measures. He asks that before any final decisions are taken, there should be a study at official level. It is worth noting that Shotton is only just in Wales (by about half a mile) and that a portion of its workforce comes from the Chester and Merseyside areas, and not from the Wrexham/Queensferry part of Wales at all.

There is no chance of completing such a study, and submitting it to Ministers for proper consideration, before 20th June. The choices are therefore:

- (a) To support Sir Keith Joseph: allow the BSC to go ahead as quickly as possible: and to risk a public and political row.

I have read this group of papers. I have the following comments.

- 1. As the BSC Board including the T.U. members seem to agree, then I do not think it should intervene to prevent this closure.*
- 2. The question of review groups and mitigating measures which Mills & Edwards raises is lower.*

valid and must be given due consideration.
It is only fair to the people who will be party
with and to our whole M.P. who will
have to defend the decision. However there will be
a debate in the House and shall have to be constructive
in reply.

- 3) What about the amount of redundancy payments?
- 4) I am somewhat astonished at the insufficient
consultation with S.N.J. for ideas on the decision
or remedial measures.
- 5) The matter of the 'pledge' must be properly cleared up.
- 6) How much does the closure save - gross &
 - net of the redundancy,
 - net of the remedial measures.

over

(b) To intervene to set back the announcement of prospective closure, while the studies proposed by the Secretary of State for Wales are concluded. In this connection, it is relevant that the Chief Secretary, in his minute of 7th June, supports Sir Keith Joseph's line and adds that anything to be spent this year on remedial measures will have to be found within the existing Welsh allocation. (Remedial measures, in this context, means some local road building, construction of advance factories and other inducements to create alternative job opportunities around Shotton.)

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(c) To remit the question of remedial measures to a Ministerial Committee for urgent consideration. E(EA) is the obvious one except only that Sir Keith Joseph is in the chair. I do not think this is decisive: Sir Keith is perfectly capable of acting impartially. The Sub-Committee is in any case due to meet to take other business on Thursday 14th June.

Given this choice, the Prime Minister will probably want to rule that the Government should not intervene to defer this closure i.e. that course (b) is not acceptable. There would however seem to be advantage in a collective discussion (course (c)) given that time is (just) available.

MJV

M. J. VILE

8th June, 1979