



of Mr Hughes.

PRIME MINISTER

BSC'S CORPORATE PLAN: CLOSURES

1 We have now received the BSC Corporate Plan. I have made it clear both in a written reply to a Parliamentary Question by Roy Hughes MP and in the Supply Day Debate on 16 December that we cannot expect to reach a final conclusion on the strategy underlining the Corporate Plan much before the end of January.

2 I think there is no need for us to hold up until then in deciding our attitude on the pruning which Mr MacGregor thinks necessary within BSC. He intends to reduce the number of jobs by about 17,000 by a combination of closures and de-manning. The areas for immediate action have been identified in the Plan and details of the cuts are set out in the attached schedule. These reductions are the minimum necessary for any continuing progress by BSC towards commercial viability; there is no question of our needing to consider whether BSC should be larger than Mr MacGregor has recommended; our essential task will be to decide whether his optimism about revitalising the Corporation with so little reduction in size is justified.

3 In the circumstances it would impose on the taxpayer an avoidable cost of at least £10 million for every month for which the closures and redundancies are delayed. Delay might also

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blunt the resolve of the BSC management to implement the Plan. I therefore propose to tell Mr MacGregor at my meeting with him on 17 December that, pending final decisions on the basic strategy, he should go ahead with the necessary pruning as fast as he can. Jim Prior, John Biffen, George Younger and Nicholas Edwards will be at my meeting with Mr MacGregor.

4 Officials here have discussed with BSC what implications this authorisation might have for the Corporation's total financial requirements for this financial year. So far £971 million has been authorised for use up to the end of January 1981, and we have recognised that a further £200 million will almost certainly be required to get the Corporation to the end of the financial year bringing the total to £1,171. If the unions cooperate and management action is not otherwise impeded in implementing the rundown, the Corporation believe that an additional £50 million would be required. Even if the rundown is not achieved smoothly the additional amount required is unlikely to exceed £20 million. I hope therefore that you agree that I should urge Mr MacGregor to proceed with all speed with the redundancy programme and that we shall have to meet the costs arising from this programme within the current financial year.

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CONFIDENTIAL



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5 I am copying this minute to members of E Committee, George Younger, Nicholas Edwards and to Sir Robert Armstrong.

KJ

K J
16 December 1980

Department of Industry
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Manpower Reductions due to Closures, Shift reductions and Demanning

EMPLOYMENT	Previous target for end March 1981		Job losses due to Closures			Job losses from Shift Reductions			Demanning		Revised Manning by Mar. 1982
			Plant	Location	Nos.	Plant	Location	Nos.	Location	Nos.	
GENERAL STEELS GROUP			Templeborough Rod Mill Fluorspar Mine N. Park Coke Plant Bar Mill Cargo Fleet Mill Consett	Rotherham Scunthorpe Cleveland Scunthorpe Hartlepool Teesside Teesside North East	1600 250 250 2500 350 200 500 200 5850	Tinsley Park Shelton Warrington	Sheffield Stoke on Trent Lancashire	200 250	Scunthorpe Teesside Scotland (Plates) Various (mainly S.Yorks & Midlands)	1300 2100 200 1600	
GROUP TOTAL	51,300							450		5200	39800
STRIP PRODUCTS GROUP			Coke Plant	Shotton	500	Tinplate	Ebbw Vale Velindre Wales	1500	Various rolling mills (Scot. & Wales) Associated strip products (Wales) Tinplate (Wales)	2600	
GROUP TOTAL	34,000				500			100		400	28000
BSC HOLDINGS GROUP			Workington/Distington (Foundry)	Cumbria	1700 (inc. 400 foundry)			1600		200	
GROUP TOTAL	15,100				1700					200	13200
TUBES GROUP			Pipework Engineering General	Various Various	400 500 900					400	
GROUP TOTAL	18,700									400	17400
RDL CONSTRUCTION, CHEMICALS & CENTRAL			RDL Chemicals	Not specified Not specified	100 300 400					200	
GROUP TOTAL	10,600									200	10000
OVERALL TOTALS	129,700				9350			2050		9900	108400