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cc. Market set

10 DOWNING STREET

From the Private Secretary

4 March 1981

Dear Peter

MEETING WITH DALE CAMPBELL-SAVOURS MP
DISTINGTON FOUNDRY, WORKINGTON

The Prime Minister met Mr. Dale Campbell-Savours at his request at 1700 on 4 March to discuss the proposed closure of the Distington Foundry. Your Minister was also present.

Mr. Campbell-Savours said that the decision to close the Distington Foundry had been reached without the workforce being told. He had learned of it informally from a manager at Workington but had been pledged to silence. When the Corporate Plan was published he was confronted by the decision to close the Foundry and had subsequently made his statement in the House of Commons. Later he had sent to the Prime Minister, under cover of his letter of 9 February 1981, a report by the Joint Representative Committee at the Foundry.

He said that he had never argued that the Foundry should be kept open for social reasons. The case he wished to make was a commercial one. He said that he was supported by SIMA, who took the view that the figures on which the decision had been reached were incorrect. This view was shared by the managers at Workington, with the exception of the General Manager. He said that the local managers had written to Mr. MacGregor asking him to intervene but that Mr. MacGregor would not override his own managerial team.

In Mr. Campbell-Savours' view, the decision had been taken by the FFE Group Managers in Sheffield, who were responsible for the other two ingot mould foundries but no longer for Distington, following reorganisation in 1978.

He emphasised that £10½ million had been invested very recently in the Distington Foundry and that we were talking about a brand new works.

The Prime Minister asked whether Mr. Campbell-Savours thought it possible that the BSC had reached its decision on the grounds of sharing out closures amongst different communities.

/ She assured

She assured him that no political pressure had been exerted on the BSC, either by her or by the Department of Industry. She said that by the time the steel plan came to her, she had no option but to accept it, since it had been worked out over a long time and had been approved by a majority of the workforce. All that she had been able to do was to look into the figures. She said that she sometimes complained about not receiving alternative plans from the nationalised industries.

The Prime Minister said that she was concerned to learn from Mr. Campbell-Savours that he had been unable to discover what he regarded as the full facts behind the decision to close Distington. She said that any constituency Member would feel the same in similar circumstances.

Mr. Campbell-Savours said that the total number of redundancies in the Workington area was some 2,000, reducing the workforce from 4,800 to about 2,800. He thought that it was inconceivable that the decision had been reached on the grounds of sharing out the hardship, since the loss of jobs involved locally was some 40 per cent. He said that the Foundry workers themselves had rejected the plan. He emphasised that the number of jobs involved was more than the 300 workers in the Foundry itself, since there would also be redundancy amongst maintenance workers. He said that the workers felt they had suffered an injustice and they wanted a proper evaluation of the facts.

He said that everyone accepted the need to reduce capacity and that he would agree that one of the three foundries had to be closed. The workforce accepted that there had to be a closure but they wanted a proper evaluation of the facts. They said that they could produce their products at a price equal to any other BSC foundry and that if they had been allowed to contribute to the evaluation, their Foundry would have remained open.

Your Minister asked whether Mr. Campbell-Savours was alleging managerial incompetence in BSC. He replied that he was, and that it had taken place in Sheffield.

Your Minister said that the question facing the Government was to what extent they could intervene and take over decisions which had been reached by the BSC management. The Prime Minister said that the Government could not intervene but they could enquire into the facts. She repeated that she could understand the workers involved feeling a sense of injustice.

Your Minister said that enquiries had already been made of Mr. MacGregor, and the response had been that the BSC management were convinced that their conclusions had been correct. He said that he could not talk to local managers without undermining Mr. MacGregor's authority. The Prime Minister said that the Government could not go behind the Chairman's back, but that there should be another approach to him.

/ Mr. Campbell-Savours

Mr. Campbell-Savours suggested that it should be put to Mr. MacGregor that some of his managers were not competent to take decisions of this sort. He said that reasonable, sensible people among the management at Workington had told him that the consultation exercise leading to the closure proposals had been a sham.

Your Minister said that it was very difficult for anyone outside the Corporation to go over the Corporation's own figures. The Prime Minister said that the Government could not do that, and had to presume that the BSC management had acted honourably and decently. However, she thought that for everyone's peace of mind and the welfare of those concerned, it might be worth asking the Corporation to look at the figures again.

Mr. Campbell-Savours said that the managers at Workington felt that the behaviour of Mr. Bray and, in particular, the conversation at Workington in which Mr. Bray had made light of some of the financial considerations, had discredited the Corporation.

Closing the meeting, the Prime Minister said that she was not prejudging the issue but that she would take up the question which Mr. Campbell-Savours had raised with Mr. MacGregor.

In subsequent conversation, it was agreed that we would ask your Department to provide very rapidly a draft letter for the Prime Minister herself to send to Mr. MacGregor, explaining the source of Mr. Campbell-Savours' anxiety and asking him to respond.

The draft of that letter should obviously be cleared with your Minister. I hope that it might be possible for it to reach us by close of play on Friday, 6 March.

The Prime Minister may have to answer an oral Question from Mr. Campbell-Savours in the House of Commons tomorrow; we will approach you separately about the briefing for that.

I am copying this letter for information to Ian Ellison (Department of Industry) and Richard Tolkien (HM Treasury).

You ever

Nick Sades

Peter Mason, Esq.,
Department of Industry.