

Distington Foundry

PO Box 8, Workington, Cumbria, CA14 2JJ

Telephone 0900 - 64321 Telex 64147 64213



JD/EP

9th March, 1981

The Right Hon. Mrs. M. Thatcher,
Prime Minister,
10 Downing Street,
London.

Dear Prime Minister,

On behalf of our colleagues at the Distington Foundry may we thank you for the only moral booster we have had since the 12th December, 1980. The interest you have shown in our fight against closure has given, not only the workforce, but the people of Workington a knowledge that justice still remains.

Most of us at Distington Foundry have worked here since its opening in 1946 and have grown into being a part of the works. It is because of our knowledge and feeling for the plant that we are convinced the decision to close it is so wrong.

Yours faithfully,

J.K. Dumigan

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Chairman,
(Staff & Manual Workers
Joint Action Committee)
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Dear Prime Minister,

Mr. MacGregor has turned down our request for an investigation into the plans of BSC Holdings to close the Distington Foundry. He simply reiterates the views that we have heard before. It amounts to saying that he does not believe there is anything valid in our claims that the cost estimates used to justify closure could be wrong and that instead of saving £2m next year the Corporation might instead lose £6m. Mr. MacGregor also suggests that in some way or other the people at Distington are to blame for the need to close the foundry.

All this leaves us with a feeling of helplessness as though the Corporation does not really want to admit that they might have made a mistake now that they have publicly announced their intention. Even the fact that this announcement was made a month before any evidence was made available totally discarding the spirit of "prior joint consultation" does not seem to matter to the Chairman of the Corporation.

It is, Prime Minister, this intransigence that particularly hurts us; this lack of conscience about not giving us time to present our opinions before the public announcement, that directs us to seek your assistance and we are pleased that you have agreed to our M.P's request to look into the matter.

We do not, of course, know just what sort of assurances you would accept from Mr. MacGregor and this is perhaps the key to the whole matter. He may simply give you the same sort of reply that he gave to us and so we have taken the liberty of sending to you a copy of that letter and we now wish to comment upon each of the 14 numbered points contained therein. We would like to impress upon you at this stage that we are trying to represent the views of many people, managers, staff, manual workers alike who are destined to lose their jobs if the BSC plans go ahead.

Point No. 1

This is preaching to the converted but that does not prejudice the case for maintaining three foundries until a proper investigation identifies which one should be closed.

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2.

It will be many years before the significance of this point upon the mixture of large and small ingot moulds will be felt. The continuous casting machines being installed in Sheffield will certainly reduce the demand for small moulds but the one going in to Port Talbot will have a greater effect upon the demand for large moulds.

This very detail illustrates one of the shortcomings of the BSC exercise since it was done without any detailed analysis of the products to be produced and even worse, there is no forecast whatever of the changing pattern that might be expected in the years ahead.

3 & 4 can be dealt with together.

We think you will agree Prime Minister that these two paragraphs would lay much of the blame at the feet of the Distington workforce but what a false impression this creates.

The foundry redevelopment was not completed until August of 1980. New manning levels for this had been agreed with the Trade Unions (and the previous Director) and the normal bargaining processes culminated in agreements signed last June, 1980.

The first real management initiative to severely reduce manning was taken on 7th November, 1980. 311 men had to go and this was accomplished within a few weeks with the active co-operation of the Trade Unions.

When Mr. MacGregor refers to Distington personnel being involved in the rationalisation exercise he may be strictly correct but this raises the question of who was involved. It is unfortunate but we can find no senior member of our local management who will admit to having knowingly supplied information or having been consulted in any way about a plan to identify which foundry was to close. Staff and manual workers were definitely never involved or notified.

5.

Mr. MacGregor has put the spotlight on one of the problems. Of course Dowlais and Fullwood costs reflect actual performance standards but if Distington Foundry closes their product mixes will change and the operating cost per ton will increase substantially since they will have to produce $2\frac{1}{2}$ to 3 times as many castings for an equal output tonnage.

We only claim that their costs might not adequately reflect this change since the methods used to assess this difference was totally unsuitable to the task.

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6.

This point Prime Minister continues to excuse the Corporation by putting blame on people at Distington.

Our reply to points 3 and 4 show that the workforce responded to the real initiatives presented by management. It is not their fault if the Corporation prepare a document in September that shows the foundry at some risk and then keeps it hidden until 6th January, 1981, three weeks after announcing their intention to foreclose. There is additional evidence that some capacity to improve results had been worked out by local management and it was in the process of planning just how to do it.

If there is any justification for using the term - belatedly - it can best be reserved for the Corporation's revelation of their September study.

7.

We have been having some difficulty in obtaining from the Corporation a clear statement as to why they think that we could not compete with Fullwood. This statement of Mr. MacGregor's is the nearest thing yet to that answer. However, is it true and what is it worth?

7.(a)

Distington's furnaces also melt unbroken scrap. In fact Fullwood only switched their order for furnaces at the last minute because of a price advantage, otherwise they too would have had furnaces that were identical in all but the specific power. We have 7½ megawatt, they have 10.

7.(b)

A report issued by Sheffield Laboratories in November, 1980 showed that BSC Cumbria paid 1.99p per unit for electricity in 1979/80 and that Fullwood paid 2.55p for its furnace supply.

Even Hallside Works, a BSC neighbour of Fullwood, paid 2.19p per unit and as a long established large user we can hardly expect Fullwood to improve on that. We therefore conclude that Mr. MacGregor is most likely wrong.

BUT even if Fullwood was a full 1p per unit cheaper than Distington it would give them only a £5 per ton advantage, which does not go a long way to explain the £50 per ton which was claimed as the overall advantage in the controversial September studies.

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7.(c)

Mr. MacGregor talks about optimising overhead recovery. We have yet to see a statement of how this will be done in such a way that the £20m of Distington's foundry assets, including the recent £11m of taxpayers money, will be seen to be justifiably dealt with.

Certainly closing Distington will do nothing for this. We would have thought that the last thing that his exercise was achieving was the optimum recovery of the Corporation's assets, least of all to pay back £4m of capital grants and then what - to sell off the remainder of Distington at scrap value? It is ironical to be talking of this when the Corporation has not yet completed paying the bills for some of the new plant installed last year.

8.

These points refer to ingot moulds made in a different quality of iron to that traditionally used by all manufacturers. Mr. MacGregor's reply illustrates a degree of optimism that is totally unwarranted by the facts. He clearly has ignored the opinions expressed in our own study dated 4th February, 1981 and in particular on page 25 an extract from a totally independent authority which points out that a traditional Distington mould is still better than the new quality of Dowlais mould and it suggests that "some of the apparent improvements (might be) due to a poor original quality!"

Paragraph 8 (a) is quite interesting since it suggests that we might now have a new raw material policy that secures Dowlais' future. This is surely a rather "belated" introduction of a new constraint and so we do not intend to suggest how we might meet this. If it is to be taken into account then it should be properly introduced into the conditions for the new investigation that we have called for.

9.

No one has asked for taxpayers money, it is but one option. Another one is for Distington to operate its melting unit on 21 shifts, a common practice in Workington's industrial spheres. A further alternative is to close down Fullwood and transfer some of its plant to Workington.

BUT in any case it is not likely to be required until the Corporation decides to manage with one foundry. This of course is another weak point in the BSC actions. In the September study it recognises the possibility of one foundry remaining. It actually suggests that Distington might be the best for this role. It does not evaluate the options and yet in spite of these, someone ignores the issue and decides to close Distington. No comment was made in reply to our claim that capital spending would be required in the 2 remaining foundries. This has already begun at Dowlais.

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10.

We do not argue with this point.

11.

Mr. Macgregor claims he has studied our arguments carefully. His own studies suggest a saving of £2.2m p.a. by closing Distington instead of having three foundries, each on minimum manning.

We suggest that he is £2m wrong on his estimates, that he is ignoring quality differences worth £3m and a grant repayment liability of £4m. We have got to be a long way out in our calculations before Mr. MacGregor's statement is valid. You can see now Prime Minister why we have a sense of frustration. We feel sure our customers at home and abroad would endorse our claims on quality if permitted to do so.

12.

Poor Mr. MacGregor. We have had one letter from him. We have had two meetings with Mr. Bray, his Director of BSC Holdings and on all three occasions we have been faced with the same issue. All we can say to them is to go and seek the retractions from where the accusations came; it was certainly not from this Committee, although one way of stifling any such comments would be to carry out a new investigation, but this time in a totally open and constructive manner.

13.

What inference? Has Mr. MacGregor got some document that we have not? He should take that up with whoever made it.

14.

This Joint representative committee do not see lump sum severance payments as an alternative to continuing work. Of course individual Trade Unions will deal with this in their own way at local level. Our view is that Distington Foundry should expect the statutory 12 months' notice of closure and that this gives plenty of time for a proper investigation to be carried out. What has the Corporation really got to lose. If it can justify its decision against a much more rigorous review it will still be able to close on time in 1982.

We hope Prime Minister that you can make sense of these comments and that they help you to see the problem as we see it. We hope that you will urge upon Mr. MacGregor the need for a proper examination of the facts, an exercise that can be carried out long before the earliest closure date can be reached and that you can persuade him that he has nothing to lose but much to gain. We are sure that in the event of Distington Foundry being summarily closed without this further study,

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you would agree upon the need for the effects to be reviewed in say 2 years' time and would wish it reported to Parliament. We mention this now, only because we believe that it will be necessary to ensure right from the beginning that the information required is collected and made available when required and probably subjected to some degree of auditing. If the decision has been proved to be wrong we would expect those responsible to be held accountable.

Yours faithfully,

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