



10 DOWNING STREET

From the Private Secretary

18 March, 1983

The Prime Minister has asked me to thank you for your letter of 16 March about the Round Oak Steel Works and the level of business activity in Dudley generally. Mrs. Thatcher understands your concern about the closure of the Round Oak Steel Works and as you know she very much regrets the job losses which resulted. She is glad, nevertheless, that the Secretary of State for Industry had the opportunity of discussing the situation with you.

Mrs. Thatcher very much welcomes the emphasis you are placing on the future and was interested to hear of the steps you are taking to promote business activity in Dudley. No doubt you will be in touch with the Secretaries of State for Industry and Environment about your plans in the coming months.

(Timothy Flesher)

Councillor J.A.H. Edmonds, O.B.E.,

16th March, 1983

See Prime Minister

Round Oak Steel Works

I am writing to bring you up to date with my understanding of the situation we have reached with the Round Oak Steel Works following the meeting I had with the Secretary of State for Industry on the 8th February.

At that meeting the Secretary of State gave us a very fair and full hearing. He made it clear, however, that he did not feel he should intervene with B.S.C.'s decision to withdraw from Round Oak or direct B.S.C. positively to encourage private interests to take over the Works. He was obviously concerned, and I do recognise, the political issues that would be involved in overriding B.S.C.'s views.

You are, of course, aware that there is a strong feeling locally that there is a good commercial case for retaining steel making at Round Oak under private ownership. It is with considerable disappointment, therefore, that I have to accept that B.S.C. are not prepared to encourage or allow any private interests to take over the Works. You may not, in fact, be aware that a deal has been constructed by B.S.C., with what I can only assume to be the use of public funds, to persuade the Walter Somers Company to withdraw its bid for the No.2 Melt Shop at Round Oak and to enter into an agreement for supplies with B.S.C.'s Sheffield Forgemasters Company. I do not like public funds to be used in this way but it is a reality we must live with.

The steel making door for Round Oak does, therefore, appear to have been closed. Without some major initiative the Round Oak site could now lie derelict for a long time, as seems to be happening at B.S.C.'s former steel plant at nearby Bilston.

We cannot afford to let the Round Oak site go the same way; it has quickly to be brought back into use to fill the terrible void left by the closure of the Steel Works and to make a positive contribution to the efforts we are already making to stimulate business activity in the area.

The Rt. Hon. Margaret Thatcher,
M.P.,
Prime Minister,
10 Downing Street,
London, SW1.

Continued/

16th March 1983

You will be aware of our efforts to promote business activity in Dudley and firm proposals for the Round Oak site will be available in the near future. These proposals are being developed jointly by the private sector working with B.S.C. Management and the Local Authority.

The task of making the Round Oak site attractive to new business will, however, be costly and will be competing with other areas which have access to far greater assistance than does Dudley. New businesses who might locate in Dudley do not have access to development funds that are available in the Assisted Areas and Dudley is now alone among the Black Country Authorities in not having access to resources linked to Inner Area Status. You will appreciate that if Inner Area Status does become linked to access to the European Regional Development Fund then Dudley will be further disadvantaged.

We will, in the near future, have a clear idea of what can be done with the Round Oak site. The key to making it happen quickly will be access to the same sort of assistance that is already available to areas with similar and lower levels of unemployment. In February, some 29,000 people or 18.4% of the working population were unemployed in Dudley representing an increase over the last three years of over 300%.

I will be discussing the Dudley situation in more detail and putting our proposals to your Environment Ministers. I hope, at that time, it will be possible for the Government to respond positively to them.

Finally, I must thank you for your interest in the Dudley situation you have expressed to us through John Blackburn, our local Member of Parliament. While it has not proved possible to get Round Oak back into steel making, we are working hard to stimulate new business activity and to give positive help in the regeneration of the Black Country.

Jack Lively
Jack Tolmald

Leader of the Council

