

cc MASTER SET



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10 DOWNING STREET

From the Private Secretary

8 December, 1983.

Dear Tom,

The Prime Minister met Mr. Sean Hughes, M.P., today at the latter's request to discuss the closure of the Huntley and Palmer factory in his constituency, as well as the proposed closure of Cronton Colliery. Your Minister, Mr. Giles Shaw and Mr. Michael Alison were also present.

Mr. Hughes said that he had not come to discuss the individual closures since he accepted that the Huntley and Palmer factory was going to close, so much as to ask for more assistance for areas on the periphery of cities such as Knowsley which were now suffering from very high unemployment. There was widespread recognition of the problems of inner cities, but not so much of those of the peripheral areas. Knowsley had lost some 4,000 jobs since 1981, and the Huntley and Palmer closure would lose 1,400 jobs. There was a prevailing atmosphere of hopelessness in the area, promoted by the very high unemployment - 62% amongst young people - and the very unsuitable housing. Knowsley needed specific help for job creation, and a greater share of regional funds and housing grants.

The Prime Minister said that she very much recognised the problems caused for an area like Knowsley by the closure of a major factory like Huntley and Palmer. In the long term, the only way in which more jobs could be found was by creating the conditions in which enterprise could flourish. In this context Mr. Trippier pointed out that the 170 Community Enterprise Trusts which had been established had an outstanding record in fostering local enterprise. The St. Helens Trust was a particularly good example, and the one in his own constituency of Rossendale had done much to attract and sustain local industry. It was possible that such a Trust could be established in Knowsley with help from the Department of Trade and Industry. He therefore invited Mr. Hughes to participate in a meeting to explore the possibilities. In addition, he undertook to approach Nabisco, the owners of Huntley and Palmer, to determine whether they would be prepared to help. Other firms in a similar position had done so, as had a wide range of local industries in areas where Trusts had been established.

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On Cronton Colliery Mr. Shaw said that the NUM had entered a formal appeal against the closure proposal. That appeal would now proceed under the normal arrangements established between the NUM and the National Coal Board, and it would be best to let it do so.

Concluding the meeting, the Prime Minister said that the objective must be to bring hope back to areas like Knowsley where there were major factory closures and consequent high unemployment. The Community Enterprise Trust Scheme was a method which had proved successful in other areas, and she very much hoped that one could be established in Knowsley.

I am sending a copy of this letter to John Lavin (Mr. Shaw's Office, Department of Energy).

Yours

T. F.

Timothy Flesher

Tom Cassidy, Esq.,
Mr. Trippier's Office,
Department of Trade and Industry.



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
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For Mr. F. F. F. F.

Caroline Ryder
10 Downing Street
London
SW1

6 December 1983

Dear Caroline

PRIME MINISTER'S MEETING WITH SEAN HUGHES MP

When we spoke about your letter to Callum McCarthy of 21 November, you explained that the Prime Minister had also asked if Mr Giles Shaw MP could attend her meeting with Mr Hughes. I can confirm that he will be at the Prime Minister's room in the House on 8 December just before 4.45 pm.

I enclose a brief on the proposed closure of Cronton Colliery. This has been approved by Mr Shaw.

Yours,

John Neilson

J S NEILSON
Private Secretary



PRIME MINISTER'S MEETING WITH SEAN HUGHES, M.P.
Knowsley South Constituency, 8th December 1983.

PROPOSED CLOSURE OF CRONTON COLLIERY

Line to take

Individual Pit Closures are a matter for the National Coal Board in consultation with the Unions.

It is vital for the long-term future of the industry that it should return to profitability. Board have made it quite clear that this must mean determined action to deal with the problems of the industry's uneconomic tail. Believe that there is now widespread recognition that this is so.

Board must aim to employ as many people as they can provide real jobs for.

Background

The performance of Cronton Colliery in the National Coal Board's Western Area has been reviewed in accordance with the Board's normal colliery review procedure. As a result of this the Area Director, Mr J H Northard, advised the Unions locally that he could see no justification for keeping the colliery open because of continuing geological difficulties which preclude any prospect of achieving viable working at the pit. This decision was confirmed by NCB HQ in a letter to the Unions on 24th November. The Unions have one month in which to appeal against the decision and NACODS (The National Association of Colliery Overmen, Deputies and Shotfires) and the NUM have already done so.

It is understood that there are 558 men employed at the colliery at present. One hundred of these men are over 55, some of them as well as some in the 50-54 age range may accept voluntary redundancy. There should be adequate job opportunities in the Lancashire coalfield, created by voluntary redundancies at other pits, to avoid compulsory redundancies.



CRONTON COLLIERY

As regards the NCB reasons for the proposed closure, Area about a year ago undertook a seismic survey which revealed a fault running across the panels that L8, the current face, would go onto. Because of the fault, L8 will finish production sooner than expected and L9, which would have been the next face, would now have to be addressed in a southerly direction. Before face L9 could be opened up, roadways would have to be repaired to (a) improve ventilation, (b) to enable supplies to be transported and (c) to enable salvaged powered supports from L6 to be brought to the surface before being overhauled. Then further development work would be necessary on the South intake and the main South return before getting on to L9. Area estimate a delay of 7 months between L8 and L9 producing with losses of £225,000 per week. The Union view on this is as follows:

1. Whilst agreeing that repairs have to be carried out, the rate of advance could be quicker reducing the 7 months delay,
2. they are sceptical of the seismic survey and the fault said to be running across the face of L8,
3. starting L9's face 200 metres nearer the south intake would enable production to be started earlier. This would necessitate transposing the intake to the face with the return drivage,
4. that Area have overestimated weekly costs of transport requirements,
5. that salvaged powered supports could be taken direct from L6 to L9.

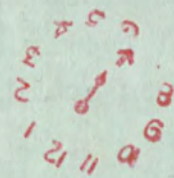
Area's response to these proposals are:

1. the transposition of the intake and return (3 above) would be very dangerous without ventilation changes,
2. they don't agree that powered supports can be taken direct from L6 to L9,
3. they did however agree to carry out further seismic tests on the fault in L8 to confirm the position.

COAL 2B

5 December 1983

PM
Nov 83
Mtg with
Sean Douglas



F 6 DEC 1983



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JF5027
 Secretary of State for Trade and Industry

2 December 1983

Caroline Ryder
 Private Secretary to the
 Prime Minister
 10 Downing Street
 LONDON
 SW1

~~David~~
 I assume you
 will sit in - ok.

Dear Caroline

GE Avant
 (Energy) (buddy)

PRIME MINISTER'S MEETING WITH SEAN HUGHES MP ON THURSDAY,
 8 DECEMBER

Thank you for your letter of 21 November to Callum McCarthy requesting briefing for the Prime Minister's meeting with Sean Hughes MP. I have arranged for Mr Trippier to be the Minister present to cover the Department's interest in Huntley and Palmer. I enclose briefing on the factory closure as requested.

2 I understand that the Department of Energy will be writing separately on which Minister will represent their Department with the necessary briefing on the closure of Cronton Colliery.

Yours sincerely
 Kim

KIM BENSON
 Private Secretary

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BRIEF FOR THE PRIME MINISTER'S MEETING WITH MR SEAN HUGHES MP (KNOWSLEY SOUTH)

THURSDAY, 8 DECEMBER, 1983

HUNTLEY AND PALMER

Huntley and Palmer Foods plc (H & P), headquartered in Reading, supplied biscuits, confectionery and snack foods to the UK market.

Its biscuit division comprised:-

	Numbers employed	Full-time equivalents
Huyton (Merseyside)	978	746
Aintree (Merseyside)	2,528	1,976
Bermondsey (London)	1,134	932

In January 1982, Rowntree Mackintosh announced its intention to acquire H & P and the bid, opposed by H & P, was referred to the Monopolies Commission. At that time, the Office of Fair Trading (OFT) commented that "H & P does not have the financial resources to sustain a viable business within the competitive environment of the food industry".

In March 1982, OFT was informed that terms had been agreed for the acquisition of H & P by Nabisco Brands Inc., the US food group; the proposed bid was referred to the Monopolies' Commission. In April 1982, Rowntree withdrew its offer, selling its 23.5% shareholding in H & P to Nabisco.

The Monopolies Commission reported in October 1982 that the proposed merger of Nabisco and H & P might not be expected to operate against the public interest.



In reaching that conclusion, the Commission examined Nabisco's plans for a five years investment and facilities rationalisation programme to modernise biscuit production and reduce costs. These plans envisaged the need to spend £58 million on the combined biscuit businesses, including £43 million on a Merseyside factory (unspecified). The rationalisation would involve substantial job losses, but the Commission considered that these would be no greater than would be necessary if H & P were to become an adequately profitable company with a sound future, and that employment prospects in the long run might be improved if the merger took place. Nabisco gave the Commission an assurance that, in the case of any closure, it would be willing to sell the business as a going concern.

In June 1983, DTI officials were given advance notice of the announcement, on 6 September, of the decision to close the Huyton factory (and Nabisco Brands factory at Woodgate, Leicester). Officials were told that support in excess of £10 million would be necessary to keep the Huyton factory open, and that even this level of support would not assure its future. Nabisco's rationalisation plans were already largely shaped, but it emerged that the location of 3 small projects, involving some 120 full-time equivalent jobs, had not been finally decided. Subsequently, with the endorsement of the North West Industrial Development Board, assistance of £600,000 under Section 7 of the Industrial Development Act was offered to secure these jobs for the Aintree factory. Nabisco has made no public announcement of this or other investment foreshadowed in its evidence to the Monopolies Commission, but local management at Aintree is working on detailed plans.

The market place

Overall biscuit consumption in the UK has been declining over the last ten years.



United Biscuits (40%) and Nabisco (20%) are now the major manufacturers in this intensively competitive market. Despite a continuing programme of investment and modernisation, United Biscuits has now confirmed its decision to close its Liverpool biscuit factory [and Sir Hector Laing has said, privately, that his group will still have excess capacity]. There can be little doubt that the Nabisco rationalisation was a necessary step, and there appears to have been a detailed study of the needs of the combined business, before the decision to close Woodgate and Huyton was taken.

Huyton

Huyton, part of the Metropolitan Borough of Knowsley, has nearly 9,000 unemployed against registered vacancies of 200; it is in the Liverpool Travel-to-Work Area, where the unemployment rate was 19.6% in October 1983. Knowsley has suffered a number of closures/major redundancies over the past 3 years, notably Kraft (930 jobs) and Massey-Ferguson (545 jobs), and little new industry has been attracted to the area. Any redundancies at Ford (Halewood) would also affect employment in Mr Hughes' constituency.

Line To Take

While acknowledging the very serious unemployment level in Huyton, the Prime Minister will wish to

- point to the decline in the biscuit market and the need for manufacturers to rationalise production to match demand and to reduce costs.

- emphasise that Nabisco's decision to close Huyton was properly one for the corporation's commercial judgement.



- make clear that she is aware of the careful analysis undertaken by Nabisco before taking its decision on closures necessary for the well-being of the business and for the security of jobs elsewhere in the Group, including Aintree.

29 November 1983

PM: mtg with - Sean Hughes mtg:



Nov 83





6/12 *KS*

10 DOWNING STREET

From the Private Secretary

21 November, 1983.

The Prime Minister is seeing Sean Hughes, M.P., on Thursday, 8 December, at 1645 in her room at the House to discuss the closure of the Huntley and Palmer factory in his constituency, and the proposed closure of the Cronton Colliery. The Prime Minister wishes a Minister from your Department to be present during this meeting, and I would be grateful if you could let me know in due course who it will be. Could you also let us have a brief on these two subjects to reach us by close of play on Tuesday, 6 December.

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*Spoke to J/energy & asked for
Minister [Giles Stann] as well
as briefing. CR 23/11*

Callum McCarthy, Esq.,
Department of Trade and Industry.

SMF