

Transport
CONFIDENTIAL

cc JV 2.
cc Mr Tugham.



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Prime Minister.

This will cause a fuss. But
I am sure Mr Howell is right
that he should not intervene.

Michael Scholar Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON
SW1

8 April 1982

MA 14/11

TOW A Mayer ✓
No letter nec. Agreed
ms 16/4

Dear Michael

BRITISH RAIL - WORKS CLOSURES

I am writing to let you know that British Rail will be making an important announcement next week about the future of British Rail Engineering Ltd (BREL) - the organisation which manufactures and maintains British Rail engines and rolling stock. They plan to tell their Unions on 15 April of the urgent need to cut back excess capacity in BREL and of their consequent decision to close in the next two years the works at Sildon near Bishop Auckland, at Horwich near Bolton (except for the foundry) and to halve the work that still remains at Swindon. These necessary measures will be extremely unwelcome to the NUR, who still represent a good part of the workforce in BREL, and who may threaten industrial action. There will be wider concern about the job losses.

The facts are that Horwich employs over two thousand; it is equal distance from Bolton (unemployment rate 15.3%) and Wigan (unemployment rate 18.2%). The Sildon works is the overwhelmingly dominant employer in the town, with some 2,600; the unemployment in Bishop Auckland is 15%. The Swindon rundown will about halve the 3,400 jobs at that works; the unemployment rate in Swindon is 10.6%.

It is of course for British Rail to decide what are the best ways to reduce their workshop capacity, and Mr Howell has not sought to influence their decisions.

I am sending copies of this to the Private Secretaries to the Chancellor of the Exchequer, the Secretary of State for Employment, Secretary of State for Industry, and the Secretary of State for Scotland, and to Sir Robert Armstrong.

Yours sincerely

Sean Bahir

PP R A J MAYER
Private Secretary

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1 MARSHALL STREET LONDON SW1P 3JH

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MCS G/40 9/2.

MR. PATTISON

cc: Mr. Hoskyns
Mr. Ingham
Miss Stephens

The British Rail Works Closures

I have had a word with the Department of Transport about their Private Secretary letter of 8 April. Caroline will wish to know that the report of the McCarthy tribunal on the ASLEF dispute has now slipped by yet another week, to the week beginning 26 April, so we no longer need time in the Prime Minister's diary to consider it in the week beginning 19 April (but we shall, of course, need it the following week).

In the light of that, I am quite sure it is right for British Rail to get this announcement out of the way this week. If the NUR is going to be upset, and it certainly will be when they hear about these closures, it is best that it should happen when we are not in the middle of post-McCarthy negotiations. And it goes without saying that we should not interfere with the decision itself, which is entirely consistent with the move towards greater efficiency and smaller losses which we have been urging on BR for some considerable time.

J.

14 April 1982

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