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MR. INGHAM

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Attached is a note of a meeting the Prime Minister had with Mr. Robert Kilroy-Silk, MP, yesterday. As you will see, the Prime Minister agreed to meet a group of young people from Merseyside, assembled by Mr. Kilroy-Silk. She also offered to find a way of paying for their visit and I am pursuing this separately. You might like simply to be aware of this possibility which will, of course, require careful handling when the times comes.

TIF

TIM FLESHER

25 January 1985

CC MASTER

SUBJECT

JNR ASM

cc DGE  
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be Bi



10 DOWNING STREET

*From the Private Secretary*

24 January 1985

The Prime Minister, together with Mr. Butcher, met Mr. Robert Kilroy-Silk, MP, to discuss the effect of redundancies at BICC Prescott on his constituency. Mr. Kilroy-Silk said that, although the BICC decision would cause considerable job losses on Merseyside, he recognised the commercial logic which led to the closure decision. Moreover, he believed that both the company and the Department of Trade and Industry had done all that they reasonably could to ameliorate the effect of the closure in the area. That being so, he wished to stress the scale of the problems faced by his constituency. In some parts, only 6 per cent of school-leavers were finding full-time employment; in some streets, unemployment was as high as 80 per cent. As a result, commercial activity had all but ceased; for example, even foodshops were now closing through lack of business. It seemed to him a paradox that there was very high employment amongst construction workers in the area and yet, at the same time, a deteriorating housing stock. The single most effective way of increasing employment in Knowsley would be a massive injection of public funds into housing. Where housing schemes, whether public or private sector, had been started, there was a disproportionate effect both on employment and morale.

In response, the Prime Minister said that she recognised both the scale of the problems faced by Knowsley and the force of Mr. Kilroy-Silk's arguments. She could see some attraction in finding new measures to encourage private sector housing provision of the kind she had seen in her visit to Liverpool. The Volume Housebuilders Study Group had, the previous day, put some suggestions to her which she felt had some merit. But the long-term problem on Merseyside was the apparent lack of anything resembling an enterprise culture. She agreed with Mr. Butcher that public sector finance could have a marginal effect at best. How to re-create the initiative and enterprise which had made Liverpool a thriving City was not immediately apparent.

Rb

The activities of the Liverpool Council in this respect were a major barrier to companies coming to Liverpool to create jobs.

The Prime Minister agreed to write to Mr. Kilroy-Silk setting out both the measures which had been taken and were being taken by the Department of Trade and Industry in relation to the Prescott redundancies. In addition, the letter would cover the extent of take-up in Knowsley of the various grants and schemes available for small business generally and for job creation. She had provided similar information for Dr. David Clark, MP, which showed a depressingly low level of take-up on Tyneside.

Mr. Kilroy-Silk mentioned once again his suggestion that the Prime Minister might be willing to meet a group of young people from Merseyside to talk to them about the problems they faced. The Prime Minister readily agreed.

BF // I should be grateful if you, together with Andrew Allberry (Department of the Environment) and Judith Rutherford (Department of Employment), to whom I am copying this letter, could arrange for a letter, along the lines indicated by the Prime Minister, to be provided for her to send to Mr. Kilroy-Silk as soon as possible. On the question of the Prime Minister's meeting with a group of young Merseysiders, I shall be in touch again to arrange briefing when the details of that meeting have been established.

(TIM FLESHER)

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*From the Parliamentary  
Under Secretary of State  
for Industry*

JOHN BUTCHER MP

David Barclay Esq  
Private Secretary to the  
Prime Minister  
No. 10 Downing Street  
LONDON SW1

*CF*  
*ek*  
*Mr Fletcher*  
*22/1*

*21* January 1985

*Dear David,*

Thank you for your letter of 2 January to my predecessor, David Saunders.

I attach a brief for the Prime Minister's meeting with Mr Kilroy-Silk on Thursday 24 January concerning the restructuring and redundancies at BICC's Prescot plant in Mr Kilroy-Silk's constituency.

Mr Butcher will be attending the meeting as this Department's representative.

*Yours sincerely*  
*David Halldean*

DAVID HALLDEARN  
Private Secretary



PRIME MINISTER'S MEETING WITH ROBERT KILROY-SILK MP

OBJECTIVE

To persuade Mr Kilroy-Silk that HMG is doing all it properly can, and that the issue is primarily for the Company.

POINTS TO MAKE

Recall our meeting about Prescot last February. Employment on Merseyside is a matter of great concern to me. But I understand that the Company's plans are a positive strategy, the need for which has been accepted by most of the work-force - and I welcome that. Of course I am concerned about the further redundancies; understand distress caused to workers who may have been with company for many years. But the plan would concentrate two growth activities - components and optical fibre cable - in Prescot area; that must be good news.

Must add that it would be wrong for Government to intervene in commercial decisions. Companies must adapt to changing market needs both in interests of national prosperity and to safeguard/protect employment.

DEFENSIVE

Retraining: Company ready to help with specific retraining. Services of Manpower Services Commission, DTI's Small Firms Service and Local Enterprise Agency also available for those made redundant. (Government expenditure on special employment and training schemes about £2 billion in 1984/85.)

Attracting high technology to Merseyside: Fully recognise special problems of Merseyside - Knowsley/Prescot in particular - as shown by work of Merseyside Task Force and DTI Regional Offices. Investment in the area by BICC and other companies still attracts regional support automatically at the highest level.

Department of Trade and Industry (MEE4D)



BICC PRESCOT

Background Note

Previous meeting with Mr Kilroy Silk

1 The Prime Minister and Mr Butcher met Mr Kilroy Silk on 7 February 1984 to discuss redundancies at Prescott. Approximately 350 redundancies had been declared at the site, the majority resulting from the closure of the central unit which serviced the various manufacturing units at Prescott (including cable making, electrical wire drawing, copper rod production and copper refining).

2 The note of that meeting is annexed to this brief, together with a copy of the letter which the Prime Minister subsequently sent to Mr Kilroy Silk. In discussions at that stage, BICC informed DTI officials in confidence that further difficult decisions remained to be taken, and that these would inevitably involve further redundancies. This was conveyed in confidence to the Prime Minister but BICC was concerned that Mr Kilroy Silk should not be informed. It was the announcement of these further decisions on 30 November which triggered Mr Kilroy Silk's request for another meeting.

The announcement on 30 November

3 The company announced the following major decisions on 30 November:

- (a) that they would single-site their Metallic telecommuni- cations cable operations at Blackley, Manchester during the Spring of 1985. Demand no longer warranted two parallel operations at Blackley and Prescott, and the Prescott activity would therefore be closed, with a loss of about 450 jobs.
- (b) that they would concentrate their optical fibre cable operations in the Prescot area, with the transfer of up to 70 jobs from Blackley to Prescott. This relocation would take place during 1986 and would be to a new purpose-built plant; but the precise siting of the plant would be a matter for negotiation.
- (c) that the company was considering a complex series of moves to concentrate their components business at Prescott. But this decision would be conditional on the workforce accepting both the overall package and single union status for the new activities at Prescott.



4 The announcement naturally had a mixed reception. (IN CONFIDENCE: the situation is complicated by the involvement of several Trade Unions. Most of the redundancies fall to TGWU members; other unions notably AUEW members, stand to benefit from greater job security resulting from the restructuring. A further complication is that BICC is looking for up to 400 redundancies at three other plants in the North West; and the concentration of the components business at Prescott would almost certainly involve the closure of satellite factories at Parr and Skelmersdale. Furthermore BICC announced on 11 January the closure of the entirely separate Mechanical Engineering Unit at Prescott with a loss of 60 jobs. In the medium term, further redundancies cannot be ruled out).

5 The company is vigorous in defending its record and the necessity of the steps they are taking. They emphasise that they must improve their competitiveness to survive, and that in all cases the job losses are matched by substantial capital investment, and the preservation/creation of a smaller number of better quality jobs.

#### Mr Kilroy Silk's meeting with BICC

6 On 20 December, Sir William Barlow (BICC's Chairman) met Mr Kilroy-Silk who had requested a meeting to discuss the restructuring plan. He expressed some support for BICC's overall plans, asked BICC to consider seriously an alternative plan put forward by the Trade Unions (which basically seeks a slow down in BICC's plan to ease the transition) and made a plea for the company to help with problems of re-training.

7 Sir William made a sympathetic response. However there are problems with the Trade Union plan. The company's proposals represent a series of interlocking parts, and delay in one phase will raise problems - and increase costs - for other phases. The company does however see some scope for a limited slippage in timescale, and they are very ready to provide financial support for specific retraining, though they see little scope for generalised retraining without any specific opportunity in mind.

8 The situation remains delicate at Prescott. BICC Management believes that their plan has been well received by the majority of the work-force, since they well understand the need for a site strategy. It is of course the need for compulsory redundancies which is causing difficult. Limited industrial action is taking place, and more has been threatened. Negotiations are continuing.

#### The meeting with the Prime Minister

9 At his meeting with Sir William Barlow, Mr Kilroy-Silk said he would be approaching the Prime Minister:



- (a) to seek help from the Government towards retraining expenses; and
- (b) to seek help in attracting further high-technology activities to the Prescott area.

10 Retraining. BICC is prepared to put its own resources into retraining where there are specific retraining opportunities. They are already paying for an agency ("Focus") to advise and counsel redundant employees. Meanwhile the Department of Employment, the Manpower Services Commission, the Small Firms Service of the DTI and the Local Enterprise Agency are all aware of the position, and all their services are of course available.

11 Attracting high technology to Merseyside. The Merseyside Task Force and the DTI Regional Offices are both very active in the area. Both are involved in discussions with the Local Authority in Knowsley about their interest in a high technology corridor in the area. In the recent changes of DTI regional assistance, the area retained a right to maximum automatic assistance for investment (though the maximum level was reduced from 22% to 15%). Substantial Government assistance has been provided for the area, and BICC itself has received support for a number of innovative and high technology projects. Indeed the current proposals for Prescott will receive considerable financial support from the Department.

MEE4D

(8 January 1985





FILE

MC: TF  
MA

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10 DOWNING STREET

*From the Private Secretary*

2 January, 1985

CLOSURE OF BICC PRESCOT

I am writing to confirm our telephone conversation earlier today.

Mr. Robert Kilroy-Silk MP telephoned to seek a meeting with the Prime Minister to discuss the closure of the BICC Prescott plant in his constituency. In accordance with her usual practice, the Prime Minister will wish to agree to this request.

I should be grateful if Mr. Butcher could attend the meeting, which has been arranged for 1600 hrs on Thursday, 24 January in the Prime Minister's Room at the House of Commons. Could you also please arrange for the preparation of a brief, which should reach us by close of play on Tuesday, 22 January.

(David Barclay)

Dr. David Saunders,  
Department of Trade and Industry.

BF

JR