



DEPARTMENT OF INDUSTRY
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JF2457

PS/
Secretary of State for Industry

18 January 1983

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

Dear Caroline

*Please include in the meeting folder and
back up.*

You copied to me your letter of 5 January to John Robbs at the Ministry of Agriculture, Fisheries and Food, in connection with the Prime Minister's meeting with Dr Edmund Marshall MP on 20 January, with a request for a constituency brief. *19/1*

... 2 I attach a brief. Dr Marshall asks what assistance may be available to preserve the jobs at Thornhill Limited's chicken processing factory at Stainforth. We have provided a separate note on the possibility of providing aid to the company under Section 7 of the Industry Act, together with a note on the question of possible Development Area status for Thorne, which Dr Marshall raised after a previous meeting with the Prime Minister in 1981.

Yours sincerely
David Saunders

DAVID SAUNDERS
Private Secretary

Encl



PRIME MINISTER'S MEETING WITH DR EDMUND MARSHALL MP ON 20 JANUARY

PROPOSED CLOSURE OF THORNHILL LTD, FACTORY AT STAINFORTH, NR DONCASTER
MATTERS WHICH MAY BE RAISED IN DISCUSSION

GOVERNMENT FINANCIAL ASSISTANCE

1. In his letter to the Prime Minister Dr Marshall asks what help might be given by Government departments to preserve jobs at Thornhill Ltd, Stainforth.

LINE TO TAKE

The factory is sited in the Thorne Employment Office Area (EOA) which itself is within the Doncaster Travel to Work Area (TTWA). It is an Intermediate Area and financial assistance could therefore be considered under Section 7 of the Industry Act for a capital investment project that would create or safeguard jobs, subject to certain criteria being satisfied. These criteria include need, commercial viability and efficiency, and a decision would need to take account of the possible displacement effects on other companies in the same industry. Whether the company chooses to follow this up is a commercial decision for it to take. If it wishes to do so it should contact the Regional Office of the Department of Industry in Leeds.

(It would, however, appear most unlikely that this company, which according to Dr Marshall is closing its Stainforth factory because of overcapacity, would wish to apply for assistance towards capital investment at this particular factory).



ASSISTED AREA STATUS

2. Dr Marshall had a meeting with the Prime Minister in June 1981, which Mr Kenneth Baker, MOS/Department of Industry, also attended, to discuss the closure later that year of the Thorne factory of GEC Small Machines Ltd. Dr Marshall subsequently wrote to Mr Baker to question whether it would be possible to establish a separate unemployment rate for Thorne as a basis for considering whether the area should be upgraded to a Development Area. Dr Marshall was told that it would be inappropriate to consider Thorne (EOA) by itself since many of its resident workers were employed in nearby Doncaster and it was not therefore a self-contained TTWA. So far as the Doncaster TTWA was concerned the unemployment rate (and other relevant factors) did not justify any change in its status from Intermediate to Development Area.

LINE TO TAKE

The answer given to Dr Marshall in 1981 still stands. If he wishes to discuss this further he should write to the Secretary of State for Industry.



MEETING WITH EDMUND MARSHALL MP: 20 JANUARY 1983

THORNHILL CHICKEN, STAINFORTH, NEAR DONCASTER

BRIEF FOR THE PRIME MINISTER

THORNHILL CHICKEN

1. Thornhill Chicken was originally a family company; while the Thornhill family is still involved, it is now half-owned by Union International (the Vestey Group). It owns two plants - at Stainforth, Near Doncaster and at Great Longstone, Derbyshire - producing 8 and 12 million birds pa respectively. This gives the company a market share of just under 5%. Union International owns a third processing plant - Country Produce, Wrexham - which would bring their market share to about 7%; there are half a dozen larger groups in the UK chicken sector. Union owns the Dewhurst butchery chain through which a substantial proportion of Thornhill's chicken is sold.

STAINFORTH FACTORY

2. The factory was acquired from Sainsbury-Spillers in 1978. It had originally been a fresh, oven-ready chicken plant but Thornhills introduced a frozen chicken line and have in recent years also produced chicken portions (Dr Marshall is mistaken in his belief that this is the principal product line).

3. Some 227 people are employed at the factory, all but a dozen or so working on the processing line. There have been recurrent industrial relations problems at Stainforth. Most of the birds processed - up to 85% - come from independent growers on contract, the remainder coming from Thornhill's own growing units.



4. The company announced at the end of November 1982 that it would close the Stainforth factory at the end of February 1983. The site is not immediately being put up for sale but mothballed. Production is being transferred to the Great Longstone factory and the growers have been told that their contracts will be maintained. All employees at Stainforth have been offered employment at Great Longstone, with the company arranging transport there. It is however a 70 minute journey each way and it is likely that some staff, particularly married women working on the processing line, will not be willing to make the move.

5. The company's motive in concentrating production is to reduce overheads and thereby maintain a competitive position in the market. The Great Longstone factory will work two shifts in order to keep output up to present levels. The company took the decision to close Stainforth on commercial grounds; it has not sought any aid to keep that site operational.

UK CHICKEN SECTOR

6. Total production of broiler chicken last year reached a record level of about 600,000 tonnes, partly reflecting confidence felt in the industry after the restrictions on imports imposed in September 1981. These restrictions have now been partly lifted and trade with France and the Netherlands has resumed. Prices have increased very little over the last two years and the market is, in general, somewhat depressed - stocks are now about 50% higher than a year ago and trading conditions are likely to continue difficult for the early months of 1983. The UK industry accepts that the current situation has arisen through domestic oversupply and owes nothing to imports.



7. There are no Government grant schemes specific to the chicken sector although regional aids may be available to plants in development areas. Indeed, three companies are currently involved with DoI about the possibility of such aid: one, a new fresh chicken processor in Corby, has already been offered substantial aid.

EC CHICKEN SECTOR

8. The market in other member states is similarly depressed with stocks building up and few export opportunities in third countries. Exports to the UK from France and Holland have been relatively small since trade resumed because UK market prices have not proved attractive.

SUMMARY

9. The chicken market is in a depressed state and trading margins are tight. In these circumstances the decision by Thornhill's to rationalise their production while seeking to maintain throughput makes sense as a commercial judgement. The company have offered their staff, currently employed at Stainforth, the opportunity to continue to be employed at the Great Longstone factory and have made the necessary transport arrangements.

PPP Division
MAFF

January 1983



BACKGROUND NOTE ON GOOLE PARLIAMENTARY CONSTITUENCY

INTRODUCTION

1. Dr Marshall's constituency of Goole covers not only Goole itself, which is in Humberside, but also a substantial area to the west and south, embracing parts of the Doncaster (South Yorkshire) and Castleford (West Yorkshire) Travel to Work Areas (TTWAs).

The chicken-processing factory belonging to Thornhills Ltd, which is due to close and which has prompted Dr Marshall's request for a meeting with the Prime Minister, is situated at Stainforth which is within the Doncaster TTWA. Goole and Doncaster TTWAs are both Intermediate Areas. Castleford TTWA lost its Intermediate Area status in August 1982 and is no longer assisted.

INDUSTRY

2. Goole is an inland port on the River Ouse some 50 miles from the North Sea. Its frequent services to the Continent provide an outlet for exports of the industrial areas of West and South Yorkshire, Lancashire and the Midlands. The completion of the M62 motorway, which passes within two miles of the docks, makes Goole one of the best motorway connected ports in the UK. The completion of the M18 and M180 motorways has linked the southern part of the constituency with major industrial areas.

Goole is in a highly productive agricultural area and industry in the town is concerned mainly with the port and agriculture. The port handles around 1.5 million tonnes of cargo annually and has been improved in recent years partly funded with aid from the European Regional Development Fund.

Coalmining dominates in the south and west of the constituency (Doncaster and Castleford TTWAs) and provides approximately 20% of total jobs.



There is also some diverse manufacturing industry, including clothing, glass manufacture, engineering and food processing, in various parts of the TTWAs embraced by the constituency.

UNEMPLOYMENT, REDUNDANCIES AND VACANCIES

3. The whole area suffers from above the national average unemployment, and it is substantially higher in both the Goole and the Doncaster TTWAs.

At 9 December 1982 unemployment in the TTWAs was as follows:-

	Total Unemployed (%)	December 1981
Goole TTWA	2,154 (16.6%)	2,041 (15.8%)
Doncaster TTWA	19,010 (16.8%)	17,617 (15.7%)
Castleford TTWA	8,838 (13.6%)	8,016 (12.5%)
GB	(13.1%)	(12.1%)

In the 11 months to 30 November 1982 3,482 redundancies are estimated by M.S.C. to have taken effect in the TTWAs.

Major redundancies notified within the parliamentary constituency since September 1981 are as follows:-

<u>Company</u>	<u>Location</u>	<u>Number of Redundancies</u>	<u>Date</u>
G.E.C. Small Machines Ltd	Thorne	500	September 1981
Montague Burton	Goole	99	January 1982
Crendon Concrete Ltd	Goole	98	July 1982
R.H.P. Bearing Co Ltd	Knottingley	60	November 1982



In the TTWAs there were 295 reported vacancies although the Manpower Services Commission estimate that this is only 40% of total vacancies.

GOVERNMENT ASSISTANCE

4. Details of offers of Government regional selective assistance (under Section 7 of the Industry Act 1972) in the TTWAs from 1 May 1979 to 31 December 1982 are as follows:-

	Number of offers	Value of Assistance	Project Value	Jobs provided or safeguarded
Goole TTWA	5	£554,000	£ 4.110m	346
Doncaster TTWA	16	£962,000	£ 9.62m	1,400
Castleford TTWA	15	£833,000	£11.930m	848

5. The rundown in steel making at BSC's works in Scunthorpe, which has resulted in job losses of about 10,000 over the past 3 years, has probably been a significant influence in raising the unemployment figures in Dr Marshall's constituency since the Scunthorpe works draws its labour from a wide area and the Scunthorpe TTWA is adjacent to the Goole and Doncaster TTWA.

The Government has introduced a number of measures to help alleviate the problems in Scunthorpe including the granting of Development Area status and the building of a range of advance factories. BSC (industry) Ltd and the local authorities have also introduced measures to try to stimulate new industrial development. In addition, Scunthorpe has recently been selected for an Enterprise Zone.



GOVERNMENT ASSISTANCE TO SMALL FIRMS

6. The Department of Industry's Small Firms Service, based in Leeds, has held regular "clinics" in Doncaster throughout 1982 and provided advice at seminars and courses at Doncaster College. These were open to Dr Marshall's constituents.

COMMUNICATIONS

7. The constituency occupies a pivotal position between the Midlands and South Yorkshire on the one hand and Humberside on the other. It is well placed on the national motorway network with access to the M1, M18, A1(M), M62 and M180.

Work is progressing on improvements for the Sheffield and South Yorkshire Navigation between Doncaster and Rotherham which should assist the economic regeneration not just of that part of South Yorkshire but of the port of Goole itself. Part of the cost of £14 million is being met by grants from the European Regional Development Fund.

PM, May 181,
Mtg with Dr
Edmund Marshall.

RECEIVED

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Prime Minister



Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's
Private Office

Miss Caroline Stephens
Private Secretary
Prime Minister's Office
10 Downing Street
London SW1

CF / Brief to go in meeting folder
with marshalls
letter at hand. JL WA

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you saw
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17 January 1983

Dear Caroline,

... Thank you for your letter of 5 January enclosing a
copy of one from Dr Edmund Marshall MP about
Thornhill Chicken, Stainforth, Nr Doncaster.

As requested, I enclose a brief for the Prime
Minister's meeting on 20 January which I
understand will be attended by our Parliamentary
Secretary, Mrs Peggy Fenner.

Yours sincerely,

J E ROBBS
Assistant Private Secretary



HOUSE OF COMMONS
LONDON SW1A 0AA

9 January 1983

M/s. C. Stephens,
Private Secretary,
10 Downing Street,
London, SW1.

✓
Ed. 11/1
Dear M/s. Stephens,

Thank you for your letter of January 5,
suggesting 15.45 on Thursday, January 20
as the time for me to meet the Prime
Minister to discuss the threatened closure
of Thornhills factory at Stainforth in my
constituency.

I confirm that that time will be conven-
ient, and I shall come to the Prime
Minister's room in the House then.

Yours sincerely,

Edmund Marshall.

Dr. Edmund Marshall MP

Dr. Edmund MARSHALL, MP



File No
19/11

10 DOWNING STREET

From the Private Secretary

5 January 1983

The Prime Minister is seeing Dr. Edmund Marshall, M.P., at 1545 on Thursday 20 January in her room at the House of Commons. I enclose a copy of Dr. Marshall's original letter to the Prime Minister and would be grateful if your brief could reach us by close of play on Wednesday, 19 January.

I am copying this letter to David Saunders (Department of Industry) and I should be grateful if he could supply us with a constituency brief.

CAROLINE STEPHENS

John Robbs, Esq.,
Ministry of Agriculture, Fisheries
and Food.

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10 DOWNING STREET

From the Private Secretary

5 January 1983

I am sorry not to have contacted you sooner about a meeting with the Prime Minister regarding the possible closure of Thornhills factory at Stainforth.

Would it be convenient for you to come and see the Prime Minister at 1545 on Thursday, 20 January in her room at the House? I must apologise that it is rather a long way away, but Mrs. Thatcher has a very heavy diary when the House re-assembles. I do hope that this time and date will be convenient.

CAROLINE STEPHENS

Dr. Edmund Marshall, M.P.