



SCOTTISH OFFICE
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mt
13 December 1982

Dear Willie

As agreed I enclose briefing material for the Prime Minister's meeting with Mr Tom Clarke MP, tomorrow afternoon, to discuss the closure of the Speedwell Wire Company Ltd, Coatbridge.

Mr Alex Fletcher will attend, and will come to the Prime Minister's room at the House just before 3.45pm.

A. Muir Russell

A MUIR RUSSELL
Private Secretary

NOTE 1

CLOSURE OF SPEEDWELL WIRE CO LTD, COATBRIDGE

1. The Speedwell Wire Co Ltd - a subsidiary of Martin Black PLC - employs 150 people at Coatbridge in the manufacture of high tensile steel wire. The closure of the company was announced on 3 December, the firm reporting that because of over-capacity in the UK non-alloy steel wire-drawing industry, it was no longer able to find external customers for a sufficient volume of wire to make it economic to retain its own wire drawing capacity.

2. Speedwell is one of a number of companies participating in a Self-Help Sectoral Levy Scheme whose applications for financial assistance under the Government's Private Sector Steel Scheme has been approved by the Secretary of State for Industry. The Levy Scheme is designed to reduce significantly the excess capacity that exists within the non-alloy steel wire-drawing industry and alleviate the heavy burden of overhead costs currently borne by many of the companies in the sector.

3. Like the Government's Private Sector Steel Scheme it is intended to assist the revival of a healthy and efficient private sector steel industry by helping companies to undertake rationalisation and restructuring of their operations. Under the Government's Scheme assistance is offered towards closure and rationalisation costs (including redundancy payments) and re-equipment and re-building projects, as well as more comprehensive restructuring projects which may involve more than one company (whether in a merger, takeover, a joint venture or voluntary rationalisation scheme). It is complementary to other measures being taken at both national and EEC level to promote restructuring of the steel industry and to create a more economic and competitive environment in which steel-producing undertakings can survive and prosper.

Line to Take

4. The closure of Speedwell is the result of a commercial judgement reached by the private sector where the industry is approaching rationalisation on a co-ordinated basis and where a substantial element of the scheme involves investment to make the remaining businesses more efficient. It is very much regretted that jobs will inevitably be lost, but radical action of this kind is essential to safeguard the long term future of the industry. It is, of course, for each company to make up its own mind whether or not to participate in such a scheme and it is not for the Government to intervene where the industry itself identifies which plants will continue operation and which will close.

5. The effect on the area of further redundancies is regrettable (present unemployment rate 19.5%, Scottish average 15.1%) but of course the full range of incentives to new industrial investment is available and the SDA is very active in the area.

SCOTTISH DEVELOPMENT AGENCY ACTIVITIES IN COATBRIDGE AND MOTHERWELL

Coatbridge

The SDA Board has approved an integrated project in Coatbridge costing £14.265 million of which £10.715 million will be provided by the SDA. The Scheme is, however, subject to satisfactory agreements being reached with the local authorities. The probable launch date is early 1983, and the project will run for 3 calendar years thereafter. It is expected to generate 800 jobs and encourage private investment of £6m - £8m of which £4 - £6 million will be in respect of private sector housing.

Motherwell

On 15 April 1982, Mr Fletcher announced a £57 million investment scheme to revitalise the Motherwell area and create 3,500 jobs over the next 5 years. The project, sponsored by the SDA, Strathclyde Regional Council and Motherwell District Council is the largest business project of its kind in Scotland.

Large sums of money will be spent on a new factory building project, roads and sewage systems will be laid, a food distribution estate will be set up and a £2 million workshop development will be established.

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GOOD NEWS ITEMS FOR MOTHERWELL, COATBRIDGE AND AIRDRIE

Motherwell Bridge of Motherwell has won a £5.8m contract to build oil storage tanks for the Libyan Petroleum Marketing Company.

Satchwell Sunvic of Motherwell and Slough have won an order worth more than £100,000 for Temperature Controls, through its agents in Norway.

Loadtech Micro, the microprocessor company at Motherwell, is expanding, and will create 45 new jobs over the next three years.

W Purdie Ltd, Coatbridge has been awarded a contract by the SDA worth £350,000 for the construction of two 10,500 sq ft factories in Airdrie. Between 60 and 70 jobs are expected to arise.

The Philips factory at Airdrie is to provide £2m worth of printers for the Royal Bank of Scotland.

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R B Tennant Ltd, Coatbridge

1. It is possible that at the meeting Mr Clarke may refer to the future of R B Tennant Ltd, Coatbridge.
2. This company, a member of the Johnson & Firth Brown Group, manufactures iron and steel rolls and provides employment for 350 people. Earlier this year Johnson & Firth Brown and BSC announced the merger of their steel making, hot forging and ancillary processes in and around Sheffield. As a result, the closure of Parkhead Forge, with the loss of 375 jobs, was announced.
3. The future of R B Tennant Ltd is uncertain, since there was some measure of interlinking with the Parkhead Forge. The Chairman of Johnson & Firth's Steels Division has stated, however, that the Group was still negotiating a satisfactory financial package on the BSC/JFB merger and until that is completed, they were unable to turn their attention to the structure of the cast roll companies including R B Tennant. It is likely to be early February before their thinking on Tennant's future can be clarified.

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PRIME MINISTER

c. Mr. Gow
Miss Stephens

As I mentioned, Tom Clarke, MP, rang this afternoon about the closure of Martin Black's, a firm making wire ropes at Speedwell in his constituency. The closure will involve the loss of about 150-175 jobs.

I have arranged for him to see you at 1545 next Tuesday in your room at the House. Alex Fletcher will be present and will let you have a brief on Monday.

9 December 1982