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From the Minister of State for Industry
Norman Lamont MP

Prime Minister
No. 10 Downing Street
LONDON SW1

6 April 1984

MB

Dear Prime Minister

BRITISH SHIPBUILDERS: JOB LOSSES AT CAMMELL LAIRD

You will want to be aware that British Shipbuilders is to meet its Unions on April 10 to discuss the serious workload situation at Cammell Laird and will be announcing prospective compulsory redundancies of around 1400, about 40% of the yard's workforce. 400 compulsory redundancy notices will go out towards the end of April, the rest at the end May/early June.

The Unions will be expecting bad news. BS had fallen around 580 short of the volunteers they wanted from the yard in previously announced redundancies. The Corporation held back from further expected redundancies in January because it wanted to keep men on to speed up work on the Morecambe Bay rig for the British Gas Corporation. Cammell Laird have, as you will know, just lost the Sun Oil contract for which they were bidding. The Corporation will be discussing the redundancies with the Unions on Tuesday afternoon and there is therefore a risk that they will become public then.

BS will be stressing to the Unions that they still see a future for the yard provided that substantial changes in working practices can be introduced. The workforce have not yet signed the Corporation's productivity deal.

Local reaction to the redundancy announcement will undoubtedly be vociferous. It will be aggravated if it becomes public knowledge that Cammell Laird have, earlier this week, been required by the Board of British Shipbuilders to withdraw their tender for two new frigates for the Navy. Cammell Laird are competing for these orders with Swan Hunter and Vosper Thornycroft, whose tenders expired at the end of March (Cammell Laird's was due to expire at the end of April). The BS Board withdrew the Cammell Laird tender in order to bring them into line with Swan Hunter and Vosper Thornycroft. I understand that all 3 yards will be invited to re-tender. But it is possible that the situation will be misunderstood on Merseyside.

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I am copying this minute to the Chancellor and to the Secretaries of State for Defence, Energy, the Environment and Employment and to Sir Robert Armstrong.

*Yours
Norman*

NORMAN LAMONT

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10 DOWNING STREET

Prime Minister ②

DT I have discussed with
BS whether this announcement
could be deferred until after
the NUM meeting. BS believe
deferment will not achieve
anything. I agree.
Deferment would have to be
postponed until after any
ballot which could be two
weeks away. In any case
I am not convinced that
there really is a link with
Coal. The most likely link
is with Liverpool.

AT
What does
S & S think? 6/4
not

Note Mr Day agreed to defer
announcement. Meeting will
discuss position of company but p10

net meka redudans

AT 9/4