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*From the Minister for Trade*

Tim Flesher Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
Whitehall  
London SW1A 0AA

11 April 1984

*Dear Tim*

You spoke to this Office yesterday and requested further briefing on two points in the Background Note attached to my letter of 9 April to Caroline Ryder on the closure of Plessey's South Shields factory for the Prime Minister's meeting with Dr David Clark MP on Thursday, 12 April at 4 pm.

The grant referred to in paragraph 2 of the note was £½M interest relief grant and a £400,000 training grant.

I attach a copy of the document mentioned in paragraph 3 and as you requested, a brief summary of that feasibility study.

*Yours etc*

*Steve*

STEPHEN NICKLEN  
Private Secretary to the  
Minister for Trade (PAUL CHANNON)



BRIEF FOR THE PRIME MINISTER'S MEETING WITH DR DAVID CLARK, MP FOR SOUTH SHIELDS

PLESSEY CLOSURE AT SOUTH SHIELDS

1. The run down and closure of the Plessey switching factory at South Shields is a matter of regret to the Government but this is clearly a matter for the company's own commercial judgement.

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2. The Department of Trade and Industry did as much as possible before the announcement of the closure, to help Plessey identify new projects which might be brought into South Shields. None proved acceptable to Plessey.

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3. The Government is actively encouraging investment in the Regions and the Nissan decision to locate their new British car factory at Sunderland could benefit the South Tyne area including South Shields (the selected site is about 6 miles from South Shields and near to, though not in, Dr Clark's constituency).

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4. Assisted areas such as the North East suffer from a poor innovation record (when compared with the South East) and the Government would welcome views on whether special measures should be taken in the Assisted areas to encourage innovation. Existing IT policies are designed to make manufacturing industry as a whole more competitive and thereby create new jobs but take up of Government support schemes in the North East is much lower than for other parts of the UK. It is really up to the industries in the North East to come forward with proposals.



BACKGROUND NOTE

On 12 January Plessey announced the run-down of their South Shields factory, which produce electromechanical and semi-electronic telephone exchange equipment, with the loss of 600 jobs by August 1984. Nearby Plessey Circuits, which makes printed circuit boards and employs 290 people, is not affected.

Despite a large grant in 1978 *(£500,000 interest relief grant + £400,000 training grant)* from the DTI to keep the company (and jobs) in the area, Plessey have had to rationalise their production capacity of outmoded exchange equipment, and concentrate manufacture at their factories on Merseyside. In spite of anticipated large System X orders Plessey still have too much production capacity due to the smaller space and lower labour requirements of digital equipment. Further rationalisation measures and closures are likely in the North and in Northern Ireland as employees needed for telephone exchange production falls - numbers may increase from 1987 if there is sufficient growth in sales and exports. Plessey have in fact now announced the planned loss of 800 jobs at Edge Lane on Merseyside as part of their rationalisation plan. In consequence to this and the closure at South Shields the workforce at Edge Lane are now taking industrial action.

The products which formed the bulk of the South Shields factory output is now completely exhausted and the company has little option but to reduce its workforce. The alternative was an increased reduction in Merseyside or Northern Ireland. The workforce, trades unions, and local authorities concerned have jointly produced a document outlining some alternative proposals to closure and a deputation led by local MPs has met Mr Baker. Dr Clark has also been pressing for a Parliamentary Debate on the closure. Although the Department does not intend to intervene, Mr Baker has asked the Company to give serious considerations to these proposals. Plessey have made it clear that the alternative work proposed by the workforce would only transfer jobs from one hard hit area to another.

Department of Trade and Industry

April 1984

PM March 84

Mtg with Clarke closure of Plessey





PLESSEY: SOUTH SHEELDS

ALTERNATIVES TO CLOSURE: FEASIBILITY STUDY BY THE TRADES UNIONS

1 The Trades Unions, in collaboration with the workforce and the two Local Authorities, have now conducted a feasibility study, attached, which sets out alternatives to closure and which the trades unions believe could safeguard at least 250 of the 600 jobs at risk.

2 There are three main strands to these alternative proposals comprising rescheduling of existing work, allocation of new work to the factory and the conversion of the remaining unused factory space into an 'enterprise workshop'.

3 The trades unions recognise that the electro mechanical switching equipment is obsolete but argue that manufacture of Meter Control Units, due to end in May, could be extended to August and beyond if potential orders materialise. They also claim that production of cables for System X, which is to be increased, should be maintained at Southshields and not transferred to Edge Lane and Chorley (where Plessey are concentrating System X manufacture).

4 The new business which the trades unions argue could be channeled into Southshields is that of manufacture of call logging equipment which Plessey are developing in competition with GEC and IBM to satisfy British Telecom's requirements but which again relies on potential orders from BT or from other sources eg Stromberg Carlson, Plessey's US subsidiary. Additionally the trades unions perceive opportunities for the Plessey factory as general subcontractor to private enterprise for example extending and building on their current work as the assembly facility for the Roboserve Minibar, a computerised and refrigerated vending machine for hotel bedrooms.

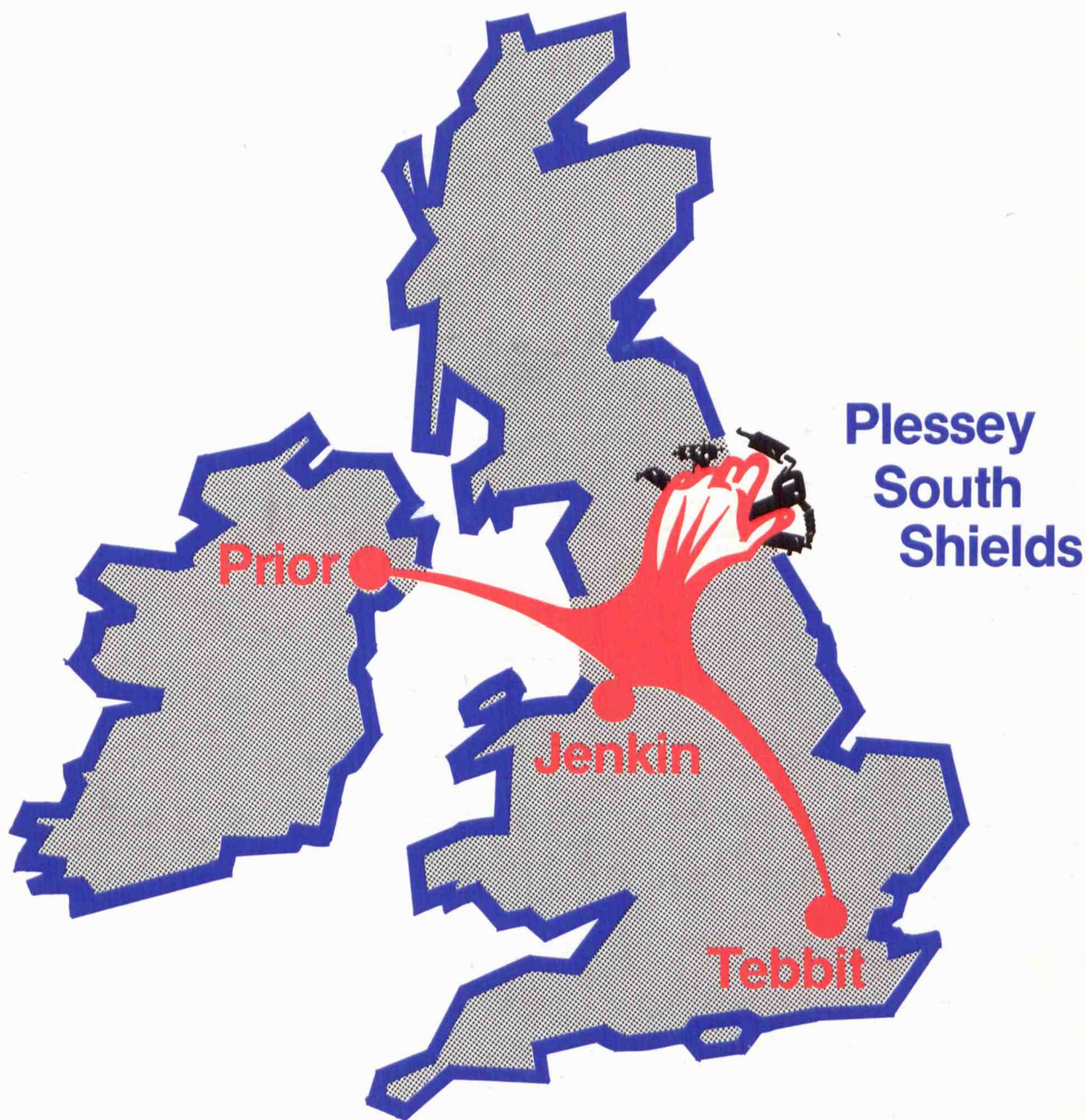


5 The above plans are expected to save some 250 jobs and it is proposed that the remaining unused half of the factory threatened with closure should be converted into an enterprise workshop consisting of a number of nursery units which could be rented out short term to small businesses in a start up situation. South Tyneside council have produced a tentative costing but there is no indication of how this might be funded initially before rental income accrues.

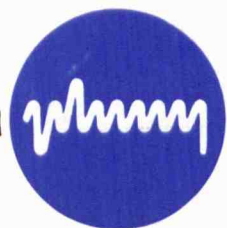
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**H**ANDS **O**FF **P**LESSEY **T**ELECOM**S**

***For Our Future***



***A feasibility study into the alternatives to closure***



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On January 12th, the Plessey Company, the biggest private employer in South Shields, made the shock announcement that 600 workers were to face redundancy. Confronted with the loss of these jobs the workers initiated an examination of the alternatives.

The Unions argue that 600 redundancies are not inevitable and that existing work could be re-scheduled and additional work allocated to save at least 250 jobs.

This could be achieved by:-

- maintaining System X cable production at South Shields
- continuing production of meter control units for British Telecom at South Shields,
- expanding commercial assembly work
- introducing call logging production to South Shields in 1985

As Plessey are committed to maintaining the present 300 strong workforce at the PCB plant the workers argue that the continuation of production at the Switching Unit remains viable. The Unions' plan presents a comprehensive alternative to the company's proposals for the wholesale closure of the Switching Unit.

An analysis of the economic and social costs of closure on South Shields shows how disastrous the impact of a further 600 redundancies in South Tyneside would be to the local community generally and to the individuals who would lose their jobs. Indeed, the cost of closure in financial terms is greater than the cost of keeping the Plessey workers employed.

Adding to the cost of unemployment in South Tyneside could be avoided by keeping the Switching Unit open. A commitment to maintain jobs, and create new ones through the development of new technology, is now needed to turn the tide away from more closures and redundancies.

Industrial relations at Plessey's have been good and the workers have proved themselves productive and adaptable. It is these workers who are putting forward realistic alternatives to their redundancy and their proposals deserve the fullest consideration. In the long term more positive action is necessary in order to ensure that areas such as South Tyneside, already, one of the hardest hit areas of the country, are not further decimated by the arbitrary decisions of company policy makers.

## Introduction

On 12 January 1984 the Plessey Company, the biggest private employer in South Shields, made the shock announcement that 600 workers were to face redundancy. Confronted with the loss of these jobs the unions initiated an examination of the alternatives.

All the redundancies in South Shields are due to the closure of the Switching Unit which over the past 18 years has built equipment for the British Post Office. Orders for the now obsolete apparatus are exhausted, but the workers argue that this does not mean redundancies must take place.

In its 18 year history on this site, Plessey have profited from the work of local people who have helped bring in the technological revolution taking place in telecommunications. As one South Shields worker has said:-

"It would be a tragedy if this great workforce with its adaptability, its application to the task in hand, its willingness to tackle anything, its great industrial relations record, were to be sacrificed".

It is ironic that this sacrifice is proposed at a time when the Plessey Company has boosted its profits to £124.6 million in the last nine months of 1983.

This report argues that the redundancies are not inevitable, that viable alternatives do exist, and that put into operation these alternatives could maintain a highly productive and profitable factory at South Shields that would benefit the workforce, the company and the whole community of South Tyneside.

## The Plessey Company

The Plessey Company today is one of the UK's most successful companies. Number 12 in the Stock Exchange's British Top 100 companies<sup>1</sup>, and number 80 in The Times 1000<sup>2</sup>. Plessey restructured the company in the 1970's to meet the demand of new products, markets and economic climate. The company is now making a bid to become one of the world's leading producers for the expanding telecommunications industry.

Plessey's roots are found in a small tool making firm in Ilford, Essex. The original firm was founded by Sir Allen Clark, "a brilliant entrepreneur"<sup>3</sup>, and father of John Clark and Michael Clark, Chairman and Deputy Chairman respectively.

The company was registered in 1925, changed its name in 1927 and went public in 1937.<sup>4</sup>

During the second World War Plessey established itself in the defence-equipment market, producing radio apparatus and aircraft components. After the war the company "diversified and grew by a series of mergers into machine tool control, hydraulics and consumer electronics."<sup>5</sup>

The early 1960's saw Plessey's involvement in telecommunications increase with a number of take over bids that made it the leading British supplier.<sup>6</sup> In 1961 Plessey acquired two companies, Automatic Telephone and Electric (ATE) and Ericsons Telephones, giving Plessey factories in Liverpool, Wigan, Sunderland and Beeston. Later in 1966 Plessey took over the Rank Bush Murphy factory in South Shields. Plessey made an attempt to cross the Atlantic in 1970 via Alloys Unlimited, an American company but it plunged into loss soon after it was bought.

## New Organisation

Plessey's future during this period was uncertain and by the early 1970's the company was running into difficulties: "its once sparkling profits record fizzled out as it struggled to hold together a heterogenous collection of businesses based heavily on engineering sub-contracting".<sup>7</sup>

Profits in 1971 and 1972 fell and although they did recover in 1973 and 1974 the "level of profitability was unacceptably low"<sup>8</sup>. The British Post Office cut its orders in 1974/5 and Plessey's profits took a commensurate drop in 1975.

It was becoming increasingly clear in the early 1970's that products, markets and the economic climate were changing rapidly and that Plessey, in order to meet these new challenges would have to reorganise the company and redefine its objectives.

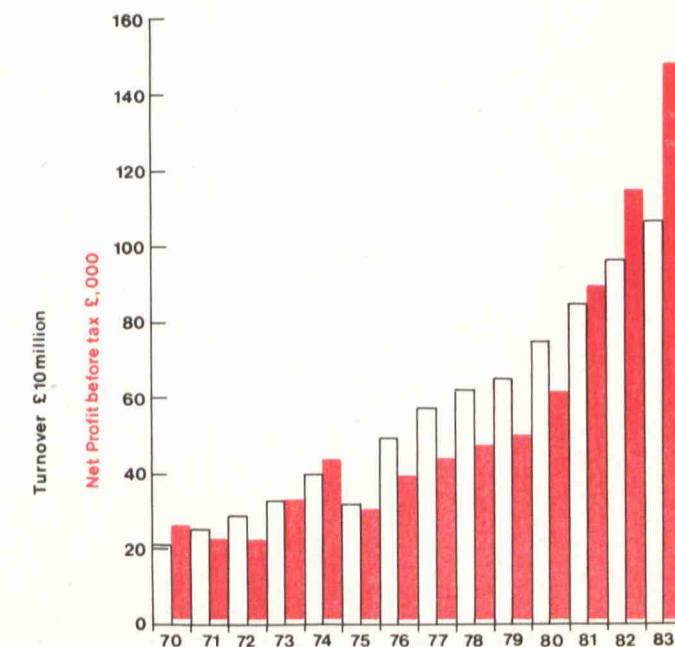
Plessey had three related problems to solve:-

- (i) Plessey had grown largely as a sub-contracting manufacturer making mechanical and electro mechanical products for other companies. Thus Plessey had insufficient marketing skills in a world where the competition was becoming fierce.
- (ii) Plessey's organisation structure and decision making process was highly centralised, vast and bureaucratic.
- (iii) New technology was about to change the entire telecommunications business.

The organisational structure of Plessey was consequently changed from what is called the "pyramid" model into "organisation modules". This Plessey hoped would give individual companies and their management freedom to make decisions and plans. This would in turn attract a better quality manager of the "stature" necessary to capture big customers, in a highly competitive market.

Telecommunications became Plessey's biggest interest, representing today 40% of their turnover and some 55% of profit. Plessey have consequently since the early 1970's been narrowing down the diversity of their interests to concentrate on telecommunications and related new technologies.

## Plessey profits and turnover



## New Technology

Developments in electronics have revolutionised the way "information" is processed and stored. Computers are now a part of everyday life. These advances are based on "digital" electronics which permits vast amounts of information to be handled in milliseconds. The range of applications for this new technology are likewise immense.

Plessey had during the 1970's been developing communications systems based on digital switching for the private, military and public markets.

In the early 1970's plans to modernise the telephone exchange system in Britain were being made. "System X" is the outcome of these developments and is currently being installed. In 1983 Plessey won the contract from British Telecom to be the major supplier of System X. By the end of 1984/85 the demand for electro-mechanical and interim electronic exchange equipment will have been completely exhausted.

Developments are still continuing, the current emphasis is on developing "networks" of computers using "wide band" signals to exchange information via telephone, videos and satellites.

## New Markets

The telecom market is world wide and Plessey, therefore, has had to make decisions about its future in a world context. As Sir John Clark put it, "its a question of phenomenon of scale. We took the view that we needed 5 - 6% of the world telecommunications market to secure our long term future". The entire UK market by the end of this decade will only be about 3% of the world total".<sup>9</sup> Penetration of other markets is, therefore, essential. Plessey have spread their interests in Europe, Australia, South Africa, Latin America and Asia, but North America represents the market with the greatest single potential.

In 1982 Plessey made another attempt to cross the Atlantic and bought the Stromberg-Carlson corporation, a leading manufacturer of public telephone exchanges in the USA. In January 1983 Plessey announced its decision to buy shares in the American corporation Scientific-Atlanta, a fast growing maker of satellite earth stations and cable TV equipment. Last Autumn the British government awarded a grant of £925,000 towards Plessey's investment of £6.7 million in their expansion programme System X in Liverpool. The Edge Lane site in Liverpool where System X production is being concentrated is also adjacent to a government funded "Technology Park" which has attracted some £6.5 million of government money.<sup>10</sup>

## Old Story

From the early 1970's Plessey has been shedding its workforce. In the ten years to 1980 some 30,000 jobs were lost world wide. In the UK between 1975/76 and 1981/82 the workforce fell from 50,656 to 33,026.<sup>11</sup> The telecommunications and office division cut its workforce from 25,000 to 19,000 in the 18 months up to November 1980 and planned further annual cuts of 5 - 10%.<sup>12</sup>

These job losses are not the result of recession. As a company Plessey in terms of profit and sales is going from strength to strength in a market with great potential for those companies that are prepared to exploit it. Plessey have put themselves in

such a position by narrowing down what they produce, reorganising and adapting to new technology.

The new digital "hardware" products, however, do not require the same numbers of workers as the old electro-mechanical system.

In the north Plessey closed their Sunderland factory in 1977 and in Scotland, their Bathgate factory in 1982, whilst the South Shields plant has in the last 8 years had its workforce reduced from 2,000 to under 1,000.

New technology has preserved some jobs. The development of the printed circuit board plant (see next chapter) has maintained jobs in South Shields and as this report argues it could be the key to job creation in the town. What remains to be seen is whether Plessey are prepared to pick up this challenge and give those who have built the products which have built Plessey, a future with new technology and not without it. As this recent extract from the press quite clearly shows Plessey have the financial resources to meet such a challenge.

# Plessey sparks

PLESSEY, the telecommunications and electronics group, has boosted its profits by over £22m. to £124.6m. in the nine months to December 30.

The order book is bulging, the dividend has been hoisted 15 per cent. and shareholders are to be paid out two months earlier than usual, and the outlook for Plessey is good.

But despite all this good news, the shares dropped 12p to 288p as the City decided the performance was not quite power packed enough.

One key area is the telephone main exchange manufacturing operation where British Telecom is said to be still dragging its feet on switching many of Britain's

big exchanges over to the System X digital and computer controlled systems.

Plessey is the main contractor for System X and is anxiously awaiting the go-ahead for the updating of the U.K. phone network which is likely to cost billions of pounds.

Plessey, which is locked in lengthy bargaining over the plan to revolutionise the phone network at the same time as British Telecom is being prepared for privatisation, will say only: "Negotiations for substantial System X development and production orders are not yet complete."

Had they been complete, and current orders could amount to £1,250m. once the go-ahead is given, Plessey's order book would look even smarter than the £200m. rise to £1,528m. announced yesterday.

On the bright side, the group electronic systems an equipment operation is doing extremely well, thanks to some juicy defence linked contracts.

Despite the drop in the shares, the City still expects a big rise in overall 1983-84 profits, to at least £175m. from last time's £146m. The mic year dividend is being raised 15 per cent. to 1.56p per share with payment on May 1 rather than July 1.

## References

1. The Observer 29/01/1983
2. The Times 1000 1983-84
3. Financial Times 6/04/1983
4. Extel Annual Card - The Plessey PLC 5/07/1983
5. TIE Report "Plessey: A Company Profile" October 1980
6. "Plessey's Evolving Management Philosophy", T.G. Parry Rodgers, Director of Plessey Company 1980
7. Financial Times 6/04/1983 (3)
8. See 6.
9. Financial Times 6/04/1983
10. The Guardian 4/11/1983
11. Plessey Annual Reports 1975/76 and 1981/82
12. New Scientist 13/11/1980

\* See The Description of Products

## Plessey in South Shields 1966 - 1984

In 1961 Plessey moved to the North East when they took over Ericsons Telephones in Sunderland. Development in the region continued when in 1966 Plessey took over the Eldon Street premises of Rank Bush Murphy, (RBM), in South Shields. The main centre of Plessey's telecommunications interest is currently in the North West region, although production is also carried out in Nottinghamshire, Northern Ireland and the North East.

The RBM factory had been involved in television production until Plessey took over the site for production of Strowger Electro-Mechanical exchange equipment for the British Post Office. Workers from Sunderland, Liverpool and Beeston as well as South Shields were brought in to build up the labour force. Four assembly lines, a "monorail" system and a night shift were introduced to meet demand.

New orders required a second factory to be built on the site. This was opened in 1969 making South Shields the prime plant for the production of the more efficient Crossbar Electro-Mechanical Systems\* for the Post Office.

The run down of Strowger equipment created space in number 1 factory, which was used for the production of the innovative TXE2 or Pentex System. Within six weeks of starting the labour force had met all the targets set for the production levels. However, the increased demand for Crossbar required more space, TXE2 was consequently transferred to Ballynahinch in Northern Ireland. The workers involved on TXE2 made the change back to Crossbar. At this time the plant employed some 2,000 people. Crossbar production by 1978 was past its peak, but demand for the new TXE4\* system produced at South Shields kept employment levels up.

In 1977 Plessey secured a contract to equip mobile communication trailers for Nigeria. The 50ft trailers were fitted with modern sophisticated apparatus for converting one type of signalling to another, to satisfy the requirements of a Pan African Conference's findings. This was an important contract for Plessey at a time when they were moving into Africa. This type of conversion had never been attempted and represented the kind of technological challenge which the workforce at South Shields can more than adequately meet.

## Innovation

It was becoming increasingly clear by 1975 that the change from electro-mechanical to electronic technology would take place over the next ten years.

This rapid change would result in a short to medium term demand for conventional printed circuit boards (PCB's)\*, replaced quickly by a requirement for more sophisticated plated-through-the-hole PCB's of high quality, in equal quantities which few, if any, suppliers were equipped to meet.\*\*

All building work was completed by March 1979. Commissioning of the plated-through-the-hole facility followed, becoming available for production in September 1979 and deliveries in December 1979. The first exports were made in January 1980 to Finland.\*\*

The PCB plant is consequently the most advanced PCB producer in Europe, employing the use of sophisticated

equipment and process designed to meet close tolerance requirements.

Plessey Circuits, a Plessey subsidiary for marketing the PCB's has been able to date, to secure contracts and help develop projects for the growing "private" market for micro-technology. These contracts have been used to absorb the excess capacity of the PCB plant until System X's demand for PCB's came on stream.

Commercial assembly, producing PCB's for private contractors, has been used as a stop gap during this period, but management now looks set to drop this work. However, these efforts to utilise spare capacity have scratched the surface of a market that could potentially be as lucrative as telecommunications. Roboserve\*, is one example of an idea that could continue to provide work in South Shields. How many other good ideas could be successfully developed with access to the technological expertise of the Plessey workforce in South Shields?

## Closures

Alongside this kind of development Plessey have also been closing plants down. The Sunderland factory was closed in 1977 with the loss of 2,000 jobs, similarly in 1982 the "capacitor" plant at Bathgate, Scotland was closing down. The transition to digital technology is now being given as the reason for the next round of redundancies which will close the Switching Unit in South Shields and the factory at Lamberhead, Wigan. A total of 860 jobs.

The announcement on 12 January was not one that had long been expected, or foreseen as inevitable. Quite the opposite is true, the closing of the Switching Unit came out of the blue and was contrary to the beliefs that Plessey had been building up about the Unit's future, as these following extracts from management notices show.

**"Plessey, South Shields employees and site has an excellent record of successfully coping with change". (1982)**

**"We have an excellent record which shows that we have been able to adapt to change in the past and that we have been successful in the introduction of new processes. System X should help to keep the South Shields operation on an expanding course". (1983)**

**"The need to adapt to change is by no means a new experience to many Plessey South Shields employees and the site has an excellent record of successfully coping with change throughout the last 16 years". (1983)**

**"We have secure manufacturing plans which look forward to stability in Plessey Switching". (1983)**

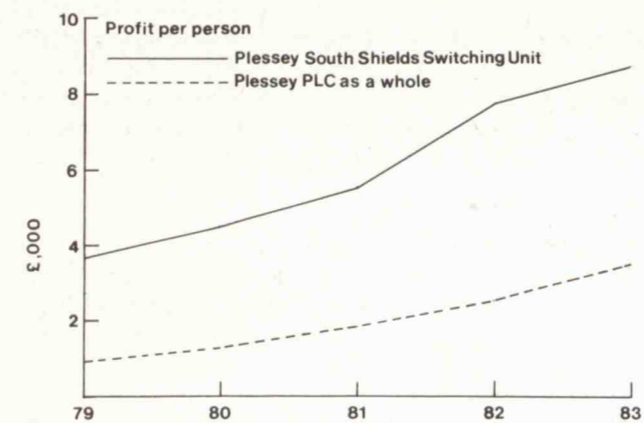
**"Quite clearly there is an underlying enthusiasm across the site to develop and respond to new ideas". (1983)**

This is also reinforced by the Switching Unit's profitability as the graph below shows.

From its beginning the factory has been profitable, has constantly reached its productivity levels and enjoyed good

\* See Description of Products

\*\* Quarterly Industrial Review, South Tyneside Borough Council



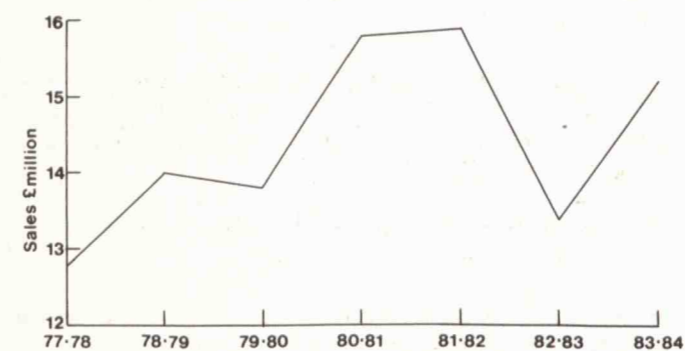
labour relations. The workers have always shown a willingness to adapt to new products, particularly the jump from electro-mechanical to electronic products. The fact that South Shields was chosen as the site for PCB production showed that a commitment was being made by Plessey to the town. Production of call-logging\* equipment from 1985 added further to the belief that South Shields was a developing site. It was this belief that was shattered by the announcement of 600 redundancies.

## The Unions Alternative

The Plessey site at South Shields consists of two areas of production, the Printed Circuit Board (PCB) site and the Switching Unit. The PCB plant employes about 300 people while there are approximately 600 workers in the Switching Unit. It is these 600 jobs in the switching unit which are threatened by Plessey's decision to close down part of the South Shields site.

Over the past 18 years the Plessey Switching Unit at South Shields has been consistently profitable. Sales figures over the past seven years average out at £14½ million per annum and close to £16m in 1980/81 and 1981/82. (see graph below)

## Switching Unit Sales



Management recognise this fact and also acknowledge the capability of the workforce. Plessey's Regional Director, Stanton Fuller, commenting on the current position, stated on 18th January 1984 that:-

"the Unit has met its objectives in the financial year to date in terms of work done, goods delivered and costs incurred".

Precise figures for profitability are difficult to ascertain given the nature of the South Shields plant's position within Plessey's overall structure. The switching unit has not operated as a self-contained business and its role has been one where the majority of work allocation and sales transactions have been within the company.

However, telecommunications accounts for over half of the profit within Plessey's as a whole (54.5% in 1982; 56.8% in 1983). Prior to 1982 profit in telecommunication was split in the company accounts between office data and control systems and main exchange equipment. Office data and control systems usually accounted for approximately one-third of the profit in telecommunications and main exchange equipment work approximately two-thirds. In terms of Plessey's overall profit main exchange equipment work presently accounts for something in the region of one-third.

Applying these figures to the South Shields Switching Unit with sales averaging £14½m per year we can estimate that the plant at South Shields is likely to have been running at an average £5m per year profit.

Given the overall expansion of Plessey Telecommunications and its increasing profitability over recent years, coupled with management statements concerning the Units efficiency, the past viability of the South Shields plant for Plessey is clear.

The current problem at South Shields however, is directly related to the expansion of Plessey Telecommunications into new technology, the manufacture of which is less labour intensive than the electro-mechanical exchange equipment that has been the main-stay of production at South Shields.

Historically the Plessey workforce have shown themselves capable of adaptation to new technological development with the introduction of Crossbar in 1969, the development of the TXE2 or Pentex System with the run-down of Strowger electro mechanical equipment, and then a further move onto the updated TXE4 system.

Plessey's present expansion plans centre around the System X high speed switching and signalling system which is much less labour intensive than previous electro-mechanical systems. The workforce at the South Shields plant are fully aware of this. The proposed plan to save the switching unit is based upon the arguments that:-

i) the loss of 600 jobs at South Shields is not an inevitable consequence of technological development within the company.

ii) at least 250 of the present 600 jobs could be saved:

iii) excess capacity on the site could be retained in order to create further jobs in 1985, through the introduction of call logging, the expansion of commercial assembly and the development of nursery units (see Appendix)

## Arguments against the closure of Plessey's South Shields Switching Unit

In taking the decision to close part of their South Shields plant Plessey's management stated that:-

"practical advantage could be gained by locating the growth of System X exchange manufacturing activity in the North West, in order to obtain the benefit of the extensive support services already established there."

\* See Description of Products

While it may be true that the geographical centre of Plessey's operations in Britain is the North West, Plessey Executive Chairman F K Chorley has stated that the centralising of manufacture in this area is not Plessey policy as manufacture shall continue at Beeston in Nottingham, Ballynahinch in Northern Ireland, as well as the Printed Circuit Board Unit in South Shields.

The management decision to concentrate production of System X in the North West must, therefore, be determined by other factors.

Whatever the reason it does not necessarily follow that part of the South Shields site must close.

### The alternative to 600 redundancies

Plessey management argue that at the present time many of the workforce are employed in the manufacture of systems which are now obsolete, and no further orders can be expected for this work. Management have arbitrarily decided that all existing work will end in August and that the switching unit workers will be sacked. The workers argue that existing work could be rescheduled and additional work allocated to save at least 250 jobs. Schematic representations of both management and union proposals are shown below figs 1 & 2. The following pages outline the workers' proposals for the rescheduling of work up to and beyond April 1985.

### "Firm Forward work load and resource requirements to August 1984" (Plessey Management)

Product	Month 84					
	Mar	Apr	May	Jun	Jul	Aug
Crossbar	88		80	72	60	
TXE 4 Units	88	75				
TXE 4 Cables	52					
System X Cables	45					
Meter Control Units	9					
Call-logging	17					
Commercial Ass.						
<b>Total required</b>	<b>297</b>	<b>284</b>	<b>276</b>	<b>184</b>	<b>155</b>	<b>95</b>
Production Supervision	29	24	23	16	13	8
Production Indirects	24	23	22	15	13	8
Management Indirects	240					

### "Proposed forward work load and resource requirements"

Product	Month 84												Month 85												86
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan		
Crossbar	88		80	72	60																				
TXE 4 Units	88	75																							
TXE 4 Cables	52																								
System X Cables	43									95															
Meter Control Units	9																								
Call-logging	17												?												
Commercial Ass.																									
<b>Total required</b>	<b>297</b>	<b>284</b>	<b>276</b>	<b>195</b>	<b>181</b>	<b>121</b>				<b>121</b>															
Production Supervision	25																								
Production Indirects	24																								
Management Indirects	240																								

### TXE4 and Crossbar

TXE4 units and cables employ 88 direct workers. Present work on TXE4 units shall be complete in May 1984 while work on TXE4 cables shall not continue beyond August 1984, the proposed closure date. However, current orders are sufficient to carry on TXE4 cable work until November 1984. Current work on the Crossbar system shall end in July 1984.

These electro mechanical telecommunications systems are being rapidly superceded by new technology digital systems such as System X and it would be impossible to argue a case for their continued production.

### Meter Control Units

Meter Controls Units (M.C.U.) presently being produced at South Shields have been scheduled by management for completion by May 1984. However, a potential order for 5,000 further MCU's from British Telecom could ensure the continuation of production until August 1984 and as Regional Director, Stanton Fuller, has made clear:-

"If practical, manufacturing of meter control equipment will be carried through in parallel with TXE4 (PIC) cable assembly to the conclusion of TXE4 orders"

Plesseys plan to keep the switching unit running until August 1984 and there is no reason why MCU production should not be 'practical' at least up until then. The workers understand that Plessey have tendered for a further 95,000 MCUs and Plessey's potential share of this would be 25%; some 23,000 units. Securing this order would ensure work on MCUs at least up until April 1985 and the workers argue that production should be retained at South Shields to take advantage of this order.

### System X

"We have an excellent record which shows that we have been able to adapt to change in the past and that we have been successful in the introduction of new processes. The choice of Plessey as the main contractor for British Telecom's System X shall help to keep the South Shields operations on an expanding course".

Plessey Regional Director, Stanton Fuller 1983

At present System X cables are produced at South Shields. There are 43 direct workers employed in the production of System X, manufacturing 600 cables per day. Plessey's plans for

System X cable manufacture envisage output being stepped up to 1400 per day by September 1984 rising to 1400 per day by December 1984. Management are proposing, that rather than maintaining the switching unit at South Shields, this work should be transferred to plants at Edge Lane and Chorley in the North West. This is clearly contrary to management plans for South Shields as stated in 1983.

The workers propose that continued production of System X could easily be maintained by transferring the workforce at present employed in TXE4 cable production onto System X manufacture.

The present 43 direct workers in System X could continue production while the 52 workers presently employed in TXE4 cables could be gradually transferred to System X production as requirements increase.

System X is part of a new generation of telephone exchange equipment for which demand is growing significantly, primarily with British Telecom. "Plessey will get guaranteed sales from System X at least until the end of the century" (Sunday Times, 26-02-84, R. Brooks). Given the will to maintain the switching unit at South Shields there is no reason why System X cable production should not continue at least until April 1985, when call logging is due to come on stream, if not beyond this date.

### Call Logging

"We are about to start a new financial year and we have ahead of us the exciting challenge of taking on new products - namely System X, Meter Control Units and particularly important, Call Logging"

Plessey Regional Director, Stanton Fuller 1983

Call-logging is a system designed to satisfy British Telecom's need for additional facilities to enable them to introduce a more flexible charging system as well as collecting and presenting detailed information.

Three contractors are competing on the pilot scheme, Plessey, GEC and IBM Plessey are expected to be the prime contractors and the South Shields factory was chosen to develop the pilot scheme which is successfully running in Edinburgh. A demonstration model has also been completed for Stromberg-Carlson, Plessey's US subsidiary. Work on the pilot scheme shall be completed by June 1984.

Taking into account this practical experience and involvement with call logging there is a strong case for this work to go to South Shields when it comes into full production in 1985. Indeed, Plessey management have indicated that call logging "could result in South Shields winning a very significant amount of work if British Telecom decides to place national contracts."

It is anticipated by Plessey management that BT will place national contracts and that Plessey's share in this could include the production of 100,000 slide-in units, 10,000 shelves, and 150,000 cables. The value of this would exceed £50 million, and indications are that this work would be spread over a three year period from some time in early 1985.

Call logging is undoubtedly part of an expanding telecommunications market and the South Shields plant clearly contains the experience and the expertise to become Plessey's major producer of the system. The workers proposal clearly demonstrates that it is possible to re-schedule work for the interim period up to April 1985 when full production of call logging could come on stream at South Shields.

### Commercial Assembly

"The process of restructuring many of our support and service departments and functions is going ahead and I am optimistic that this approach will ensure that we continue to be in good shape to take on new products and face up to new opportunities and challenges"

Plessey Regional Director, Stanton Fuller 1983

Another potential area for expansion within Plessey at South Shields, is that of work for private enterprise. However, management contrary to the view shown above now seem determined to abandon this area of potential employment.

The Roboserve minibar for example has been tested with great success at the Holiday Inn, in Paris. It is relatively simple to install and draws upon the computer technology Plessey specialise in. Design and test engineers from Plessey in South Shields worked closely with field engineers in Paris on the installation of Roboserve at the Holiday Inn. This close liaison resulted in Holiday Inn, specifically asking for all final testing to be carried out at South Shields. It is expected that Holiday Inn will seek to establish Roboserve throughout their establishments world wide.

Again the potential market for this type of computer technology is obviously an expanding one, and the South Shields workforce are clearly capable of handling such work. Management maintain that this work at South Shields plant shall end in June 1984.

The workers argue that the expertise developed in commercial assembly over the past years should not be wasted, given the great potential which exists in this area for the expansion of jobs and profit.

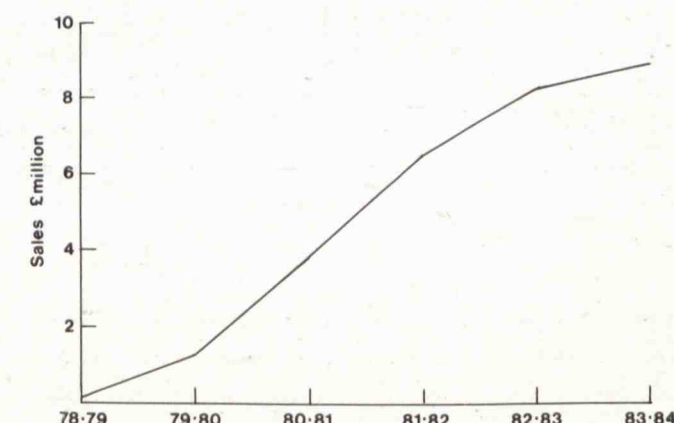
### Printed Circuit Board Plant

The process employed in the production of Printed Circuit Board's (PCB) at South Shields is generally regarded as one of the most modern and sophisticated in the world.

There has been no indication from Plessey management that they intend to close down the PCB section of the South Shields plant which is still an ongoing development.

In fact, the PCB plant at South Shields is Plessey's only dependable source of mass produced plated-through-hole printed circuit boards.

### Printed Circuit Board Sales



Plessey have received £2,986,000 in grant income over the past six years to develop this section of the site, as well as a further £150,000 over the same period for the switching unit.

Receipts from sales for the PCB section show a massive leap from the 1979 figure of £64,000 to the 1983 figure of £8,952,000. (see graph above) This, taken with the investment in this section of the plant by Plessey, clearly suggests some commitment to retaining the PCB unit at South Shields.

The workers argue that as this vital section of the Plessey Company is to be retained at South Shields it underlines the case for the maximum possible use of both workers and resources on this site.

## Conclusion

The workers argue that as the PCB plant is to be maintained in South Shields it would make economic sense for Plessey to:-

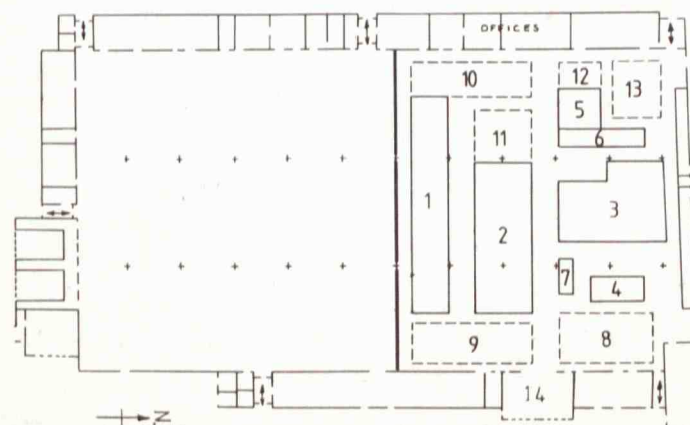
- i) maximise existing resources in terms of workforce skills
- ii) utilise excess capacity on site which would otherwise remain unused.
- iii) save jobs in South Tyneside

The plan of the Plessey site (see below) shows how the existing two thirds of the site not involved in PCB production could be utilised in order to save jobs. Areas 1 - 14 (See key) identified on the plan could be used as outlined in the previous sections to:-

- i) continue the production of System X cables, employing workers currently producing TXE4 cables.
- ii) continue meter control unit production for British Telecom
- iii) develop commercial assembly work such as Roboserve

This work would certainly be sufficient to maintain the Switching Unit until April 1985 when call logging is due to come on stream. There would be sufficient capacity at the South Shields site to accommodate call logging production and commercial assembly. System X production could be maintained at South Shields after April 1985.

The forward workload and resource requirement schedule proposed by the Plessey workforce outlines a realistic alternative to that proposed by management. Applying the present ratio of one direct to one indirect worker the plan, if implemented, would save 250 jobs. It takes into consideration the developments in telecommunications which necessitate a reduction in the labour force, while balancing this against the need to maintain jobs in South Shields and stem the further decline in the local economy of South Tyneside.



## The Economic and Social Costs of Closure

1. The Northern region as a whole has suffered disastrously from the impact of recessions that have caused the destruction of traditional industry and local skills. Thousands of workers have lost their jobs and thousands of young people have been denied the right to work. Unemployment is destructive to both individuals and the community. It also causes more unemployment, as less money is spent locally leading to lost orders and further job losses. At present Plessey is South Shields largest private employer and the impact on the local economy of putting 600 people out of work and the proposed alternative should be given serious consideration by both the company and the government.

### South Tyneside - Needs the Work

2. South Tyneside Borough Council and Newcastle Polytechnic have produced a number of studies that show what many people have over recent years, been saying, that parts of the North East are now experiencing conditions similar to the deprivation of the 1930's<sup>1</sup>. Out of the 560 people who work in the Switching Unit, 460 live in South Tyneside and 420 of these in South Shields, Jarrow and Hebburn. This is where the impact of closure will be felt most.
3. The current figures speak for themselves as indicators of the depth and seriousness of the problem faced by the people of South Tyneside:-

### Unemployed and Vacancies (January 1984)

- \* 230,859 were unemployed in the North East
- \* 72,000 vacancies in the North East
- \* 95,697 were unemployed in Tyne and Wear
- \* 3,000 vacancies in Tyne and Wear
- \* 34,362 were unemployed in the South Tyne area
- \* 657 vacancies in the South Tyne area
- \* 15,240 were unemployed in South Tyneside Borough
- \* 14,264, over a third, of the South Tyneside count had been unemployed for over 12 months.
- \* **Jobs created.** Between 1967 - 1978 4,650 new jobs were created in the Borough compared to the 14,261 jobs that were lost.

### Other Social Indications

- \* 60% of households have no car - 20% worse than the National average
- \* 69% of families live in rented accommodation
- \* 50% of households receive Housing Benefit
- \* 22% of pupils in school receive free school meals

### KEY

- 1 PLUG IN CABLE
- 2 SYSTEM X CABLE
- 3 METER CONTROL UNIT
- 4 COMMERCIAL ASSEMBLY
- 5 CALL LOGGING
- 6 SUB TEST AREA
- 7 FLOW SOLDER M/C
- 8 STORES PIECE PARTS
- 9 CABLE DRUM STORAGE
- 10 P.I.C. PACKING
- 11 SYSTEM X CABLE PACKING
- 12 CALL LOGGING PACKING
- 13 CALL LOGGING CABLE DRUM STORAGE
- 14 GOODS IN / DESPATCH

## The Economic Cost of Closure

4. The Conservative government's policies have as their basis the belief that state intervention, via public expenditure, has damaged private enterprise and that private ownership as opposed to public ownership is the key to the creation of wealth from which everyone will benefit. Government economic policy is geared towards encouraging private enterprise to prosper. But what the following tentative costings show, as have many such studies<sup>2</sup>, is that government policy far from reducing public expenditure, ends up by increasing it. It does in fact cost more to keep people out of work, than it would to keep them employed.

5. The following figures based on 600 redundancies are an estimate of how much it would cost the government and the local economy in the first year after the Switching Unit had been closed.

a) income tax and national insurance lost by the government	1,950,915
b) Unemployment Benefit paid	762,060
c) Redundancy pay from government funds	375,000
	<b>TOTAL £3,087,975<sup>(3)</sup></b>

6. This figure is what it could cost the government for the redundancies alone in one year and as there is little prospect of the majority of the 600 finding new work, with one job to every 23 unemployed people, the cost will continue into subsequent years. This figure is probably too low. It does not include any supplementary benefit which could be paid the extra administrative cost the government is likely to incur nor the redundancy money from the company.

7. The cost to the local economy will be as bad:-

d) Goods and services purchased by Plessey locally will be lost	1,342,000
e) Payments to local utilities by Plessey are lost	337,000
f) The spending power of former Plessey workers is cut	2,040,880

**TOTAL £3,719,880(4)**

8. The wages bill for the Switching Unit for 1983/84 has been forecast at £4,165,000, the cost to government and local economy is nearly £7m.

9. The impact of this reduced expenditure will be felt throughout South Tyneside Borough. Former suppliers of goods and services to Plessey will lose orders and former employees will spend less in local shops. Redundancy pay may to some extent offset the immediate impact on some local shops and services but shopping areas such as Frederick Street, adjacent to the Plessey site will feel the loss immediately, Plessey workers presently shop there but will not travel to do so. The PTE have estimated that each additional unemployed person could account for 300 lost journeys each year.

10. This pattern of reduced expenditure has a knock on effect, other suppliers may have to close and shops either close or reduce their staff, which in turn creates additional costs to the government and reduces further local expenditure.

## The Social Cost of Unemployment

1. There is one side to unemployment which is difficult to quantify - the cost to the individual's morale and well being.
2. Losing employment means a sharp reduction in income, there will be a period when this is offset by severance pay but DHSS regulations are such that after one year on unemployment benefit, anyone with savings above £3,000 will not be entitled to any state benefits, and would therefore have to live off their redundancy money. Even those receiving state benefits will have a very meagre income indeed.
3. As the length of time spent out of work increases so too does the difficulty in maintaining good physical and mental health. Initially, the majority of people made redundant are quite hopeful of getting further work. Redundancy gives people the opportunity to take a few weeks off and in the short term money may not be a problem.
4. However, expectations of finding work are soon undermined. There was only one vacancy to every 23 unemployed people in South Tyneside in January 1984. Once this fact begins to sink in, optimism can change to frustration and hopelessness, and can lead to health damaging stress for both the unemployed and their families. Such stress can be reflected in chronic depression, thoughts of suicide, abuse of drugs or alcohol, or at best feelings of worthlessness in the face of increasing scepticism about employment opportunities.<sup>5</sup>
5. The drop in income results in families taking measures to make ends meet. Expenditure on food, clothing, heating and travel and entertainment are all cut down.
6. For many young people particularly, the loss of a job or very little possibility of finding work, can lead to cynical disillusionment which can express itself in anti social and health damaging behaviour, eg. glue, alcohol, drugs.
7. Family life can change. There is increasing evidence of deteriorating marital relationships, debt accumulation, gambling, violence and many less obvious manifestations, relating to long term unemployment and the lack of hope.
8. Increasing unemployment creates more demand for social services of every description, whether provided by local or national government, but the same "policy" which trades off low inflation rates against high unemployment also reduces the money for services that unemployed people increasingly need.

## References

- 1 a) Poverty and Deprivation in South Tyneside Technical Report - Sixth Inner Area Programme 1984/85 - 1986/1987 (Nov 1983)
- b) Unemployment and Poverty in South Tyneside - Report on a survey conducted in the All Saints area of South Shields
- 2 a) The Consequences of the Closure of Vickers Elswick Reference Division, Newcastle City Council Policy Services Department Jan 1980
- b) Employment Consequences of the Closure of Courtauld's at Spennymoor Sedgfield District Council

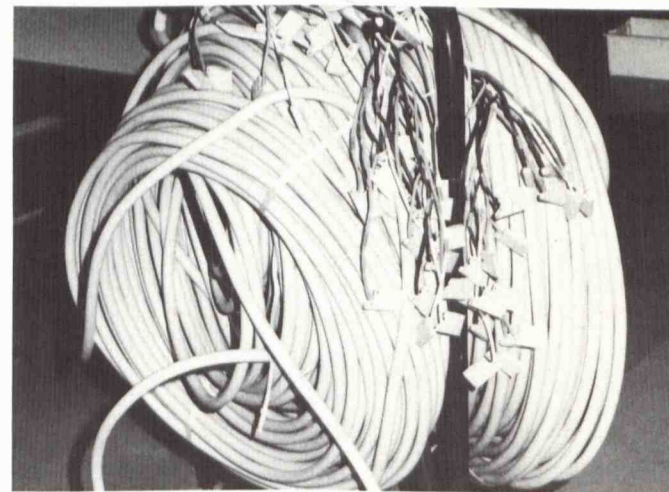
- c) There's Life in the Old Dock Yet - Henry Robb's Action Committee (Dec 1983)
- 3 Notes on the estimated costs to the Exchequer:
- The calculations were based on 600 redundancies of 450 women and 150 men. It was assumed that all the men and two thirds of the women would pay Class 1 NI contributions.
  - Tax was assumed to be paid at 21%
  - Unemployment benefit was assumed to be paid at £27 plus £16 for a wife in the case of a male worker. Payments for children were not taken into account.
  - It was assumed that given the level of unemployment in South Tyne and the present level of vacancies that the rate of re-employment would be low and have a negligible effect on the chances of other unemployed people or ex Plessey workers being employed at their expense.

### System "X" Cables

South Shields factory is currently producing approximately 600 System "X" Cables per working day. These are similar to TXE4 plug-in cables in as much as they are external to the suites of switching and associated equipment and are delivered directly from the factory to the exchanges where they are plugged into place. The cables are made up of a wide range of connection devices attached to sheathed wire groups.

"System X is the heart of Britains complete approach to telecommunications. Totally flexible and versatile, it is an evolutionary system of modular construction. It is capable of accommodating further technological developments without the need for fundamental redesign. System X provides a comprehensive family of digital exchanges - from local configurations or remote subscriber units through to international gateways. It can be incorporated easily into any existing network, or be used to create a totally new telecommunications system. Progressive modernisation without disruption to existing service is a major feature of System X. The modular construction of System X ensures expansion of exchange in harmony with growth in traffic, numbers of customers and facilities required."

Plessey Hotline, Autumn 1983



### Crossbar

In simple terms, "Crossbar" is the name of one of a number of telecommunications switching systems. All of these systems perform basically the same function, although the techniques by which they perform it are by no means the same as each other. They receive incoming calls, decode them to determine what the caller is trying to do, (usually this means in fact, who the caller is trying to reach), establish a path along which the caller and potential recipient can be connected and effect that connection.

Without switching equipment no telephone system as we know it could work. The switching is, to all intents and purposes, the telephone system, or at least what the whole system is built around. The fact that there are so many telephone users ensures that the task of the switching equipment in receiving, sorting and re-directing enormous volumes of traffic is immense. In order to cope with this, the equipment is very intricate.

The manufacturing process reflects the intricacy of the product. It essentially comprises a series of light assembly and wire connection operations va riously organised on flowline and department basis. The requirement for high quality demands that the process included a large number of inspection and testing points.

### Call Logging

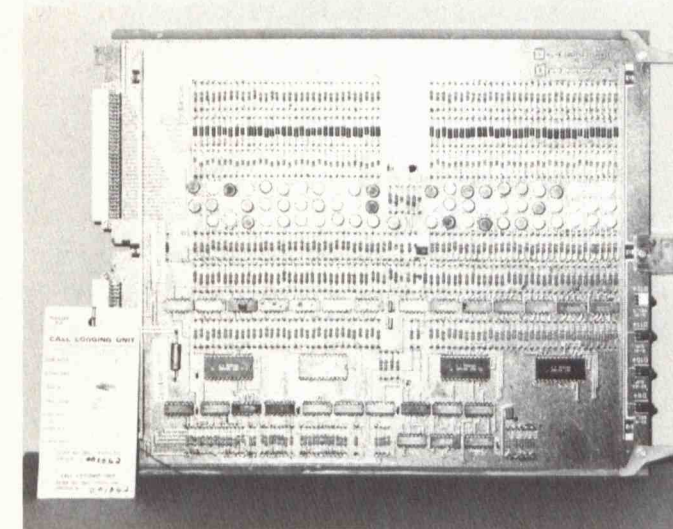
This response is the result of close collaboration between Plessey and ICL offering expertise in the key areas of telecommunications and data net-working.

The proposed system offers British Telecom:

- \* Variable Tariffs
- \* Flexible Billing
- \* Call and Management Statistics
- \* Area Control

The system design is:

- \* Totally flexible and fully compliant with BT requirements
- \* Resilient, and offers total data integrity
- \* Capable of meeting traffic levels on largest exchanges by virtue of distributed processing
- \* User friendly by use of high level software operating systems for data access and control



### Roboserve/Minibar

Minibar is a complex vending machine, designed for use in hotel bedrooms.

The complete unit is a fridge with several compartments of various sizes plus an ice compartment.

Built into the fridge is a microcomputer which scans the compartments via infra-red diodes and fibre optic links. When a compartment door is opened and a drink removed, the micro detects this and via a miniature 50 MHz transmitter/receiver signals the main computer (usually situated in the hotel foyer), with the information, i.e. a drink had been 'served', the type of drink (anything from cola to champers) and the room number. At this point, the computer updates the invoice for that room.

Various other facilities exist.

- The main computer can 'order' the fridge door to be locked. (To prevent unauthorised entry.)
- When a compartment is empty a warning is issued to room service.
- Fault conditions trigger alarms to the main computer which displays instructions on a V.D.U., i.e. mains failure in that room.

### Printed Circuit Boards

The purpose of a PCB, or more correctly a printed wiring board, is to replace a mass of conventional wires by producing an electrically conductive circuit onto a solid base material.

The base material is of an insulative composition to which is adhered a thin copper foil. The processing of the laminate, as the basic material and copper foil is called, is to produce the required "wiring circuit" in the copper foil to which electrical components can be attached.

The creation of the circuit on to the copper foil is by a printing process. The printing process can be either by using a chemical resistant "screen printing ink" or a photographic method using light sensitive materials. Both materials rely on producing an "image" of the required circuit onto the copper foil, and then removing the background copper by chemical processing. The component mounting holes within the circuits are made by highly accurate computer controlled drilling machines.

The plating processes used in the manufacture of circuit boards are to create a type of board which has a circuit on either side of the base material. The circuits can be connected by copper plating down holes which are common to the individual circuits, and thus effectively produces a single circuit. This type of PCB is commonly referred to as Plated Through, (or "P.T.H.").

### APPENDIX

#### Nursery Units

As the plan of the Plessey site at South Shields shows (see page 8 ) the proposed plan to save 250 jobs at the switching unit will utilise approximately half of the capacity presently threatened with closure.

The further excess capacity in the South end of the existing site has the potential to be developed as an enterprise workshop area consisting of a number of nursery units. A feasibility study carried out by South Tyneside Council (See following) provides a tentative costing. Such a scheme could lead to the creation of up to 500 jobs over the next three years.

This would be of vital aid to South Shields in maintaining jobs in the area and for Plessey it offers the possibility of fully utilising all existing site.

#### Borough of South Tyneside Department of Planning

#### Draft Budget for Enterprise Workshop at Plessey No. 2 Factory, South Shields

#### Capital Expenditure

The following items of capital expenditure will need to be costed for the particular premises under consideration. The comparable figures for the "Filtrona" project are given for guidance only.

Item	"Filtrona" £
Structural	-
Partitioning of No. 2 Factory <sup>1</sup>	-
Partitioning into units <sup>2</sup>	44,000
Electrical <sup>3</sup>	75,000
Additional Fire Officer requirements <sup>4</sup>	500
Ventilation	20,000
Equipment	-
Canteen Equipment <sup>6</sup>	2,000
Office Equipment <sup>7</sup>	4,000
Adaptations	-
Separation of Services <sup>8</sup>	30,000
	<u>£ 175,000</u>

### Description of products manufactured at Plessey South Shields

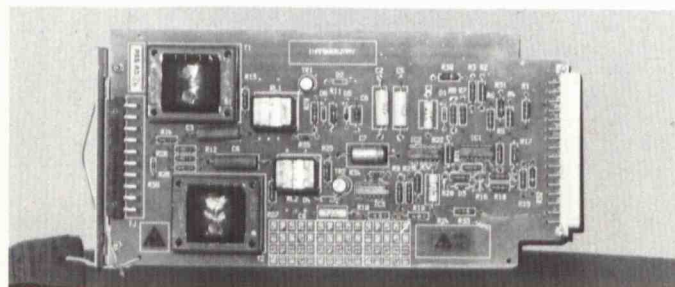
#### TXE4 Cables

South Shields factory is currently producing approximately 700 TXE4 'Plug-in' cables per working day. Not to be confused with cables - (more properly referred to as 'cable harnesses') - which are wired to plug-in units, these cables can be, and have been, manufactured totally independently of the other TXE4/TXE4A hardware.

These cables comprise lengths of sheathed wire groups to which female connectors are attached. They are used to provide connections between, for instance, racks in a suite and to connect suites of equipment to distribution frames.

Only during the exchange installation stage are the cables married to other equipment.

**Meter control units** are provided as a means of converting metering pulses from an exchange negative battery, or earth pulse, into a 50Hz longitudinal voltage pulse applied to the line. The units are suitable for detection by subscribers private meter equipment of tier 1, 2 or 3 payphone 50Hz detectors. They are connected into the line between the subscribers line circuits at the exchange and the subscriber's instrument.



1. No. 2 Factory will need to be divided to enable the Enterprise Workshop to occupy the southern section.
2. Stud partitioning is recommended because of its flexibility allowing the configuration of units to be varied. There are specialist firms in this field.
3. The "Filtrona" costing allowed for emergency and mall lighting, wiring, sockets and meters to all units and additional wiring to fans and ventilators.

Tenants are expected to provide any additional lighting and heating they require within their units.

4. This item is entirely dependent upon the layout of the partitions and the common malls.
5. The construction of the roof of the "Filtrona" building prevented ventilation ducting through it and this had an impact on many other aspects of the scheme.
6. Ideally, the canteen should be run as an independent business but in the early stages of the project a common area for tenants to meet is essential.
7. Office equipment to provide administration and common services could be mainly second hand, donated or leased to reduce capital commitment.
8. Separation of services from the rest of the Plessey complex is essential, although it may prove possible to meter any heating provided from the main boiler.

The following items of revenue expenditure are common to any Enterprise Workshop although the precise cost of rent and rates will need to be assessed.

Personnel <sup>9</sup>	33,000
Rent <sup>10</sup>	51,850
Rates	38,500
Power <sup>11</sup>	17,000
Maintenance of Equipment	2,500
Insurance	4,600
Maintenance of Building	7,500
Miscellaneous	10,000
	<hr/>
Debt Funding	26,000



System "X" Cables

9. Based on Manager, Secretary, Cartaker and clerk/Receptionist plus 20%. Secondment of the Manager and Secretary would provide valuable lessening of revenue expenditure in the early stages of the project.
10. A rent free period is probably essential if the project is to be viable in the short term.
11. Includes all heating and electricity costs which will be recovered by inclusive rental charge.

The project is based on inclusive rentals for small units. The important cost statistic for tenants is the weekly rent and the following figures are a possible basis for calculating overall income:

Size Sq ft	Rent/Week £	Rental/sq ft (p.a.) £
75	10.00	6.93
100	12.00	6.24
150	17.00	5.89
170	19.00	5.81
200	22.00	5.72
250	27.00	5.61
300	32.00	5.86
430	43.00	5.20
490	49.00	5.20
500	50.00	5.20
750	65.00	4.50
850	70.00	4.28
980	75.00	3.98

This rental structure operates as a deterrent to long term expansion within the Workshop and encourages movement out into "normal" factories where the rent levels are between £2.00 and £3.00/sq ft for units in this size range.

Total rent income will depend upon the combination of unit sizes and the rate of occupancy. Using the "Filtrona" layout as an example, the 62 units with a total floor area of approximately 20,000 sq ft (75% of available floor area) would generate approximately £100,000 rent income per annum.

At 80% occupancy, the Plessey project would need to provide 48,000 sq ft of lettable space to generate sufficient income of cover all the revenue costs of £190,950 per annum outlined above. At 75% of gross floor space, the Enterprise Workshop would require 64,000 sq ft of No. 2 Factory.



DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5144  
GTN 215 .....  
(Switchboard) 215 7877

From the Minister of Trade

Ms Caroline Ryder  
Private Secretary  
10 Downing Street  
London SW1

9 April 1984

*N. Fisher*

*Dear Caroline*

Thank you for your letter of 30 March 1984.

As requested I attach a brief and a background note on the closure of Plessey's South Shields Factory for the Prime Minister's meeting with Dr David Clark MP on Thursday 12 April at 4 pm.

*related  
cr.*

Mr Channon will attend the meeting.

*Yours ever  
Steve*

STEPHEN NICKLEN  
Private Secretary to the  
Minister for Trade (PAUL CHANNON)

PE/OT/SH/PL/NR/SC/MK/INT → Kay

CF  
to note &'

RM

Samples of a large petition  
(2456 signatures) handed in  
by Dr. David Clark M.P. yesterday.

There was no accompanying  
letter.

Do you think you should  
ack. receipt?

Kay  
5/4/04

~~Yes~~ Kay

We are also having  
a meeting with Dr

Clark, so we can ask  
them. Ple add this to file

OT

X

WE THE UNDERSIGNED DEPLORE THE ACTION TAKEN BY PLESSEY TELECOMMUNICATIONS LIMITED IN ANNOUNCING THE CLOSURE OF THE SWITCHING SITE AT SOUTH SHIELDS, IN SPITE OF THE CONTINUING RECORD OF PROFITABILITY, AND SUPPORT THE CAMPAIGN TO RESIST THIS SENSELESS CLOSURE.

NAME	ADDRESS
S. Loughlin	South Shields
J. English	South Shields
J. Stewart	"
G. Pearce	Maitimer Road South Shields
M. Smart	WENTWORTH SO SHIELDS
V. Clark	Glenagles S/Shields
H. Mason	King George Rd South Shields
S. Brown	St Vincent St So Shields
R. Maxwell	52 ARNICK RD S/HIELDS
<del>J. ...</del>	South/SNEBS
Rob. Hitham	91 HIGHFIELD DRIVE S/C
M. Shield	7. FERN AVE. WHITBURN
R. Johnson	23 Benta Rd South Shields
E. Hayden	22, Lynalrust St So. Shields
G. Stokes	40 HERESBY RD S./SHIELDS
P. Thorne	South Shields
R. T. Gray	50 FROUDE AVE SO. SHIELDS
D. Newham	So Shields
J. A. Bell	100, PRINCE EDWARD ROAD S/S.
M. Richardson	9 Lincoln Rd S/S.
S. Watten	195, Mowbray Rd. S/S
Jim Brown	223. Cheive Rd S/S
J. Lines	31, Central Gdns S/S.
R. Guy	35 Myponia Ave. S/S.
J. D. Dawson	100 HOWBRAY ROAD
Robert Jones	109 Mander Rd South Shields
M. Douglas	348 SANDERSON ROAD. S/S.





10 DOWNING STREET

*From the Private Secretary*

30 March, 1984.

The Prime Minister has agreed to see Dr. David Clark, M.P., regarding a closure at the Plessey Factory in his constituency.

The meeting will take place in the Prime Minister's room at the House of Commons at 1600 on Thursday, 12 April. We would be grateful if a Minister from your Department could attend this meeting, and we will also require a brief. Perhaps you could let me know which Minister will be attending.

Caroline Ryder

A. Lansley, Esq.,  
Department of Trade and Industry.



to

10 DOWNING STREET

*From the Private Secretary*

30 March, 1984.

This is just to confirm the telephone conversation you had with my colleague, David Barclay, yesterday when it was agreed that you would see the Prime Minister in her room at the House of Commons on Thursday, 12 April, at 1600. At this meeting will be a Minister from the Department of Trade and Industry.

Caroline Ryder

Dr. David Clark, M.P.

to

PRIME MINISTER

Attached is a letter from David Clark about another factory closure in his constituency, this time by Plessey. I know that you will wish to see him, but he has in addition asked that he should bring a representative of the Plessey workforce with him. I suggest that you should stick to your usual preference for seeing Members on their own, since to agree to Dr. Clark's request would open the way to delegations, etc.

Agree to see Dr. Clark, but on his own?

Yes

not

Dr

28 March, 1984.



HOUSE OF COMMONS  
LONDON SW1A 0AA

228  
26 March 1984

Rt Hon Margaret Thatcher MP  
10 Downing Street  
London W1

Dear Prime Minister

As you are aware, Plessey Ltd have announced a factory closure in South Shields. Not surprisingly, as this is a highly technological and modern industry, we are even more concerned than usual.

I wonder if you would be prepared to meet me on this issue. The employees have not responded with strikes or 'sit-ins' but in a positive manner by producing a detailed blue-print to save some of their jobs. I am enclosing a copy of this document. In view of this, I wonder if you would allow one of their representatives to accompany me on this special occasion?

I look forward to hearing from you on this matter.

Yours sincerely

Dr David Clark MP

Enc.