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From the Private Secretary



10 DOWNING STREET

To go into file M33100
bring-up system
Chop copy on Welsh visit
file (26/4)

30 April 1985

Dear Colin

As you know, the Prime Minister met local authority representatives from Clwyd, Delwyn and Wrexham on Friday to discuss the Courtaulds' closures. I attach a note of that meeting which we had a word about this morning. Also enclosed is a copy of the memorandum passed to the Prime Minister after the meeting by Councillor Jim Espley.

We are dealing separately with the letter the Prime Minister wishes to send Sir Christopher Hogg. The Prime Minister may also, as we discussed, wish to write to Councillor Espley in response to his memorandum, thanking him for attending the meeting, noting that the Welsh Office are taking the necessary follow-up action and indicating she has now written to Sir Christopher. If you agree, I should be grateful for an appropriate draft for that purpose.

copy below dated 1 May

LE

Mark Addison

Mark Addison

Colin Williams Esq
Welsh Office.

COURTANES
Closure



CF?

10 DOWNING STREET

NOTE for file

Letters, reports received from the
ambassadors.

- Clywd: Folder passed across at
meeting on Friday 26/4
: Also telex from Jim
Esplay rec'd subsequently
- no reply req'd.
- Delyl: Report and letter
received subsequent to
meeting, WO to draft
a short PM reply.
- Writchem
Marelar: Letter received, ending
telex to Sir Christopher Hogg
No need for reply.

2/5

**ACTION RESPONSE TO
MAJOR TEXTILE JOB LOSSES**

**Memorandum to the
Rt. Hon. MARGARET THATCHER MP
Prime Minister**

April 1985

JIM ESPLEY
Chairman
Clwyd County Council

MERVYN PHILLIPS
Chief Executive
Clwyd County Council

ACTION RESPONSE TO MAJOR TEXTILES

JOB LOSSES

MEMORANDUM TO
THE RT. HON. MARGARET THATCHER, PRIME MINISTER

April, 1985

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THE ECONOMIC SITUATION IN CLWYD

INTRODUCTION

Clwyd County Council does not accept that closure of two Courtaulds factories is justified and intends to pursue this issue with the company directly. With serious unemployment problems already, the proposed loss of 1,100 jobs would be a bitter blow, requiring certain action by public authorities to promote economic recovery and cope with increased social pressures. Building on plans in existence an acceleration in the programme of economic regeneration is needed. An outline of the programme is submitted in this report which has been prepared in consultation with the Delyn and Wrexham-Maelor District Councils

1. UNEMPLOYMENT

1.01 Clwyd already has one of the highest unemployment rates in the country - 18.3% in March, representing 24,488 people claiming unemployment benefit. The loss of 1,100 jobs at the Courtaulds factories will exacerbate an already serious problem with the additional jobless raising unemployment to the levels indicated below.

Shotton, Flint and Rhyl	Male	22.8%	(9,500)
	Total	20.1%	(13,600)
Wrexham	Male	23.0%	(6,215)
	Total	19.1%	(8,700)
Clwyd County	Male	22.3%	(17,900)
	Total	19.1%	(25,600)

Almost one in four men in Clwyd are out of work. Over a third of the unemployed have been seeking jobs for at least a year. Over 30% of the unemployed are aged under 25. Without programmes such as the Youth Training Scheme another 2,000 youngsters would be claiming unemployment benefit - youth unemployment is a serious and growing problem.

1.02 Job Need

Clwyd suffered the largest industrial shutdown in Europe with the ending of the steelmaking at Shotton in 1980 at the cost of 8,000 jobs. A programme of recovery has begun to show signs of success and around 1,000 new jobs a year are being created in the County at present. Despite this, the pressure caused by the above-average number of school-leavers results in a substantial job need for the future. If unemployment is to be lowered to the rate prevalent before the steelmaking closure - 10% - the number of new jobs needed by 1991 would

be 10,900. This would increase to 12,000 if the Courtaulds closures go ahead (without allowing for any job losses in other industries caused by the closures). To meet this job need target, the rate of new job creation would have to increase to 1,700 a year. An acceleration in the programme of economic regeneration must be made to accommodate this.

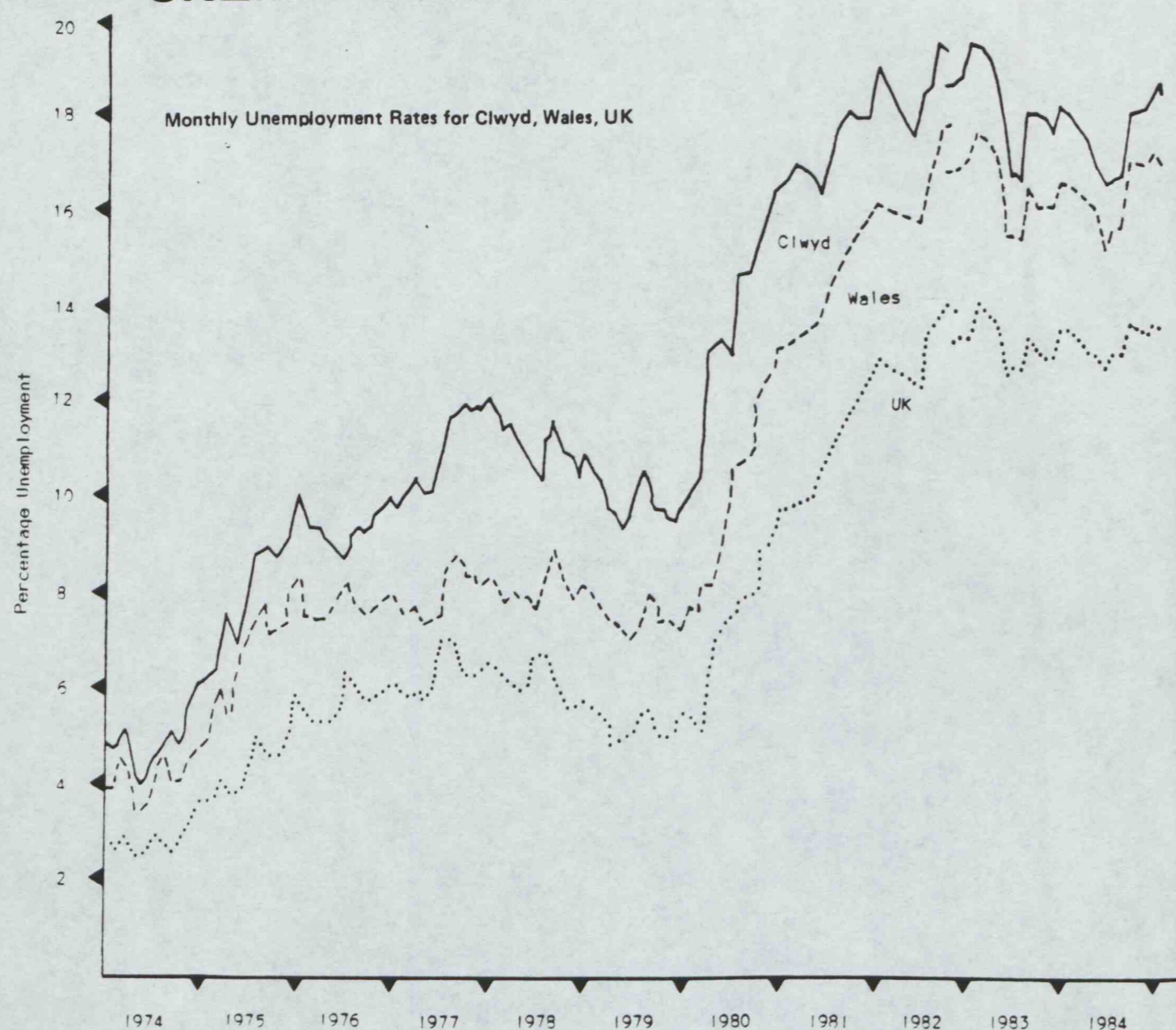
1.03 The Cost To The Community

A recent analysis of the cost of unemployment (Prof. Sinfield of Edinburgh University) estimates that each person out of work costs the nation £7,000 a year. Pressures on social and health services which are caused by increased unemployment generate the need for additional resources in those areas which cannot be quantified. If the 1,100 workers at Courtaulds become unemployed, it will cost the County at least £7.7m a year. The cost of schemes geared towards new job creation should be measured against this. The infrastructure schemes mentioned below would almost certainly qualify for 50% grant from the European Regional Development Fund. Allowing for these two factors, the case for concentrating resources on new job generation becomes strongest.

1.04 Local Government Resources

For 1985/86 Clwyd County Council resolved to keep its expenditure within the target set by the Government. As a responsible authority it will, no doubt, seek to respond to any closure at Courtaulds by spending on additional economic development and social alleviation measures. To do this without incurring penalties the Council's target would have to be raised. This would incur no cost to the Government but would avoid penalising Clwyd inequitably - in effect twice over because the Council will also suffer lost rate income this year of the order of £650,000 if the factories close and are voided, under present arrangements.

UNEMPLOYMENT



2. AGAINST CLOSURES

- 2.01 The County Council is firmly against Courtaulds proposals to close the acetate production plant at Wrexham and the viscose fibre production plant at Greenfield, Holywell. The Council will be meeting the Chairman of Courtaulds and will be putting detailed arguments forward to save the jobs. Courtaulds built its textile industry in North East Wales and has a clear obligation to maintain the industry in the area.
- 2.02 You are asked to use your influence with the company to encourage them to maintain their operations in Clwyd and in the future locate new plant manufacturing alternative products in the area.
- 2.03 The announcement that Courtaulds is to axe 1,100 jobs at its Greenfield and Wrexham factories is an affront to the local community which, as the Deputy Chairman of Courtaulds recently testified, has given first class service to the company. At their peak, the Courtaulds textiles works in Wrexham and Deeside employed over 7,000. Over the years the workforce has been steadily eroded.
- 2.04 The company has over the years generated considerable wealth from its activities in North East Wales, but despite strong urging by the local authorities and the workforce, Courtaulds have not invested locally in diversified products. Such diversification would have balanced the acknowledged changing market forces of the textile industry. However, Courtaulds have responded by seeking to streamline production, introducing new machinery and reducing manpower throughout its factories in the county. Its employees accepted these rationalisation measures on the understanding that they offered a measure of job security for the remaining workers - a promise tragically unfulfilled.

2.05 At Greenfield, Courtaulds has invested £9m recently (attracting Regional Development Grant of the order of £2m) to install the most technologically advanced viscose fibre plant in the world. The payroll was reduced from 1,300 in 1982 to 800 in 1984, with a further 230 job losses at the end of 1984. Now, complete closure is proposed, with Courtaulds concentrating production of viscose products at Grimsby.

At the time of the 230 job losses late 1984, the company apparently set targets for production and the workforce which, when coupled to the 230 job losses, would give the plant a viable future. Those targets have been met, but still Courtaulds propose to close the plant and transfer production to another area.

2.06 At Wrexham, Courtaulds manufacture 50% of their U.K. output of acetate. The remaining 50% is split between two other plants at Coventry and Derby. The Coventry and Derby plants have other product lines whereas the Wrexham plant is solely concerned with acetate production. If there is a need to reduce manufacturing capacity of acetate by Courtaulds, clearly the community impact would be less if spread, particularly bearing in mind that the Coventry and Derby plants have other product lines.

In 1982, 135 jobs were lost at Wrexham as part of a 'Survival plan'; required because of a slump in world demand for acetate yarn and competition from American producers. However, by the following year, the position of the factory was reported to have improved significantly due to improvements in price and quality performance. In mid-1983 the operation at Wrexham was reported to be back in a profit making position and moving towards full capacity.

Currently, the plant is operating at full capacity and overtime is being worked, but still Courtaulds propose to close the plant.

2.07 North East Wales is traditionally a major Courtaulds textiles manufacturing area. It is unacceptable for the Company to simply withdraw from an area which has natured and stayed loyal to the industry.

3. ACTION RESPONSE TO CLOSURE PROPOSALS

- 3.01 This section briefly sets out action which has already been taken following the closure of Shotton Steel making and other redundancies and the action which will be needed should closure of the Wrexham and Greenfield plants take place.
- 3.02 In the event of the proposals put forward by Courtaulds to close the Wrexham and Deeside plants taking place, then it will be necessary for local authorities and agencies such as the Welsh Development Agency and the Welsh Water Authority to undertake a programme of action to alleviate the serious unemployment position which already exists in this part of Clwyd. Essentially this is an acceleration of the programmes which are currently in hand to meet job losses which have taken place over the last five years.

ACTION IN RESPONSE AS A RESULT OF OTHER LARGE REDUNDANCIES

The County Council acknowledges the support which Central Government has already given and in particular the support given to the Welsh Development Agency to enable it to accelerate its factory building programme.

- 3.03. The County Council, in conjunction with the District Councils and statutory agencies such as the Welsh Water Authority and the Welsh Development Agency has developed a co-ordinated and integrated approach to solving local economic problems. The basic principle underlying this approach is the effective and efficient use of public sector resources. The policy emphasis is on removing obstacles and creating the right conditions for growth by trying to ensure complementarity between the public and private sectors.

3.04 Shotton-Deeside Programme Plan

The Shotton-Deeside Programme Plan brought together a number of organisations and set out detailed development proposals to deal with specific problems affecting North East Clwyd. The Plan (which will now have to be extended) made a number of proposals which included providing for the continued development of Deeside Industrial Park, a scheme to reclaim the former Steel Works site, provide an innovation centre, secure improved access to Deeside Industrial Park and the former Steel Works site by a road linking the A548 west to Connah's Quay crossing the River Dee and linking with the existing dual carriageway serving Deeside Industrial Park.

3.05 South East Clwyd Programme Plan

The south east Clwyd Programme Plan again brought together a number of public sector organisations to focus on the particular problems facing Wrexham and the surrounding area. The Plan identified a number of initiatives which had to be taken to improve the prospects of recovery and provide a basis for sound economic development. The proposals centred around improving the transportation network, developing new employment centres and diversifying the existing employment base, providing support to existing industry and providing infrastructure and environmental improvements to enhance the attractiveness of development projects generally.

3.06 Science and Technology

With the decline of traditional industries such as steelmaking, textiles and coal mining, the County Council has developed a strategy for encouraging the growth of high technology industries. Briefly, the County has recognised the importance of developing links between education (in the form of the North East Wales Institute) and industry. This approach is exemplified in the Newtech Innovations Centre (on Deeside Industrial Park) and is concerned with creating the

conditions for fostering the growth of high technology industries in terms of providing resources and development facilities, strengthening local economic linkages and gradually building up the necessary skills base. the emphasis is on providing technical support encouraging further links between the North East Wales Institute and Industry.

This initiative is supported by the development of computer and electronic studies in schools, by the development of TVEI and ITECs.

3.07 The County Council and the North East Wales Institute have established an independent company - Clwyd Technics Ltd., to achieve educational objectives, - developing practical skills in computing and micro-electronic and industrial objectives which include searching for, fostering and selecting ideas for development; developing products and services of benefit to the community; providing a consultancy service for industry; and supplying industry with high calibre technical staff who will be able to make an immediate contribution with few transition difficulties.

3.08 As part of its overall strategy to provide for the growth and development of high technology industries the County Council has recently purchased an area of land in Wrexham and proposes to develop some 50 acres to accommodate companies engaged in computing, micro-electronics, pharmaceuticals and bio-technology. This site has been selected by the Japanese electronics firm Brother for their UK and European operations.

3.09 Social Alleviation
The economic initiatives referred to above have been supported by a series of social and community programmes

which are basically designed to support those communities which have been particularly adversely affected by loss of employment. Social Alleviation measures are dealt with in more detail in Section 4.

3.10 In the event of closure it will be necessary to accelerate some of the proposals contained in the Programme Plans referred to in the preceding paragraphs.

A number of elements are singled out for special consideration, because of their strategic importance to the economies of Deeside and Wrexham.

DEESIDE

3.11 Detailed proposals for Shotton-Deeside are set out in the Report 'Shotton-Deeside - A Programme Plan Approach towards the Economic Regeneration of North East Clwyd'. Work is now well advanced on the hydraulic pumping of sand to raise the level of the land to provide for the phased extension of Deeside Industrial Park and Phase I of the programme to reclaim and remove industrial dereliction of the former Steel Works site will be complete during this summer.

ACTION PROPOSAL

- (i) Funds are required to enable the Welsh Development Agency to continue a programme of factory development in Deeside Industrial Park.
- (ii) former Steel Works site. Confirmation is required that the balance of £2m as yet uncommitted will be available as further programmes of reclamation are put forward.

(iii) In addition a minimum expenditure of £1m is required now, to install basic site infrastructure (gas, electricity, water and internal service roads) on land currently being reclaimed. Later stages of the reclamation programme will require expenditure on infrastructure of a further £1.5m to complete the service provision for the work of the former Steel Works site.

3.12 The Shotton-Deeside Programme Plan identified the need for improved access to Deeside Industrial Park and the former Steel Works Site. The development of this site is presently constrained by the headroom of the bridge carrying the Wrexham-Bidston railway line. A level crossing has been constructed over the Wrexham to Bidston railway line as a temporary expedient to enable the Shotton Paper Company to begin operations at their newly constructed plant. The County Surveyor has commissioned a feasibility report on providing a Deeside Road Link and river crossing.

ACTION PROPOSAL

There is a need to provide a road bridge across the Wrexham Bidston railway line and, initially, a road to provide improved access to B.S.C.'s Coatings Complex and the former Steel Works land. The rail crossing a service road will cost an estimated £7.5m.

3.13 In the longer term, it is planned to extend this road crossing the River Dee to link the Deeside employment centre in Flint and Holywell, as well as providing for a much needed by-pass of Connah's Quay and Shotton.

ACTION PROPOSAL

There is a need to accelerate the provision of the road link between Deeside Industrial Park and unemployment blackspots in Shotton, Flint and Holywell. It is estimated, depending on the type of crossing finally (i.e. high or low level) that the cost of the river crossing lies in a range of £14 and £25m.

3.14 The road crossing of the River Dee is linked to other proposals to provide improvements to the A548 (Mecca-Greenfield) and the Flint By-pass.

ACTION PROPOSAL

There is a need to accelerate a start on improvements to the A548 and, as soon as practicable, provide resources for the Flint By-pass.

SOUTH EAST CLWYD

3.15 Wrexham Industrial Estate

is the major strategic location for industry in South East Clwyd. The WDA have played a major role in developing this former ordnance factory into a modern attractive industrial estate. The South East Clwyd Programme Plan suggested that the Estate would benefit from a number of environmental improvement schemes, e.g. relocating some firms, tree planting and amenity schemes, and the provision of a service and shopping centre.

3.16 Access to the Estate was identified as being a problem and the Programme Plan recognised the need to provide improved links from the Estate to the A483 in the North (Hugmore Lane to the A534) and to the South there was a need for a southern link to the A525. These road improvements have to be seen in the context of other improvements to the A534 and A525 set

out in the Programme Plan, e.g. the Holt-Farndon By-pass, the Marchwiel By-pass. Within the Industrial Estate the Plan identified the need to improve the internal road layout.

ACTION PROPOSALS

There is a need for commitment from Central Government to support the proposals contained in the South East Clwyd Programme Plan. As an immediate response action needs to be focussed on:

- (i) improving access to Wrexham Industrial Estate from Heigmore Lane to the A534 and then to the recently constructed Acton-Llanerpwll link road;
- (ii) improving roads within the Wrexham Industrial Estate;
- (iii) providing for the phased reclamation and redevelopment of the former Firestone Factory.
- (iv) if Courtaulds close their Wrexham plant, consideration needs to be given to providing resources for a study to determine a positive afteruse for the premises presently occupied by Courtaulds.

WREXHAM TECHNOLOGY PARK

3.18 The development of the Wrexham Technology Park is a policy initiative designed to diversify the employment base of Wrexham (a problem identified in the South East Clwyd Programme Plan) and provide an attractive and well located site, which is suitable for high technology industries.

3.19 The Wrexham Technology Park provides an opportunity to capitalise on a number of other projects which are either being planned or are in various stages of completion, namely:

- Improvements to the transportation network and in particular to the A483/A5 Trunk Roads corridor;
- the phased provision of a new District General Hospital;
- proposals for a new College of Art and Design;
- further development of the Institute of Health Studies and in particular links between the North East Wales Institute and the Post Graduate Medical Centre, the hospital and industry;
- the redevelopment of Wrexham Town Centre and an hotel and other associated facilities;
- the development of Croesnewydd Hall and surrounding area for high technology industries.

3.20 Public sector capital projects such as improvements to the Trunk Road network and the new District General Hospital and the existence research and training facilities offered by Newtech, the North Wales Institute and the Institute of Health Studies provide an opportunity to consider developing a high technology base - possibly linked to the health-care industrial sector - in Wrexham. The private sector has expressed an interest in developing a Private Hospital facility on this site. The possibilities offered by this unique concentration of resources together with identified trends within the health-care industrial sector suggest that Wrexham Technology Park could provide a basis for developing

a centre of high tech industry related to the health-care sector.

ACTION PROPOSED

- (i) Resources are needed to fund a more in-depth study of the potential for developing this area of land to meet the needs of high-tech industries and especially those related to the health-care sector.
- (ii) The Institute of Health Studies (linked to the Post Graduate Medical Centre) is seen as having a catalytic role to play in providing links between the Hospital and industry. The presence of Croesnewydd Hall in the Wrexham Technology Park provides an ideal use for this Grade 1 listed building.
- (iii) An expenditure in excess of £5m is required to provide for the infrastructure and development of the Technology Park together with the Medtech development. The initiative needs to be accepted as a scheme of regional importance for capital allocation purposes.

3.21 The whole concept of this development at Wrexham is concerned with using existing resources and those planned, e.g. improvements to the Trunk Road network and Phase II of the Hospital to secure a positive trade-off with the private sector. It is vital to the development of the Wrexham Technology Park that slippage does not occur in public sector programmes.

3.22 Turning to Local Priorities, i.e. initiatives which have a more limited effect on the economy there are a number of

schemes which could contribute towards the economic regeneration of the area. In particular, the provision of workshops and starter units are identified as an important element within the overall industrial development context. Experience has shown that the provision of nursery factory units by the public sector has filled a specific gap in the property market. In the context of creating new employment opportunities small firms are seen as having an important role to play and therefore resources need to be committed to appraising and developing schemes identified in the Programme Plan and new schemes which will emerge as a result of the closure of the Courtaulds plant.

3.23 Projects identified with the strategic and local priority headings require the resource commitment of a number of agencies - local authorities, WDA, WWA etc. The Government is urged to favourably consider the needs of Clwyd in determining the resources which can be made available to these organisations.

3.24 These schemes have to be regarded as regionally significant because otherwise in the current system of local authority financial control expenditure could not go ahead. 50% of the cost would be borne by the EEC, almost certainly.

3.25 In the event of closure the County Council would look towards Courtaulds providing support to the Communities in Deeside and in Wrexham in a similar manner to the assistance provided by the British Steel Corporation and Pilkingtons following large redundancies elsewhere in the Country. The assistance may take the form of releasing the Courtaulds sites in Wrexham and Greenfield to public agencies to enable reclamation work to proceed, making these sites available to replace lost jobs; it might also take the form of making available

management experience and assistance to the Enterprise Trust in a new job seeking role.

- 3.26 If Delyn Borough Council make representations, the County Council would support any initiative to extend the Enterprise Zone to incorporate the Greenfield site.

4. SOCIAL NEED

- 4.01 Clwyd County Council has already established County Agencies in Deeside and Wrexham to deal with the social casualties of unemployment. To respond effectively to an increase of this scale, additional resources will be required and it is to be hoped that the Welsh Office will react by increasing R.S.G. and Expenditure Targets and by increasing and extending aid from the Urban Programme.
- 4.02 There is clear evidence that local communities are going into despair - there are many streets in which only one or two people with a job are left. The larger the insidious effects of this despair are allowed to develop, the more the process of reviving community and personal purpose becomes a long-term challenge.
- 4.03 Specifically there will be need for:
- (i) Informal family advice centres for parents under stress and children under 5, and to support parental responsibilities.
 - (ii) Prevention of teenage delinquency through activity-based initiatives.
 - (iii) Support for voluntary welfare organisations such as Marriage Guidance, Womens Refuge, NSPCC etc.
 - (iv) Specialist help for individual acute cases.