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CONFIDENTIAL FILING

P.M.'s Meeting with Mr W McKELVEY
M.P. He discuss closure of Armitage
Shanks Limited factory in Kilmarnock

PRIME

PM's meeting to discuss closure of
Blackwood Martin + Sons Ltd (BMK)

MINISTER

MAY 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
6-5-81							
4-6-81							
23-6-81							
27-7-81							
20-10-81							
5-11-81.							

PREM 19/570

SUBJECT.



Re UPO
Prime Minister

10 DOWNING STREET

cc. Master set.

From the Private Secretary

5 November 1981

Dear Miniv

B.M.K. Ltd

The Prime Minister was grateful for the briefing provided for her meeting with Mr. William McKelvey, M.P., last night. In the event, the delay in transmission did not cause any difficulty.

Mr. McKelvey made it clear that he had already gone over the issues with Mr. Fletcher, in that he had no new points to make to the Prime Minister. He emphasised that, at best, the Receiver could save a re-structured company employing around half of the original workforce. The most urgent need was for a cash injection to enable the company to keep trading whilst the Receiver looked for a buyer. The company had long-standing good customer relationships, but these were threatened when customers could be given no guarantee that orders placed now would be met.

Mr. Fletcher emphasised that the Scottish Office and the Scottish Development Agency were in regular contact with the company. He understood that the Receiver had two potential buyers interested. At present, the Receiver appeared confident that the company could continue trading for long enough to see whether a purchase could be negotiated. He had seen the Receiver on 30 October. The Receiver knew that if a situation arose in which there was a viable buyer but a cash shortage making it impossible to continue trading for long enough to complete negotiations, then the Scottish Office would be ready to discuss the possibility of some financial bridging arrangement. But it was only in these circumstances that any further financial assistance to the company could be contemplated.

/Mr. McKelvey

Mr. McKelvey then moved to a broader discussion of the situation in Kilmarnock. There had been problems in several industries. Only the whisky industry, which was far from labour intensive, seemed to be surviving without major cut-backs. Another large employer, Glacier Metals, was locked into the car industry. There was no industry of the future in the town, and there was an urgent need for some kind of task force approach to the question of how to secure the industrial future of the area. Mr. Fletcher said that the Scottish Office had something on the cards at the moment. He hoped that the Secretary of State for Scotland would be able to make an announcement at the end of the week, about a study to be undertaken by Job Creation Limited.

At the end of the meeting, Mr. McKelvey said that the Press were aware of the meeting. He wanted to clear the line that he could take with them. The Prime Minister said that he could express the hope that Job Creation Limited would be engaged to undertake the study which had been discussed. In respect of BMK, he could confirm that the Receiver had not asked the Scottish Office for financial assistance at present, and that Mr. Fletcher stood ready to discuss the situation with him if he reached the brink of a sale but needed bridging finance to keep the company going in order to accept some positive and firm commitment to buy it.

Yours ever
Mike Paterson

A. Muir Russell, Esq.,
Scottish Office.



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Mike Pattison Esq
Private Secretary
No 10 Downing Street
LONDON SW1

3 November 1981

Dear Mike,

I attach briefing notes for the Prime Minister's meeting on 4 November with Mr William McKelvey MP about the proposed closure of Blackwood Morton's Kilmarnock factory. In addition to the specific problem of Blackwood Morton, the note covers wider issues which may be raised by Mr McKelvey.

Mr Alex Fletcher will also attend the meeting.

Yours sincerely

A M Russell

A M RUSSELL
Private Secretary

THE PRIME MINISTER'S MEETING WITH MR WILLIAM McKELVEY MP ABOUT THE CLOSURE OF BLACKWOOD MORTON & SONS LTD (BMK) AT KILMARNOCK

BACKGROUND

1. Blackwood Morton & Sons Ltd was established at Kilmarnock in 1908 to trade under the 'BMK' label as carpet manufacturers and jute spinners. It is a wholly owned subsidiary, and forms the greater part of Blackwood Morton & Sons (Holdings) Ltd, a non-trading, public quoted company which also controls 3 other subsidiaries, at Dundee, Hillington and Liversedge, Yorkshire.

PRODUCTS/PREMISES

2. The company has six factories in Kilmarnock. The two larger factories house yarn spinning twisting and dyeing and the weaving of Axminster and wool nylon carpets. In smaller premises the company manufactures tufted carpets, formerly under the name of Thistletex and now conforming to the overall 'BMK' label.

3. At Dundee at the Victoria Spinning Mills the company operates a yarn spinning mill, and at Hillington trading under the name of Cook and Sons & Co Ltd is produces towelling.

EMPLOYMENT

4. The company employs over 1,400 people in its Scottish factories, spread as follows:

Kilmarnock	1,190
Dundee	166
Hillington	72

FINANCIAL ASSISTANCE

5. On 16 July 1979, the company accepted a Cat B interest relief grant under Section 7 of the Industry Act of £38,250 to aid a project to improve production of carpets by modernising the dye house facility and winding process, and the purchase of materials handling equipment at Burnside Works, Kilmarnock. The project was expected to safeguard the jobs of 100 dyehouse employees by June 1983. To date no payments have been made to the company.

6. In May 1974 the company was awarded, and has since received in full, an interest relief grant of £60,000 under Section 7 of the Industry Act to assist a project undertaken to increase the manufacture of Axminster and Wilton carpets at Kilmarnock. The project was expected to create 179 jobs at Kilmarnock and to help safeguard the jobs of 200 employees at Dundee.

TEMPORARY EMPLOYMENT SUBSIDY

7. From mid-1974 until early 1979 the company received in the region of £450,000 by way of Temporary Employment Subsidy, in an attempt to avert redundancies at its Scottish factories.

TEMPORARY SHORT TIME WORKING SUBSIDY (TSTWS)

8. For periods within the time scale from April 1979 until July 1981, the company received TSTWS amounting to £1,059,182 in an attempt to avert redundancies at Kilmarnock and Hillington.

FINANCIAL POSITION

9. In the year to 30 June 1980 the company incurred a loss of £479,000. In the 6 months to 31 December 1980, sales fell from £10.9m to £8.8m and the company made a further loss of £1.3m during this period. Despite maintaining its share of the market a further loss in excess of £2.5m is anticipated for the year to 30 June 1981. As a result of these losses the Group's balance sheet deteriorated dramatically. The overdraft is at its limit (£4m) and the company has only been able to continue through a reduction of its working capital needs as a result of the recession.

10. Indications of how serious the company's financial standing was came to light in June 1981, when the company met with the Scottish Development Agency, to discuss heavy trading losses, and as a consequence engaged the SDA in a consultative capacity in an attempt to resolve the situation.

11. By 30 September when SEPD officials met with the company, the Scottish Development Agency had reported that in view of the anticipated loss of a further £2.5m, by the company for the end of the financial year, remedial action was necessary and recommended closure of less profitable areas of the company's activities such as the Axminster lines. BMK took the view that the SDA had taken the most pessimistic view possible and counter proposed a survival plan which involved concentration of Axminster carpets on 2 lines only.

12. This action coupled with other economies could conceivably improve the company's financial position to the extent that the loss for the current year would be in the region of £500,000. As part of this plan the company anticipated 652 immediate redundancies, at Kilmarnock, Dundee and Hillington. These proposals for reduced operations depended entirely on the company obtaining new borrowing facilities from the Royal Bank or other sources but since the Bank was already involved with the company with loans totalling £7.4m, they were not optimistic about the outcome.

13. The Bank's view on the restructuring plans became known by 8 October, when it refused to increase its commitment, on the basis that the company's own plans for its long term survival did not carry conviction and that none of the possible sources of funds for financial restructuring seemed to have confidence in the ability of the existing management to resolve the situation.

The Scottish Development Agency had already indicated that in the absence of Bank Support it was unwilling to assist financially and the company had also been informed that Section 7 assistance under the Industry Act was not appropriate to its plans.

Over the following days the company had further unsuccessful discussions in efforts to secure financial support for its survival plan, and as a direct consequence decided to ask the Bank to appoint a receiver.

CURRENT POSITION

14. On 15 October Deloitte Haskins & Sells were appointed as Receivers to BMK, and decided that the company would continue to trade while negotiations took place with potential buyers for all or part of the operations. In an attempt to make a more attractive package for potential investors the Receiver was obliged to declare 147 redundancies on 22 October and further job losses will follow.

RECENT DEVELOPMENTS

15. Mr Fletcher, Scottish Office Minister with responsibility for Industry and Education met with the local MP, Mr McKelvey and a deputation of shop stewards from BMK on 27 October and replied to an adjournment debate raised by Mr McKelvey in the House that evening. Attached are notes of the meeting (Annex A) and the Hansard extract (Annex B).

16. Mr Fletcher met the Receiver on Friday 30 October to discuss the situation at BMK. A note of that discussion is attached (Annex C).

17. On 6 November the Secretary of State for Scotland is due to meet representatives of the Kilmarnock & Loudoun District Council to discuss unemployment in the Kilmarnock TTWA.

LINE TO TAKE

The PM may find the following points useful in response to the representations from Mr McKelvey.

- Concerned about the implications for Kilmarnock if BMK closure takes place. Tragic blow for the area, which has already suffered so many difficulties.
- Affirm that the Receiver is now responsible for operating the factory. Enquiries for the sale of all or part of the BMK assets must be left for his commercial judgement.
- There can be no question of Government intervention in the way Mr McKelvey suggested in the House on 27 October (ie an immediate injection of £1m of Government funds to keep the factory operating until a potential purchaser could be found). Government could not simply put money into what amounted to an insolvent company whose own management could no longer see any prospect of it achieving viability. Hope for the future lies in new ownership, re-organisation and restructuring.
- Re-affirm that officials in the Scottish Economic Planning Department are keeping in close touch with the Receiver and stand ready to urgently consider selective assistance under the Industry Act 1972 for any viable investment proposal involving acquisition of all or part of the BMK assets thereby safeguarding employment.
- In discussions with the Receiver, Government has suggested that while recognising the role of the Receiver in maximising funds receivable for his appointees, the Government objective in securing jobs and the Receiver's objective in obtaining a maximum return for his appointees are likely to be co-incidental and both parties must work to ensure a close working relationship over the next few months in an effort to bring about a mutually satisfactory solution to the BMK situation.
- If pressed about Belgian carpet imports the Prime Minister will wish to point out that while there has been penetration by Belgian carpet manufacturers, it still only accounts for just over 5% of the total market and cannot be considered as a serious threat.
- Premature for the Government to commit the Scottish Development Agency or any other body to undertake some special effort to generate new jobs in Kilmarnock Area.

- Understand however that officials of the Scottish Development Agency have been considering with the District Council and others the possibility of a study to determine joint action which would create employment opportunities in the Kilmarnock area. The SDA have now appointed consultants - Job Creation Limited - to conduct the study and an announcement about the scope and form of the study is expected shortly.

In Confidence

An interim report from the study is expected before Christmas this year and final recommendations before the end of January 1982. The formal announcement is to be made by Kilmarnock District and the SDA.

BMK - KILMARNOCK

NOTE FOR RECORD

1 On Tuesday 27 October Mr Fletcher, accompanied by Mr Sinclair, SEPD, met Mr McKelvey MP, the Provost and Chief Executive of Kilmarnock & Loudoun District Council and representatives of TASS, APEX and Ayrshire Trades Council.

2 Mr McKelvey thanked the Minister for meeting the deputation at such short notice. He drew attention to the Receiver's action in dismissing 147 people last week. More would follow unless immediate action was taken. The company needed a cash injection of some £1M in order to enable the Receiver to take on new work: otherwise the company would be progressively less attractive to a buyer. If the Government sat waiting for a buyer to materialise, the prospects of preserving employment at BMK would deteriorate.

3 Mr Fletcher explained that the Receiver had to identify a party interested in acquiring and managing all or part of the business. If that party had a viable proposition which preserved local employment, then the Secretary of State would be very ready to consider Government assistance under the Industry Act. The Government could not simply put money into what amounted to an insolvent company, whose management could no longer see any prospect of its achieving viability. The hope for the future lay in new ownership, reorganisation and restructuring.

4 The union representatives pointed out that the BMK workforce had played its part in helping to support the company by accepting modest wage settlements and periodic manpower reductions. They felt that the Government had an obligation to help the Receiver now, especially since unemployment in the area had now reached 17.8%.

5 Mr Fletcher affirmed that the Receiver must be left to secure a buyer. The Scottish Office and the Scottish Development Agency would be prepared to give him all the help and advice they could. In response to fears that a buyer might secure Government assistance and then proceed to strip the BMK assets, Mr Fletcher said that financial assistance carried very strict conditions for establishing or expanding manufacturing operations. A decision on applications was preceded by careful investigation by officials and assessment by the Scottish Industrial Development Advisory Board comprising impartial and experienced representatives from industry, commerce and the trade unions.

6 Mr McKelvey doubted if the Receiver was fully aware of the help which the Scottish Office and the Scottish Development Agency could give him in seeking a buyer. His impression was that communications were anything but clear. The Government should be prepared to act as a broker. Mr Fletcher responded that his officials were in close touch with the Receiver and he had been fully briefed on progress to date. The Government were anxious to preserve employment at BMK but it must be in a viable concern. They were prepared to help the Receiver find a viable proposition, but could not intervene in the functions which he was discharging under the Companies Acts.

7 Mr Fletcher declined to agree to set up some form of Task Force to tackle the Kilmarnock unemployment problem, when the situation in North Ayrshire was so difficult. He was at present reviewing the disposition of resources deployed in tackling areas of severe unemployment. The immediate need was to help the Receiver so far as possible; if, however, even with such support he failed to find a buyer, then this would be the worst possible outcome.

8 In order to clear away any misunderstanding over the Government's position, Mr Fletcher said that he was prepared to see the Receiver very soon. He thought that a wider meeting would be unproductive since the Receiver would in such a

gathering inevitably be inhibited about disclosing commercially sensitive information. Mr Fletcher undertook to see Mr McKelvey after he had met the Receiver.

Jul

SEPD/IDD
29 October 1981

cc PS/Secretary of State
PS/Mr Fletcher
Director/SIO
Mr J A Scott
Mr I S Robertson
Mr Morison
Mr Dickson, SIO
Mrs Goodall

Unemployment (Kilmarnock)

Motion made, and Question proposed, That this House do now adjourn.—[Mr. Budgen.]

12.8 am

Mr. William McKelvey (Kilmarnock): I welcome the opportunity to draw attention to the growing unemployment problem in Kilmarnock. Just over a decade ago, Kilmarnock was considered a boom town and industry was diverse. We had heavy and light engineering, carpet weaving, lace making, spinning, knitwear production, pottery and whisky blending; and the shoe trade was prosperous.

Those industries carried names that were known the world over—Saxone, Glenfield and Kennedy, Massey Ferguson, Armitage Shanks and, of course, John Walker, the whisky company. Jobs were plentiful and a loss of production in one or two industries was usually more than compensated for by increases in others. Individuals who found themselves temporarily out of work were able simply to cross the road and to seek work in another industry.

However, in the past few years those giants of Scottish industry have been struggling against the effects of a Western economic slump which has been aided, abetted and accelerated by the Government's slavish addiction to monetarism. Since the Government came to office I have witnessed the loss of more than 4,000 jobs in my constituency and the disappearance of a whole industrial base.

Let me give an account of the decline so that hon. Members may be aware of it. Massey Ferguson, for instance, was perhaps the beginning of the big slide. This was a multinational company that produced combine harvesters—the only company in the United Kingdom that produced them in any quantity. The Government stood by and allowed that company to be uprooted, and the production line was transported to Marquette in France. The matter was raised in the House by my predecessor, and I also raised it, with the support of my hon. Friends the Members for Central Ayrshire (Mr. Lambie) and Dundee, West (Mr. Ross). In Kilmarnock 1,800 jobs were lost and the cost in misery and humiliation is incalculable. At Saxone, the shoe manufacturer, another famous name ruined by years of Italian imports, the cost in jobs to date is about 600 and the cost in terms of human misery again cannot be calculated.

The catalogue goes on. At Armitage Shanks, 100 years of pottery making in Kilmarnock was virtually wiped out when Blue Circle Cement took over the company. The bid was the subject of a Monopolies Commission inquiry, which concluded that it was in the public interest for Blue Circle to take over Armitage Shanks. The management told the workers that they should seize the opportunity because production would continue for some time and their jobs would be secure for years to come. Within six months of Blue Circle taking it over, the firm closed and put on to the dole queue 600 men and women, some with 45 years service, who had spent their working lives in the pottery industry. They were cast on to the dole queue by Blue Circle Cement, and now, as there is no chance of a pottery starting in Kilmarnock in the near future and as that is the only trade these people, most of whom are over 45

years of age, know, they will probably never work again. If one asks them about the ugly face of capitalism, they will be able to say how it has affected them directly.

Spinning and knitwear industries have been virtually forced out of existence by the never-ending flow of cheap imports. The Government are aware of the position, they have been told many times, but we still get the standard stock reply from the Minister that it is being noted and monitored. In the town of Stewarton there were once 40 small knitwear factories, but now there are fewer than 12. Hundreds of jobs have disappeared in the last two years, never to be replaced.

Now we have to add another name to this catalogue of disasters—the famous name of BMK. Two weeks ago it was taken over by the receiver because it was incurring large losses. That firm started in Kilmarnock. It was called Blackwood and Morton of Kilmarnock and became known as BMK—a name synonymous with high quality carpets the world over. It started in 1908 and prospered, and grew to be worth millions of pounds in 1974. At that time it employed a maximum of 3,500 people.

In recent years the carpet industry has been in decline, mainly because of the massive influx of imports from North America and from the Continent. The North American carpets are most certainly subsidised and are being brought into this country and sold at a rate cheaper than that at which carpets can be manufactured here. They are being sold to the detriment of our carpet industry. Thousands of jobs have been lost.

I have written to the Minister on several occasions pointing out the difficulties of the carpet industry because of the influx of imports, but I have always had the same standard, stock reply: "We are aware of the points you make. The British Carpet Manufacturers Association has made these points on many occasions, and we are monitoring the situation".

In January and February this year, the figures showed an increase in imports of American carpets of 40 per cent. and an incredible jump in Belgian imports of 96 per cent. The cost, of course, has been borne by our industries here, and in particular BMK in Kilmarnock, which is now in the hands of the receiver, who is desperately trying to find a buyer for a firm which had shown a loss in the previous six months of over £1.3 million.

I have already been to the Minister and to the Secretary of State for Scotland to plead the case for BMK. I have to register some disappointment with the replies, because the industry needs help now and simply cannot wait. If we wait and yet another famous name, BMK, disappears from Kilmarnock and the Ayrshire scene, we shall have a leap in unemployment from the present totally unacceptable figure of 18 per cent. to about 22 per cent. That will mean about 28 per cent. in male unemployment.

We are inclined to bandy unemployment figures about the House without ever really considering what they mean in terms of human misery and degradation. We have to consider what would happen to a family unit employed in BMK—perhaps the husband and the wife and in some cases also a son or a daughter. There is a possibility of their being thrown on to the dole queue, because 147 people were paid off last week. The receiver has intimated to the work force that the question will be monitored on a week-by-week basis in order to trim the work force. The 147 have been added to the growing dole queues in Kilmarnock, and among them there are family units. One

[Mr. William McKelvey]

can imagine the domestic pressures, with the awful feeling that the breadwinner may be facing a life on the dole for many years to come.

If there is any economic upturn in the economy, it is certainly not happening in Scotland, and it is most certainly not happening in Kilmarnock and in Ayrshire. It is right, therefore, that the Minister should be questioned publicly and given the opportunity publicly to reply to some of the questions that I want to ask him.

The receiver would welcome and could certainly use £1 million of cash, to be injected into BMK right now. If he had that £1 million underpinning the present losses, he would have the confidence to go forward and to look for new orders. He was prepared only last week to accept two new orders, although he confessed to me that in the future he might not have that confidence. If he does not find a buyer by the middle of November, he fears that the operation of the factory as a viable unit might end some time in March. He would not then be in a position to offer potential buyers the goodwill that BMK has enjoyed for the last 70 years. But if the receiver had that £1 million he would be able to underpin the loss and have the confidence to go for orders, and could keep BMK as a viable unit, with the chance of attracting a buyer from somewhere in the world.

Secondly, a task force needs to be installed now in BMK, through an office in Kilmarnock, to look after the interests of BMK and to try to assist the receiver to make the firm viable and thus attract a new buyer. That agency should be manned by the Scottish economic planning department or by the Scottish Development Agency, and be on site to deal not only with the problems of BMK but to set the ground rules for bringing in a brand new industry. That is what Kilmarnock needs, because all the traditional industries are dying. The Government could invest money in a brand new expanding industry and direct a new employer into the area to provide thousands of new jobs quickly.

However, there was a ray of sunshine in this sad tale. It was contained in the *Kilmarnock Standard*, and it relates to the Minister's visit last week to the Kilmarnock area to open an extension of Smith Brothers (Kilmarnock) Ltd., which is a printing firm. We welcomed the Minister's presence in Kilmarnock to open a factory. Indeed, the Minister would be welcome every week if he could produce an extension of any factory or enterprise, irrespective of the size. I shall quote the Minister's words, as reported by the *Kilmarnock Standard*:

"We're all terribly concerned with unemployment, but there is no good 'greetin' about it; we've got to do something about it."

I am giving the Minister the opportunity to do something positive, and say "We are ready. If BMK come up with a viability proposal, the coffers of the Treasury will be opened, and there is an unlimited supply of cash to assist the new buyer in making a viable industry even viable."

The awful truth is that Kilmarnock has 18 per cent. unemployed now, without taking BMK into account. What does that mean in human terms? It means 4,600 men, 1,763 women and—perhaps the saddest and most tragic of all—1,400 youngsters between the ages of 16 and 19, with little or no hope for the future. The people of Kilmarnock, who are a hard-working and thriving

industrial community, are not prepared to stand by and be reduced to some kind of depressed, broken, and undignified flotsam on the industrial scene. They deserve a brighter future for themselves and for the future generations, their children and their grandchildren.

I have pledged to fight for their rights, and I shall continue to do so in any fashion and down any avenue that I think will assist them in their struggle to achieve a just solution for Kilmarnock and for the whole of Scotland, and in particular Ayrshire.

I hope that the Minister has taken some cognisance of what I have said. He knows my opinion, because we have gone over the ground, particularly at our last few meetings, at some length.

If what I have said tonight falls upon deaf ears, I intend to go further. I have written to the Prime Minister, and she has agreed to meet me on Wednesday. I shall press her for the kind of changes that I hope that the Minister will agree to tonight.

12.24 am

The Under-Secretary of State for Scotland (Mr. Alexander Fletcher): I am sure that all who hear the hon. Member for Kilmarnock (Mr. McKelvey) on this subject—I realise that not many hon. Members are present—agree that he has a deep concern for the problems of his constituency. I accept entirely his determination to fight for Kilmarnock and employment there. Although at times he may find this difficult to believe, I can assure him that my right hon. Friend and I are equally determined to fight to improve employment prospects in Kilmarnock and elsewhere in Scotland. Therefore, we welcome the opportunity that the hon. Gentleman has given the House tonight to consider employment in the Kilmarnock area. The area has had more than its share of closures and redundancies in recent years. Some of these were listed by the hon. Gentleman—Glenfield and Kennedy, Massey Ferguson and Monsanto. As he said, unemployment is currently running at just under 18 per cent. Understandably, therefore, there is grave apprehension about the future.

The hon. Gentleman referred in particular to BMK, which is now in receivership. Only this morning I met the hon. Gentleman and shop stewards from the company, and the provost and chief executive from the district, to discuss the problem. We had quite a helpful discussion.

The hon. Gentleman mentioned the Massey Ferguson company. He said that the Government had stood back and done nothing to try to help. He would want to be reminded that far from that being so, I went to Toronto to see the president of the company because we were dissatisfied with some of the explanations that were coming forward regarding the Kilmarnock closure. We had many meetings with the company in Scotland and in London. The hard truth of the matter as far as Massey Ferguson is concerned is simply that no amount of Government assistance would have persuaded the company to stay in Kilmarnock, for the very simple reason that it was closing factories all over the world, in North America and South America and in Canada, the headquarters.

Mr. David Lambie (Central Ayrshire): And opening one in France.

Mr. Fletcher: It did not open a factory in France. It transferred some production to that factory from Kilmarnock. It was doing the same in North and South America. It was closing factories there as well.

The particular matter of concern tonight is the carpet industry. In Scotland and elsewhere in the United Kingdom it has suffered severely from the effects of the recession. Companies have undertaken substantial rationalisation in order to remain competitive in a very challenging market. We have seen a particular threat from cheap imports from the United States, but the recent movement in sterling in relation to the dollar, bringing the pound to what we consider is a more realistic level, has helped to remove at least part of that threat. But the industry is still experiencing very difficult conditions, and BMK in Kilmarnock is no exception.

On the question of imports, however, the figures that I have reveal that in 1980 22 per cent. of United Kingdom consumption was imported and of that figure just over 5½ per cent. was imported from Belgium. These are significant figures but, nevertheless, they must be seen in perspective with the total United Kingdom market and the amount that was imported as distinct from the amount that was supplied from British manufacturers.

Mr. McKelvey: It is a shrinking market.

Mr. Fletcher: I take that point.

I want to deal in particular with BMK and with the charge which the hon. Gentleman repeated tonight—that the Government are standing back and have taken no action nor got themselves involved in trying to help the company to try to resolve the threat of closure which hangs over the company and the thousand or so jobs in Kilmarnock alone.

That is not the case, as I shall illustrate. In June 1981 the company discussed its trading position with the Scottish Development Agency. As a consequence, BMK asked the agency to engage in a study. It employed the agency in a consultative capacity to look at its trading problems and to see what steps might be taken to get the company out of its difficulties. My officials in the Scottish Economic Planning Department became involved with the company last month when the SDA reported the extent of the anticipated losses and recommended the closure of less profitable areas of the company's activities. This action—which was recommended by the SDA—coupled with other economies, including, I am afraid, a substantial number of redundancies, could conceivably have improved the position but it depended on the company obtaining new borrowing facilities at a time when it was already heavily in debt to the bank. The company's bankers were not satisfied that the proposals made by the company would succeed. Therefore, the management tried to find alternative sources of funding to restructure the company and to resolve the problem. However, they were not forthcoming and, as a result—as the hon. Gentleman knows—BMK asked the bank to appoint a receiver.

The hon. Gentleman expressed a wish that the company had had £1 million. I do not doubt his sincerity. However, in recent years BMK has received a substantial amount of financial support from Government funds both to facilitate investment and to avert redundancies. As it happens, the most significant amount was made available to the company during the two years ending July 1981. The Government made a sum in excess of £1 million available

to the company. It was not a loan but a grant to help to avert redundancies at Kilmarnock and at the Hillington factory. As the hon. Gentleman will know, that involved short-time working compensation.

That underlines the fact that the Government have made substantial amounts of taxpayers' money available to the company, but that has not helped. In the year to 30 June 1980, the company incurred a loss of £479,000. In the six months to 31 December 1980 the company made a further loss of £1.3 million. Therefore, the loss for the full year to June 1981 will obviously be substantial, given the £1.3 million loss in six months and the company's inability to find fresh funding to enable it to restructure and to find a new line of attack on its problems.

The current position is that on 15 October Deloitte, Haskin and Sells, chartered accountants, were appointed receivers to the company. They decided to continue trading while negotiations took place with potential buyers for all or part of the company's operations. No deadline has been set and no decisions have been taken on closure. These matters remain open while—as I have often told the hon. Gentleman—the receivers carry out their task not only of managing the company in the interim period, but of endeavouring to find a buyer for all or part of the business.

The Scottish Economic Planning Department is in close touch with the receivers and stands ready to consider urgently the availability of selective financial assistance under the Industry Act 1972 for any viable investment proposal that may arise to safeguard employment in the company, particularly in Kilmarnock.

That is the extent of the assistance that has been made available to the company. I hope that the hon. Gentleman will agree that it is substantial. That is the action that has been taken since the company—during the summer—asked the Government and the Government's agency, the SDA, to assist in trying to find a plan to get it out of its difficulties. The receiver is busily trying to see what can be done to save the business, or part of it.

This morning the hon. Member for Kilmarnock asked me to arrange a meeting with the receiver because he thought there might be a misunderstanding in the meetings taking place between him and the receiver and between my officials and the receiver. I undertook to see the receiver as soon as possible. I have made an appointment to see him on Friday morning. I shall take the opportunity next week to bring the hon. Gentleman up to date with that meeting and whatever arises from it. He will then be in full possession of the facts.

There is no doubt that the hon. Gentleman is deeply concerned about BMK and unemployment in Kilmarnock. I say without hesitation that the Government are equally concerned.

Mr. Lambie: What are they doing about it?

Mr. Fletcher: Perhaps the hon. Gentleman did not listen to what I said. An appeal has been made to give the company £1 million. I have said that in the period ending July this year, the Government made taxpayers' money in excess of £1 million available to the company. After that money ran out the company found that its trading position had worsened. Whether the money is found for short-time working compensation or anything else, it is still cash that assists the company's liquidity. The company also received a number of offers from the Scottish Office of

[Mr. Fletcher]

funds to facilitate investment. It took up some of them in the last few years. It is for the company to decide whether to take up offers of selective financial assistance for investment.

When all these matters are taken into account we can say that we are not making polite noises about the Government's action and concern. We are deeply involved and committed. We shall continue to do everything that

we can to help any viable proposition from the company and to assist the area to find new jobs and new industries, so that, when the upturn in the economy comes to Scotland, the area will be as ready as possible to take advantage of it.

The Question having been proposed after Ten o'clock and the debate having continued for half an hour, MR. DEPUTY SPEAKER adjourned the House without Question put, pursuant to the Standing Order.

Adjourned at twenty-three minutes to One o'clock.

SUMMARY OF MR FLETCHER'S DISCUSSION WITH BMK RECEIVER ON FRIDAY 30 OCTOBER

As promised in the adjournment debate on 27 October, Mr Fletcher met the Receiver on 30 October. The Receiver brought Mr Fletcher up to date with progress on the receivership and intimated in confidence that two major groups were in the course of examining prospects for the factory. In addition, the Receiver had embarked on a widespread advertising programme both in the UK and abroad to ensure that potential purchasers were made aware of the availability of the company. Mr Fletcher expressed Government's willingness to provide support for any viable proposition which would result in the retention of employment in Kilmarnock.

THE CARPET INDUSTRY IN THE UK AND SCOTLAND

1. The UK carpet industry has been in rapid decline in recent years: the index of output volume fell from 100 in 1975 to 65 in 1980, and there is little prospect of recovery. The difficulties of the industry have stemmed mainly from strong import competition; consumers' expenditure on household textiles and soft furnishings has increased in real terms by over 25 per cent in the period, although within the total it may be that expenditure on carpets has been rather less buoyant. Recent comments from the industry suggest that home demand is stagnant.
2. Competition from imports of tufted carpets from the United States has been particularly strong in recent years, although these are less of a threat now that sterling has depreciated against the dollar and recent US policy on energy prices has pushed up her manufacturers' costs. There is a growing threat from imports of Belgian tufted carpets to the UK which nearly doubled in volume in 1980 as compared with 1979 and have continued to rise rapidly this year though the total penetration of Belgian carpets amounted to some 5.5% in 1980. The European Commission is currently considering a proposal by Belgium to introduce a special state aid for the restructuring of the textiles industry, including carpet manufacture: if this is allowed, it could place the Belgian industry at a further advantage.
3. Employment in the UK carpet industry fell from 38,000 in 1975 to 26,000 in 1980.
4. In Scotland, substantial rationalisation has recently taken place in the industry with the merger between Stoddard Holdings and British Carpets (formerly a subsidiary of the Guthrie Corporation). This led to the closure of the British Carpets works at Crown Street, Glasgow and concentration of woven carpet manufacture at Stoddard's Elderslie plant. A carpet yarn spinning mill at Cumnock was also closed. Employment in the industry in Scotland was estimated to be 6,600 in 1975. By 1978 it had fallen to 6,100 and is currently estimated to be around 3,500. The main locations are Kilmarnock (EMK), Elderslie (Stoddards), Cumbernauld (Lyle's, part of Stoddards), Dundee (Thomson Shepherd) and Dalkeith (Henry Widnell and Stewart Ltd).

KILMARNOCK TTWA: EMPLOYMENT SITUATION

Employment

At the time of the latest available Census of Employment results (1977) employment in the Kilmarnock TTWA stood at 32,600, broken down as follows:-

<u>EMPLOYMENT IN 1977</u>	
Manufacturing	15,800
including: Food, Drink Tobacco (mostly Whisky)	2,400
Mechanical Engineering	5,100
Textiles	5,700
Construction	2,400
Service Industries	13,400
Other	1,100
<u>Total</u>	<u>32,600</u>

Redundancies

Since 1 January 1978 redundancies in the area totalling 3,666 have been notified to MSC and subsequently SEPD. The redundancies have been concentrated particularly in the mechanical engineering industry (see below).

REDUNDANCIES 1978-81 (to date)
INDUSTRIAL DISTRIBUTION

Mechanical Engineering	2,244
Textiles	369
Bricks, Pottery, Cement etc	241
Other	812
<u>Total</u>	<u>3,666</u>

The major redundancies included closures at Massey Ferguson and Armitage Shanks, together with substantial reductions in employment at Neptune Glenfield and the Glacier Metal Co.

The redundancies are listed in Appendix 1.

Largest Manufacturing Employers

At present the largest manufacturing employers in the TTWA are:

John Walker & Sons Ltd	c	1,400 employees
Glacier Metal Company		1,250 employees
BMK Limited	c	1,100 employees
British Shoe Corporation		420 employees

Unemployment and Vacancies

The area covered by Kilmarnock and Loudon District corresponds closely to the Kilmarnock Employment Office area. - On 8 October 1981 total unemployment in Kilmarnock stood at 6,362 with a percentage rate of 17.8% compared with 14.2% (October 1980) and 9% (October 1978). The current levels in the West of Scotland Special Development Area 17.2% and in Scotland 14.4%. The current level for males in the Kilmarnock ETWA is 21.9%.

Over the past year total unemployment in Kilmarnock rose by 1,285 or 25.3% compared with 27.7% in the West of Scotland Special Development Area and 32.3% in Scotland as a whole. The rise in Kilmarnock was however from a higher base and consequently the absolute unemployment level remained above the average for Scotland.

On 2 October 1981 there were 189 vacancies notified to the Employment Office and none to the Careers Office in Kilmarnock remaining unfilled - 113 more and one fewer respectively than at the same time last year.

Selective Financial Assistance

Cases where selective financial assistance has been offered since 1 January 1978 are listed in Appendix 2. In all there have been 18 offers, with total value £793,000, forecast to provide 339 new jobs and safeguard a further 715.

Special Employment Measures

Special measures are detailed in Appendix 3.

Appendix 1

Redundancies Notified In The Kilmarnock TTWA

a. 1978

MLH	COMPANY NAME	NUMBER OF REDUNDANCIES	OPERATIVE DATE
331	Massey Ferguson Ltd	66	August 1978
444	H R Howard & Sons Ltd	55	April 1978
444	H R Howard & Sons Ltd	111	September 1978
500	Kilmarnock & Loudoun District Council	28	January 1978
		<hr/>	
		260	

b. 1979 (notified)

215	CWS Ltd	23	August 1979
313	Andrew Strang & Co Ltd	29	November 1979
384	Andrew Barclay & Sons	16	September 1980
390	Garrick Precision Tools	42	December 1980
417	John Currie Sons & Co Ltd	44	August 1979
417	Garadino Ltd	15	September 1980
418	Mitchell Goldie	26	July 1979
419	Blackwood Morton & Sons	13	February 1979
419	Blackwood Morton & Sons	26	December 1979
883	Coral Bingo Ltd	17	December 1980
703	Scottish Road Services	17	September 1980
		<hr/>	
		268	

c. 1980

331	Massey Ferguson	1509	May 1980
333	Neptune Glenfield Ltd	14	May 1980
333	Neptune Glenfield Ltd	94	July 1980
337	Hurlford Engineering Co	12	March 1980
339	Heating & Mechanical Services	13	February 1980
414	Gemmill Alexander Ltd	82	March 1980
419	Blackwood Morton & Sons Ltd	16	March 1980
419	Blackwood Morton & Sons Ltd	32	April 1980
450	British Shoe Corporation	24	February 1980
500	D McPherson	13	May 1980
		<hr/>	
		1809	

d. 1981 (to date)

MLH	COMPANY NAME	NUMBER OF REDUNDANCIES	OPERATIVE DATE
239	John Walker & Sons Ltd	120	May 1981
313	A Strang & Co Ltd	23	April 1981
333	Neptune Glenfield Ltd	81	April 1981
333	Neptune Glenfield Ltd	72	July 1981
349	Glacier Metal Co Ltd	383	July 1981
384	Andrew Barclay Ltd	22	May 1981
419	Blackwood Morton & Sons	15	January 1981
419	Blackwood Morton & Sons	70	June 1981
419	Blackwood Morton & Sons	30	February 1981
431	T Dunlop & Sons	18	August 1981
462	Armitage Shanks Ltd	241	May 1981
500	Scottish Special Housing Association	62	January 1981
500	Scottish Special Housing Association	45	February 1981
500	Scottish Special Housing Association	39	March 1981
500	Mitchell & Struthers	22	July 1981
821	Household Suppliers	40	April 1981
899	RSSPCC	15	January 1981
906	Kilmarnock & Loudoun District Council Building & Works	31	March 1981
		<hr/> 1329	

Grand Total 1978 to present: 3,666

Source:- MSC Individual Notification ES955.

Coverage:- The above information covers redundancies of 10 or greater notified to the MSC and then to SEPD

pendix 2

Offers of SFA in Kilmarnock TTWA

a. 1978

Name	Offer Date	Offer Value £	Employment		Status
			New	Safeguarded	
Balhanna Knitwear Co Ltd	11.5.78	7,050	14	-	Accepted 25. 5.78
Fingal Engines Ltd	4. 8.78	18,900	12	-	Accepted 26. 9.78 Payments 12. 4.79 + 14. 4.80
Prosper Engineering Ltd	15. 2.78	27,000	33	-	Accepted 21. 3.78 Payments Complete
Cleland Jamieson Ltd	13.10.78	63,000	29	-	Accepted 25.10.78 Payments 8. 3.79 10.3.80 + 13.10.80
Stirling Auld & Co Ltd	13.12.78	20,800	19	-	Accepted 3. 1.79 Payments Complete
Ornamentic Ltd	29.12.78	9,880	7	-	Accepted 23. 3.79 Payments Complete
		<u>146,630</u>	<u>114</u>	<u>-</u>	

b. 1979

BSC Footwear Supplies Ltd	19. 9.79	8,225	24	-	Accepted 21. 9.79 Payments Complete
Blackwood Brothers Ltd	22. 5.79	111,000	-	375	Accepted 30. 5.79 Payment 30. 1.80
Blackwood Morton & Sons Ltd	12. 7.79	38,250	-	100	Accepted 16. 7.79
Kilmaurs Eng Co Ltd	12. 7.79	35,700	45	-	Accepted 1. 8.79 Payments 15. 8.79 + 25.11.80
Prosper Engineering Ltd	18. 7.79	28,050	27	-	Accepted 27. 7.79 Payments Complete
Co-operative Wholesale Society Ltd	17. 9.79	27,300	10	-	Accepted 11.10.79 Payments 14. 7.80 + 31. 8.81
		<u>248,525</u>	<u>106</u>	<u>475</u>	

80-81 (to date)

Name	Offer Date	Offer Value £	Employment		Status
			New	Safeguarded	
BSC Footwear Supplies Ltd	14. 2.80	2,400	37	-	Accepted 27.2.80
Loudoun Valley Manufacturing Co Ltd	15. 2.80	94,612	44	-	Accepted 12.3.80
Fingal Engines Ltd	18. 8.80	41,000	10	-	Accepted 13.11.80
Fingal Engines Ltd	18. 8.80	100,000	21	-	Offer Made
Thomas Mackie & Sons Ltd	9. 6.80	9,625	7	-	Payment Complete
Neptune Glenfield Ltd	17. 8.81	<u>150,000</u>	-	<u>240</u>	Accepted 21.8.81
		<u>£397,637</u>	<u>119</u>	<u>240</u>	
Total 1978 to present		£792,792	339	715	

Appendix 3

SPECIAL EMPLOYMENT AND TRAINING MEASURES IN KILMARNOCK AND LOUDOUN DISTRICT YOUTH OPPORTUNITIES PROGRAMME (YOP)

1. Projects approved under the Youth Opportunities Programme provide places for 820 young people and 99 adults in Kilmarnock and Loudoun District. Of these 170 places for young people and 80 adult places are on community projects sponsored by Kilmarnock and Loudoun District Council.

COMMUNITY ENTERPRISE PROGRAMME (CEP)

2. Under the new Community Enterprise Programme (CEP) which provides temporary employment for long-term unemployed adults on projects of benefit to the community 9 schemes have been approved providing 173 places. All but one of these schemes are being sponsored by the District Council and account for 172 of the places being provided.

TEMPORARY SHORT-TIME WORKING COMPENSATION SCHEME

3. The Temporary Short-Time Working Compensation Scheme encourages employers to adopt short-time working as an alternative to redundancies. On 20 October 1981 10 firms in Kilmarnock were receiving assistance under the scheme. The number of potentially redundant employees covered by current applications stood at 153.

JOB RELEASE SCHEME

4. The Job Release Scheme enables older workers to give up their jobs to make way for persons from the unemployment register in return for a weekly allowance. On 13 October a total of 81 people were participating in this scheme in Kilmarnock.

SDA ACTIVITY IN KILMARNOCK AND LOUDOUN

Factory Building

1. Since 1975 the Agency has provided 7,234 sq metres of factory accommodation at Bonnington (4 factories) and Darvel (1 factory) in addition to inheriting over 100,000 sq metres at the Moorfield Industrial Estate and Kirkstyle. There are no Agency factories presently under construction but 2 small workshop units are planned for the future at Stewarton.

Land Renewal

2. The Agency has completed over £500,000 worth of land renewal projects in the district and is currently engaged in projects totalling nearly £90,000.

Small Business Support

3. The Agency's Small Business Division has provided over £180,000 to 8 companies in the Kilmarnock & Loudoun District.

Industrial Investment

4. The Agency has invested £90,000 in the William McCrindle Group which employs 25 people in Kilmarnock. The Agency also had an investment of nearly £100,000 in the Prosper Engineering Company until May 1980 when it disposed of its shares at a profit. In addition although not located in the District, Caledonian Airmotive at Prestwick (employing 135 people) must draw on the labour force of Kilmarnock. This operation was established with the help of a £3.5m loan from the SDA.

KILMARNOCK AREA

"BAD NEWS" - 1979 to date

1 On 9 May 1979 Monsanto Ltd announced the closure of its nylon fibre plant in Dundonald, Ayrshire, 850 jobs lost.

Reason: Small plant by modern standards which has incurred heavy losses.

2 Massey Ferguson closed its Kilmarnock operation in 1980 resulting in 1,000 redundancies.

Reason: Decline in agricultural machinery market.

3 The Glacier Metal Co of Kilmarnock who shed 180 jobs between August-September 1980. Further reduced its workforce by 383 on 3 July 1981.

Reason: Drop in orders

4 Armitage Shanks Ltd closed its Longpark pottery in Kilmarnock in July 1981. 219 Redundancies have already occurred and the remaining 20 people will go in the near future.

Reason: Recession and resultant fall in demand plus obsolete kilns which would cost a great deal to replace.

5 John Walker & Sons Ltd asked for 130 voluntary redundancies at its Kilmarnock bottling plant by July 1981. The final figure of 205 redundancies was larger than the company expected.

Reason: Reduced demand.

6 Robert Mackie & Co (Knitwear) Ltd, Stewarton, proposes to half its workforce on 3 December 1981. 50 jobs will be lost.

Reason: Lack of orders.

7 BSC Footwear Supplies Ltd intend to reduce its Kilmarnock workforce by 110 by the end of January 1982.

Reason: Fall in orders for men's and children's shoes.

8 Nobels Explosives Co Ltd, Stevenston, proposed to reduce its workforce by 200 between April-December 1981. To date 74 redundancies have occurred.

Reason: Reduced demand.

PM

LINE TO TAKE

Concerned about the implications for Kilmarnock if BMK closure takes place. Tragic blow for the area, which has already suffered so many difficulties.

Affirm that the Receiver is now responsible for operating the factory. Enquiries for the sale of all or part of the BMK assets must be left for his commercial judgement.

There can be no question of Government intervention in the way Mr. McKelvey suggested in the House on 27 October (ie an immediate injection of £1m of Government funds to keep the factory operating until a potential purchaser could be found). Government could not simply put money into what amounted to an insolvent company whose own management could no longer see any prospect of it achieving viability. Hope for the future lies in new ownership, reorganisation and restructuring.

Re-affirm that officials in the Scottish Economic Planning Department are keeping in close touch with the Receiver and stand ready to urgently consider selective assistance under the Industry Act 1972 for any viable investment proposal involving acquisition of all or part of the BMK assets thereby safeguarding employment.

In discussions with the Receiver, Government has suggested that while recognising the role of the Receiver in maximising funds receivable for his appointees, the Government objective in securing jobs and the Receiver's objective in obtaining a maximum return for his appointees are likely to be co-incidental and both parties must work to ensure a close working relationship over the next few months in an effort to bring about a mutually satisfactory solution to the BMK situation.

If pressed about Belgian carpet imports you will wish to point out that while there has been penetration by Belgian carpet manufacturers, it still only accounts for just over 5% of the total market and cannot be considered as a serious threat.

/Premature

Premature for the Government to commit the Scottish Development Agency or any other body to undertake some special effort to generate new jobs in Kilmarnock area.

Understand however that officials of the Scottish Development Agency have been considering with the District Council and others the possibility of a study to determine joint action which would create employment opportunities in the Kilmarnock area. The SDA have now appointed consultants - Job Creation Limited - to conduct the study and an announcement about the scope and form of the study is expected shortly.



10 DOWNING STREET

Mr.

Arranged for
4th November
at 18.00.

Alex Fletcher
will attend.

Briefing
3rd Nov.

C.S.

2/11 R H

1. Cardine - action at 'X'
2. Mike Pattison - for information
3. GR. for Q/Us.

23 October, 1981

I enclose a copy of a letter from Mr W McKelvey, MP. He asks for a meeting with the Prime Minister to discuss the closure of the BMK carpet manufacturers in Kilmarnock.

X (1) The Prime Minister has made a practice of agreeing to meet MPs to discuss closures in their constituencies. Caroline Stephens will be in touch with you on Monday, 26 October to find out which Industry Minister should be represented, and to fix a time for this meeting. I should be grateful if you could also set in hand work on a brief background note.

W. F. S. RICKETT

Alex Fletcher

Mrs Cecily Morgan
Department of Industry

1800

4/11

SR

23 October, 1981

In the absence of the Prime Minister who is in Cancun for the North/South Summit, I am writing to acknowledge your letter of 20 October.

On the Prime Minister's return on Monday morning we will be in touch with you again.

W. F. S. RICKETT

W. McKelvey, Esq, MP

BR



HOUSE OF COMMONS
LONDON SW1A 0AA

20 October 1981

C23/10

Dear Mrs Thatcher

As you are probably aware, the BMK carpet manufacturers in my constituency has now gone into the hands of the Receivers and redundancies in the region of 1,200 are envisaged. This will bring the total number of unemployed people in Kilmarnock to 7,000 or some 22% of the working population.

I am writing to you urgently, therefore, to request that you meet me to discuss the implications of this development for my constituents.

I look forward to hearing from you as soon as possible as to when you will be free to meet me - certainly before the House rises at the end of next week.

Yours sincerely

Wm McKelvey MP

Rt Hon Mrs Margaret Thatcher MP
No 10 Downing Street
LONDON SW1

Final

P.M.

27 July 1981

The Prime Minister was grateful for a copy of Mr. Fletcher's letter of 21 July to William McKelvey, M.P. following Mr. McKelvey's meeting with her on 4 June about Armitage Shanks, Kilmarnock.

She accepts that the closure decision is final, and that there is nothing more that the Government can do.

M. A. PATTISON

B.R. Morgan, Esq.,
Scottish Office.

JS

*With the Compliments
of the
Minister for Industry and Education*

*Scottish Office,
Dover House,
Whitehall,
London SW1A 2AU.*



SCOTTISH OFFICE
 WHITEHALL, LONDON SW1A 2AU
 TELEPHONE: 01-233 3000

William McKelvey Esq MP
 House of Commons
 LONDON
 SW1A OAA

Prime Minister
Another lost cause,
1 year MAF 22/11
 21 July 1981
MB

Following your meeting with the Prime Minister on 4 June, and subsequent discussion with George Younger about Armitage Shanks, Kilmarnock, I contacted the company concerning the points which you raised about the closure of the Longpark pottery. I have also clarified with Scottish Gas the situation over the supply of gas to the works.

Blue Circle Industries Ltd have explained that at the time of their acquisition of Armitage Shanks last year a re-structuring of the company was already in process. This involved investment of about £1m, including provision for a new kiln at Barrhead together with the closure of two old kilns - one at Barrhead and the other at Kilmarnock. In the first quarter of this year with an increasing rate of surplus, no prospect of a trading improvement and higher fuel costs it became necessary for Armitage Shanks to review the refurbishing of the remaining kiln at Longpark.

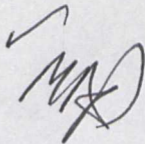
Blue Circle have assured me that despite every effort to find an alternative to closure of the remaining kiln no viable proposal emerged. I have also been advised that while only the statutory period of consultation and notification was given discussions took place involving the company, the Industry's trade union and the Provost of Kilmarnock and Loudoun District over a period of time. After renewed negotiations with the Union representatives redundancy payment supplements were improved and the Company set up counselling services to assist redundant employees.

On the point about gas supply Scottish Gas totally rebut the idea that there was any delay in making a supply available to the plant. Discussions with the company (in 1976 and 1979) never really got off the ground since the company concluded that the capital cost of changeover of the plant was not justified.

While the decision to close the remaining kiln at Kilmarnock is regretted - not least by BCI themselves - I have been given an assurance that BCI is maintaining a substantial manufacturing commitment in Scotland through the new investment at Barrhead and Dunbar.

A copy of this letter has been sent to the Prime Minister's Office.

ALEX FLETCHER

A handwritten signature in black ink, possibly reading 'MAD', with a checkmark above it.

*With the Compliments
of the
Private Secretary*

*Scottish Office,
Dover House,
Whitehall,
London, S.W.1.*



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU
TELEPHONE: 01-233 3000

*3cf
Prime
Minister*

Mr J A Milne
Managing Director
Blue Circle Industries
Portland House
Stag Place
LONDON
SW1E 5BJ

23 June 1981

The Prime Minister and I recently had a meeting with Mr William McKelvey MP about the proposed closure of Armitage Shanks' Kilmarnock factory.

Mr McKelvey represented that the workforce at Kilmarnock had been badly let down since they received no warning of the closure and were offered only basic rates of redundancy pay. Mr McKelvey also claimed that the decision was announced just two weeks after orders had been placed to refurbish the Kilmarnock kiln. He recognised that there are productivity problems for the old plant but maintained that the shop stewards had certain ideas to improve productivity, or possibly to produce alternative products.

The Prime Minister would not wish to interfere in any way with Blue Circle's commercial decisions, but we would appreciate your assurance that Blue Circle have carefully considered all alternative proposals to closure. Kilmarnock, as you are probably know, benefits from Special Development Area status and any viable manufacturing project would attract the full range of Government financial support. Officials in the Scottish Economic Planning Department would be more than willing to discuss any proposals for the Kilmarnock plant or to offer such practical advice as may be required.

ALEX FLETCHER

SUBJECT

cc Master



FILE

RB

PM

10 DOWNING STREET

From the Private Secretary

4 June, 1981

BF

As you know, the Prime Minister had a meeting today with Mr William McKelvey, MP, about the proposed closure of Armitage Shanks' Kilmarnock factory. Mr Fletcher was also present.

Mr McKelvey said that the employment situation in Kilmarnock had deteriorated further since he requested the meeting. The Glacier Metal Company had asked for 500 volunteers for redundancy, out of which they would select 400 candidates. A further 300 jobs were likely to go at Johnny Walker's. The jobs now disappearing were mainly male, and were likely to push the male unemployment rate in the area to nearly 30%.

Turning to Armitage Shanks, Mr McKelvey said that a loyal workforce had been badly let down by the company. The original takeover by Blue Circle had been referred to the Monopolies and Mergers Commission, and the company had a moral obligation to try to keep going in view of what they had said in support of their takeover application. Yet the notice of closure had come out of the blue with no warning. It seemed clear that this was a management decision handed down to local staff. The decision had been announced just two weeks after orders had been placed to refurbish the Kilmarnock kiln. He recognised that there were productivity problems for this old confined plant. Nevertheless, Blue Circle was a very profitable group - he drew attention to expensive advertising in the national press. The Kilmarnock plant was the last pottery work available in the area: many of the workers who stood to lose their jobs were aged 45 or 50, and they would never work again in that industry. He was therefore pleading for time. The shop stewards had certain ideas to improve productivity, or possibly to produce alternative products. There was also the possibility of sale as a going concern. Everything had happened so fast that there was no real opportunity to investigate alternatives. Once the kiln was closed down, it would never re-open, in view of the maintenance requirement. To rub salt into the wound, the company were only proposing to offer the basic rates of redundancy pay. At one stage, the company had said that they might have been able to continue operations if they could get a gas supply, but had been told that this would not be available for two years.

/The Prime Minister

The Prime Minister emphasised that the Kilmarnock area already had SDA status. This particular closure was being announced without a short-time working phase. Therefore the company had not taken full advantage of the schemes available to soften the impact of the recession. This threatened closure was taking place against a background of continuing retail demand. The basic issue was to persuade the British people to buy British products. She could understand the company's decision to rationalise its production and concentrate at Barrhead in Glasgow. She could also understand Mr McKelvey's concern at the way in which the company had handled the closure and redundancy issues. She asked Mr Fletcher to contact the chairman of the company, to see what could be done to extend the timing of the closure, so that alternative possibilities could be pursued, and to see whether there would be any possibility of more generous redundancy terms. Mr Fletcher agreed to do so, and said that he would also take up the gas supply issue. There had been cases where, as a result of Scottish Officer intervention, it had been possible to secure earlier availability of commercial gas supplies where jobs were threatened.

I should be grateful if you could pursue these points, letting us have copies of any further correspondence between Mr Fletcher and Mr McKelvey on the subject.

M. A. PATTISON

B R Morgan, Esq
Scottish Office



10 DOWNING STREET

PRIME MINISTER

You have had a look at the briefing for tomorrow night's meeting with Mr McKelvey. We have now one additional piece, amplifying the warning that there could be a further closure in Kilmarnock. The original brief offers that as confidential information, but the attached new piece shows that the story has already surfaced in the local press.

MP

3 June, 1981



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Miss Caroline Stephens
No 10 Downing Street
LONDON SW1

3
~~6~~ June 1981

Dear Caroline,

Godfrey Robson wrote to you earlier today with briefing for the Prime Minister's meeting tomorrow with William McKelvey MP. Our notes mentioned, on a confidential basis, that Wheelabrator Inc of USA had indicated their intention to pull out of the Neptune Glenfield plant at Kilmarnock either through its sale as a going concern or its closure later this year. As this intention became public knowledge over the weekend you may wish to have the attached expanded briefing note for the Prime Minister.

Yours ever,

John Wilson

JOHN WILSON
Private Secretary

NEPTUNE GLENFIELD LIMITED, KILMARNOCK

It was reported over the weekend in the local newspapers that Wheelabrator Frye were intending to close the Kilmarnock plant of Neptune Glenfield unless an outside purchaser for the plant could be found.

2. The original Glenfield and Kennedy Company, founded in 1852, was acquired by Crane Limited on behalf of its American parent in 1966. Crane put Glenfield into receivership in 1977 and the Kilmarnock facility was purchased from the receiver in November 1977 by the Neptune Corporation of USA. A section 7 grant of £992,250 towards the cost of that acquisition, which was expected to safeguard 450 jobs, was offered and accepted in November 1977: the final payment was made in December 1979. The Neptune Corporation was itself acquired by Wheelabrator Frye Inc of the USA in 1979. Wheelabrator since sold off the units in the Neptune environmental group except for the Neptune Glenfield operation at Kilmarnock which currently employs around 350 people. Despite a promising start under Neptune management, the operation at Kilmarnock has been making continuing losses since its acquisition by Wheelabrator due in part to a fall in demand for its products and in part to the failure to carry out quickly enough a much needed rationalisation and modernisation programme to increase the efficiency of the plant.

3. Wheelabrator Frye Inc has for some time been quietly trying to sell of the Kilmarnock unit, but so far without success. It is understood that the situation has now been reached whereby unless a sale is achieved by the end of the current financial year in November, the plant will be closed. A group of individuals comprising primarily local management staff have reached tentative agreement with Wheelabrator Frye Inc to acquire the Kilmarnock Company for a price in the region of £1.3m and agreement in principle has been reached on the necessary funding package. The new owners would proceed to implement the rationalisation programme put forward to Wheelabrator Frye Inc earlier this year which involves withdrawal from the industrial valve market, concentration on the traditional Glenfield and Kennedy Public Works Market and consolidation of the manufacturing facilities on one site. It is currently envisaged that the long-term labour force, under this plan, would be in the region of 250.

4. In discussion with the proposed purchasers of the business the Scottish Economic Planning Department has indicated that it would not be appropriate to provide assistance simply to enable the purchasers to take over the Neptune Glenfield business as a going concern. However officials have indicated that they would be willing to consider an application for selective assistance towards the rationalisation and modernisation programme which would be an essential part of seeking to ensure a viable operation at Kilmarnock. It is still too early to speculate on the eventual outcome of these negotiations.

Line to Take

5. The Government has been closely involved with the problems of Neptune Glenfield and indeed has provided substantial assistance already in seeking to ensure a continuation of a viable operation at Kilmarnock. Officials are in close touch with both local management and management of the parent and will be willing to consider provision of selective assistance towards any proposals which will safeguard the future of the Kilmarnock plant.



10 DOWNING STREET

PRIME MINISTER

Mr. McKelvey comes to see you about the closure of the Armitage Shanks factory in Kilmarnock. This has been sudden and unexpected, but seems to be a sound commercial decision. (The briefing also warns, in confidence, that there is a risk of a further closure in Kilmarnock involving a further 350 redundancies).

Kilmarnock was upgraded to SDA status in 1979, and there are no additional tools which the Government can offer to attract new investment.

MPD

3 June 1981

MT



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Miss Caroline Stephens
No 10 Downing Street
LONDON SW1

3 June 1981

Dear Caroline,

Attached is briefing for the Prime Minister's meeting tomorrow with Mr William McKelvey MP about the proposed closure of Armitage Shanks' Kilmarnock factory. Mr Alex Fletcher will be present to support the Prime Minister.

As you know Mr McKelvey originally asked that the Prime Minister meet a deputation involving representatives from the Kilmarnock and Loudon District Council and the Armitage Shanks workforce. But she will only see Mr McKelvey; and my Secretary of State will then receive the delegation at 5.30 pm on 4 June.

Mr McKelvey has intimated his intention to raise a number of wider issues about the problems of the Kilmarnock area and the briefing notes have been prepared with that in view. The Prime Minister will no doubt wish to deflect most of these general issues on to the subsequent meeting with Mr Younger.

Yours ever,

GODFREY ROBSON
Private Secretary

ARMITAGE SHANKS: CLOSURE OF KILMARNOCK WORKS

1. The company is proposing to close its Kilmarnock operations in July 1981 making 241 employees redundant. Redundancies will take place in May-July 1981. The closure decision has been taken because of the depressed state of the market, severe price competition, and the recent cutbacks in the building industry. The company appears to have lost a share of its market to Doulton Limited.

2. The Kilmarnock premises are very old and have a costly oil burning kiln. The company feel that the site is not worth redeveloping because of lack of space and the poor condition of premises. The company recently installed a new gas-fired automated kiln at Barrhead in Glasgow to which all production at Kilmarnock will eventually be transferred.

3. The performance of the Kilmarnock workforce is acknowledged to have been good. The closure decision appears to have taken the workforce completely by surprise since all Armitage Shanks Scottish operations have been on full-time working. The Department of Employment have no record of the company ever applying for Temporary Short-Time Working Compensation Scheme assistance.

4. In addition to the announced closure of the Kilmarnock premises on 13 March 1981 Armitage Shanks reduced the workforce at its Barrhead factory by 17.

5. Background notes are attached on Armitage Shanks operations in the UK and on industrial investment and redundancies in the Kilmarnock travel-to-work area. The Kilmarnock area has been badly hit by company closures and redundancies in the last 2 years or so and the latest unemployment rate for the area is 15.9%.

Line to Take

6. It is suggested that the following points be stressed in response to the representations from Mr McKelvey and the deputation of local interests.

6a. The closure unfortunately adds to the difficulties of the area

b. There is no scope for the Government to interfere; the closure decision was taken on commercial grounds because of over-capacity; further investment in the Kilmarnock plant could not be guaranteed to safeguard employment

- c. The need to find alternative jobs is accepted; for this purpose the area enjoys since 1979 Special Development Area Status which makes it particularly attractive as a location for inward coming investment and of the financial incentives available under regional policy
- d. Industrial investment is going into the Kilmarnock area. Since May 1979 there have been 10 offers of selective financial assistance for investment projects in the Kilmarnock area involving the creation of 215 new jobs and safeguarding 485 more.

Supplementaries - Wider Questions

Increased Public Expenditure to help Construction Industry?

The first priority for industrial regeneration is control of inflation which means control of the money supply and public expenditure. In restraining public expenditure local authorities have unfortunately elected to concentrate on capital expenditure rather than revenue expenditure reductions. The construction industry affected by world recession in any event; there are now signs that the recession is bottoming out and the Government's policy is working.

Action against multi-national companies?

Armitage Shanks elected in 1980 to make an appropriate merger with a British based company rather than allow acquisition from abroad. For this reason that the MMC advised that the merger was not against the public interest. More generally, although there have been a number of major closures initiated by foreign multi-nationals their record in Scotland is generally good providing 100,000 approximately manufacturing jobs. In general terms of productivity, industrial relations and other indicators tend to out-perform UK firms, significant investment in major growth industries such as oil and electronics.

Additional Incentives/More Help from SDA in Kilmarnock?

The area now benefits from Special Development Area Status; maximum incentives under regional policy. SDA can assist with factory development and other services in areas of greatest need like Kilmarnock.

SEPD/IDD
June 1981

SELECTIVE FINANCIAL ASSISTANCE AND REDUNDANCIES IN THE KILMARNOCK TRAVEL-TO-WORK AREA

Financial Assistance

1. Since May 1979 there have been 10 offers of selective financial assistance for investment projects in the Kilmarnock Travel-to-Work Area involving some 700 jobs (215 new and 485 safeguarded). The total investment associated with these projects amounted to £4.4m.

Note. In July 1979 the Kilmarnock area was upgraded from a Development to a Special Development Area.

Redundancies

2. Since January 1980 3,190 people have been made redundant in the Kilmarnock Travel-to-Work Area. Notes on the major redundancies in the area are as follows:

i. Massey Ferguson Ltd closed its premises at Kilmarnock in June 1980 with the resultant loss of about 1,500 jobs. The decision was taken against a background of overcapacity in the agricultural machinery industry in Europe and a deterioration in market conditions. At the time of the closure Massey Ferguson assisted the establishment of a small sub-contracting company - Moorfield Manufacturing Ltd - to produce small accessories for Massey Ferguson tractors. The Company began with a workforce of 54 (ex-Massey employees) and now employs about 160 people. Work has also been obtained from IBM and British Leyland.

ii. Neptune Glenfield Ltd has reduced its workforce at Kilmarnock by 224 people since April 1980. The redundancies were mainly due to a drop in export orders because of the strength of sterling. The Company has also been suffering from productivity problems at the plant. A hydraulic engineering company, it produces and markets valves and hydraulic equipment for waterworks, power stations, irrigation projects and general industrial applications.

Since 1977, when Neptune International Corporation of Atlanta, Georgia took over the assets of Glenfield Kennedy Ltd, then in receivership, Neptune Glenfield has undertaken an extensive programme of investment and modernisation, including a new foundry facility which the Secretary of State for Scotland opened on 17 July 1979.

Confidential

Wheelabrater Inc of USA, who have since acquired Neptune International, have indicated the wish to pull out of Kilmarnock. While they are hopeful of selling the operation as a going concern, if this is not possible the factory will be closed in the near future with some 350 redundancies.

Glacier Metal Co Ltd, part of Associated Engineering Group, reduced its workforce by 180 people between August-September 1980. The Company employs about 1,950 people in the manufacture of plain bearings used in automotive and diesel engines. The redundancies were due to a drop in sales.

Johnny Walker & Sons Ltd, part of the DCL Group, is proposing to reduce the workforce of its Kilmarnock bottling plant by 130 on 3 July 1981. The reason given for the redundancies is reduced demand. The Company, a leading exporter of Scotch Whisky, received the Queen's Award for Export Achievement in 1976.

BACKGROUND ON ARMITAGE SHANKS ORGANISATIONS IN UK

1. Armitage Shanks (AS), now part of Blue Circle Industries, is the largest manufacturer of ceramic sanitaryware and bathroom products in the UK holding a little under 30% of a market estimated to be worth around £500 million. The company shares around 90% of the market with three other major manufacturers, Twyfords Ltd and Ideal-Standard Ltd (about 20% each) and Doulton Ltd (about 16%), all are part of large conglomerates; Twyfords of Reed International Ltd, Ideal-Standard of American Standard Inc of New York and Doulton of Allia Doulton, a French company.

MERGER WITH BLUE CIRCLE LTD

2. As the last remaining independent manufacturer AS had been vulnerable to take-over bids for some years and had fended off approaches from various companies including Glynwed; a proposed merger with ceramic tile manufacturers H & R Johnson Ltd fell through and the company became increasingly worried about the building-up of shareholding by Ceramic Investments, a Lebanese company. AS therefore saw the merger with a financially-strong company like Blue Circle as a way out of their difficulties. Although the merger was referred to the Monopolies and Mergers Commission, it was found to be not against the public interest, one of the principle reasons being that it would remain in the control of a British Company. The merger therefore went ahead in the latter part of last year.

OPERATIONS

3. Armitage Shanks itself is organised into 4 operating divisions - ceramics, engineering, plastics and woodwork:-

- i. Ceramics - Vitreous China sanitaryware factories at Armitage, Barrhead, Glasgow, Hanley and Kilmarnock: fire clay at Stoke-on-Trent; mechanised pottery-process plant manufactured at Barrhead
- ii. Engineering - Marine and domestic brassware is manufactured at Barrhead and hospital and laboratory fittings and domestic brassware at Cannock.
- iii. Plastics - Plastic baths are manufactured at Solihull; and plastic injection mouldings at Otley.
- iv. Woodwork - Pre-plumbed panels and vanity units at Longton.

The company have extensive overseas manufacturing interests in Malaysia, Thailand,
South Africa and Australia.

EMPLOYMENT/PRODUCTION

4. The company employs some 2,900 people in the UK (about 850 at Barrhead).
Production of vitreous china sanitaryware is currently around 40,000 pieces a
week (half from the Armitage factory) and 2,000 pieces of fire clay: over 20%
of production is exported.

TURNOVER

5. Turnover in 1979/80 was £54m, with export sales of £7m, and profits of just
over £7m.

EXPORTS

6. The export sales for 1980/81 are estimated at £5-6m which represents
approximately 20.25% of the total turnover. The main export markets are
Nigeria, Trinidad and the Middle East. Since the merger with Blue Circle
Industries, AS has been hopeful of obtaining substantial orders in the
South American markets where Blue Circle has other interests, although there
are difficulties because of high import tariffs. The company recently received
a £90,000 order from Zambia (Zambia Steel and Hardware Co).

SEPD/IDD3

June 1981

MR GOW

KWE
CF to keep?

PMS R H
Mr. Stephen
Ross MP.

Two Labour MPs are coming to see the Prime Minister - Mr Stephen Ross MP at 2130 hrs on Tuesday, 12 May in the Prime Minister's Room at the House. Mr Kenneth Baker will be present. And Mr McKelvey on Thursday, 4 June at 1530 hrs. Alex Fletcher MP will be present. The reason why Mr McKelvy's meeting is so far ahead is because of the visit he is making to the Middle East.

CAROLINE STEPHENS

6 May, 1981

CF to file?
and BH on 1/6

C.R.



Remind S.O.
about meeting
on 1/VI M.
BF 31vi.

10 DOWNING STREET

MAD
6lv.

Mike

arranged for
Thursday 4th June
at 15.30.

el.

5/5

Alex Fletcher
coming.



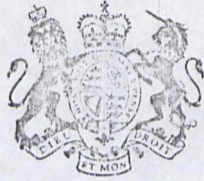
10 DOWNING STREET

PRIME MINISTER

This is a retype of
the letter to William McKelvey
which you redrafted.

MAJ

5 May 1981



file

cc: I.G.

10 DOWNING STREET

THE PRIME MINISTER

6 May 1981

Dear Mr. McKelvey,

Thank you for your letter of 30 April about the likely closure of Armitage Shanks Limited's factory of Kilmarnock in July.

I have made it clear that I am always ready to see a Member in whose constituency a closure is threatened, and I should be happy to arrange a time to see you about Armitage Shanks. But I have also made it clear that larger deputations must go to the departmental Minister. When your secretary contacts my office, we will of course arrange a time to see you.

Yours sincerely,

(sgd)

MT

William McKelvey, Esq., M.P.

BR



10 DOWNING STREET

PRIME MINISTER

William McKelvey asks you to receive him with a deputation from Armitage Shanks Ltd., whose Kilmarnock factory is to close in July.

You will need to re-state to him your willingness to see MPs, but your insistence that deputations should go to the relevant Department. We can offer him a meeting after Questions on Thursday, and we will arrange this direct with his office provided that a Scottish Office Minister is available.

A draft reply is attached.

MAP

5 May 1981



10 DOWNING STREET

THE PRIME MINISTER

Dear Mr. McKelvey,

Thank you for your letter of 30 April, about the likely closure of Armitage Shanks Limited's factory of Kilmarnock in July.

I have made it clear that I am always ready to see a Member in whose constituency a closure is threatened, and I should be happy to arrange a time to see you about Armitage Shanks. But I have also made it clear that I ~~cannot myself see~~ larger deputations ^{must go to the departmental Minister,} about ~~every single~~ closure. When your secretary contacts my office, ^{from} we will ^{to be} arrange a time for you, and I to meet.

William McKelvey, Esq., M.P.



CAROLINE

10 DOWNING STREET

From the Private Secretary

Pl see when S.O.
can find a
suitable Minister.
1 May 1981

MA

I enclose a copy of a letter from William McKelvey, M.P., to the Prime Minister about the proposed closure of Armitage Shanks' Kilmarnock factory.

The Prime Minister will be prepared to see Mr. McKelvey on the usual basis, but she will not receive the larger deputation of which he writes.

We will need a brief for her meeting, and the Prime Minister will wish to have a Scottish Office Minister present. It may be convenient for the Prime Minister to see Mr. McKelvey at the House at about 1530 on Thursday, 7 May. Caroline Stephens will be in touch with you to see if you would have a Minister available then, or to fix an alternative time.. We shall need the brief the night before the meeting.

M. A. PATLISON

Godfrey Robson, Esq.,
Scottish Office.

Godfrey Robson



Lee Kb

10 DOWNING STREET

From the Private Secretary

1 May 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 30 April about Armitage Shanks Ltd., of Kilmarnock.

I will place your letter before the Prime Minister at once.

M. A. PATTISON

William McKelvey, Esq., M.P.

DS



HOUSE OF COMMONS
LONDON SW1A 0AA

30 April 1981

Dear Mrs Thatcher

Yet again, a long-established industry is going to be lost in Kilmarnock. That is the pottery industry, which has actually existed in this town for over a century and a half.

I am referring to the recent announcement by Armitage Shanks Ltd that their Kilmarnock factory is to close completely on July 3 1981. This is despite the fact that the management and trades unions concerned discussed and agreed on redundancies which were to take place in order to keep the plant viable.

For your information this company was the subject of an investigation by the Monopolies and Mergers Commission in October 1980, since the Blue Circle Industries Limited announced their intention to take it over. The conclusions of the Monopolies and Mergers Commission were that the takeover would not be against the public interest and, in fact, Blue Circle Industries Limited did take over the Armitage Shanks operation.

This is a particularly sad turn of events for Kilmarnock. We already have an unemployment rate of 15.4% and this further loss of some 260 jobs is yet another nail in our industrial coffin. It is also particularly galling that the management should see fit to inform the workers of this closure in the fashion that they did. It is most certainly not conducive to good industrial relations but I understand the haste to make the announcement since shares in Blue Circle Industries, Britain's biggest cement manufacturer, raced ahead on the Stock Market on Wednesday, April 29, on the news of a bigger than expected profit over the past year. In fact the shares that day finally closed with a gain of 26 pence. Blue Circle Directors reported best-ever profits before tax of £78.6m compared with £51.9m in 1979.

Despite efforts of the Kilmarnock and Loudon District Council officials who have been to see the company directors concerned in order to try to persuade them to overturn their decision to close, or at least to achieve some delay in the process, they have been unsuccessful and I have been prompted to write directly to you to ask you to receive a deputation from Kilmarnock to discuss this and related problems of unemployment in the area.

.....Continued

After Questions
Thurs 7.
R1
cc 19/15



You have publicly stated that you would always be willing to meet Members of Parliament to discuss the problems of unemployment in particular constituencies and, since Kilmarnock is one of the worst affected areas of Scotland, I trust that you will give me an early appointment. My secretary will telephone your Private Office later next week to find a mutually convenient date.

Yours sincerely

William McKelvey

Wm McKelvey MP

Rt Hon Mrs Margaret Thatcher MP
No 10 Downing Street
LONDON SW1