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Transport

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9/10/83

Prime Minister (2)

To note.

MUS:15/2

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Prime Minister

BRITISH RAIL ENGINEERING (BREL) - WORKSHOP CLOSURES

I am writing to let you, and colleagues, know that British Rail have decided that they should accelerate the announcement of intended closure of 3 of their Engineering Works. The works concerned are Horwich near Bolton (apart from the foundry and spring works), and Temple Mills, Stratford in East London, both of which would close by the end of 1983; and Sildon, County Durham, which would close during 1984.

The Railways Board had originally intended not to announce the closures, which are necessary to eliminate substantial over-capacity in the business, until April. They now feel that it would be better to act now, because the unions are in any case expecting an announcement and delay might look like vacillation; because the unions currently have a number of issues to handle, including McCarthy, the BTH hotels sale, Serpell and the 1983 Pay Round, and this item might usefully be added to that list, rather than evoking a separate reaction; and because they judge that the present NUR leadership offers hope of handling with less risk of disruptions than will a newly elected General Secretary in a month or two's time.

The question of BREL will inevitably arise at a meeting next Thursday of the Rail Council, which Sir Peter Parker chairs with the leaders of all the rail unions, and the Board have decided that they must make clear their intention then followed quickly by a formal announcement if they are to avoid charges of bad faith. The timing of this kind of decision - which is of course one for BR - is always a difficulty for us. But it will at least

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be apparent that an earlier announcement is not part of a Serpell 'package' and arises from problems which have already been in the pipeline for some while.

The need for closures is incontrovertible. It arises primarily from the modernisation in the BR freight business, which now needs far fewer wagons than formerly to carry its traffic. Shildon and Temple Mills are wholly wagon or container works, and the demand for their products is no longer there. BR orders for new wagons at Shildon will cease entirely next month. It is only the recent Congo order which will keep this activity going for a short while longer. There will be 2000 redundancies at Shildon and 310 at Temple Mills. Any residual wagon repair work will be undertaken elsewhere e.g. at Doncaster or Wolverton.

At Horwich the workload had been mainly on passenger vehicles and has been linked in the past to overflow from other works. That no longer applies, and such work as remains can be more efficiently undertaken elsewhere. 1400 redundancies will be needed at Horwich (300 jobs will remain in the foundry and spring works).

The Railways Board judge that some kind of industrial action may be inevitable as a reaction to these proposals, but they hope that it will be confined mainly to the works concerned. They think it unlikely that trouble will spread to the railway as a whole.

They also intend to warn the unions that a further works will need to close in due course, but that they have not yet reached a decision on which, since this will depend on the nature of the workload, at home and abroad, that they can obtain in the next year or two. (The likely candidates are Swindon or Derby Locomotive Works).

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I am copying this minute to colleagues on E(NI) and to Sir Robert Armstrong and Mr Sparrow.

David Howell

DAVID HOWELL

15 February 1983

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