

# BRITISH STEEL CORPORATION

IAN MACGREGOR

23 March 1981

The Rt Hon Margaret Thatcher MP  
10 Downing Street  
Whitehall  
London SW1

*Dear Mrs. Thatcher,*

## DISTINGTON FOUNDRY

Thank you for your letter of 19 March about the Corporation's decision to close the Distington ingot mould foundry at Workington rather than either of the other two foundries, in South Wales and Scotland.

As you say, I have personally reviewed this decision, as I told the Distington Joint Representative Committee in my letter of 27 February. I am completely satisfied that it was right and that the management assessment which led to it was fair and correct.

All concerned agree that for demand reasons we must close one of the three foundries. Very briefly, the reason why the choice fell on Distington was because its present and projected costs are higher than those of either of the other two. I might add that this cost evaluation naturally took full account not only of operating costs but also of the respective transport costs associated with the different locations, of the fact that the Distington foundry was rebuilt recently at a cost of over £10m, and of the possible need to refund the Government grant received towards the cost. I am also satisfied that considerations of the quality and life of the moulds produced by each foundry in no way invalidate the cost comparison.

There is no doubt in my mind that the evaluation by BSC management was carried out fairly and objectively and was not at all influenced

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2

23 March 1981

The Rt Hon Margaret Thatcher MP

by the fact that Distington falls within a different group from the other two foundries for day-to-day management purposes. Both management groups concerned are the responsibility of the same BSC Managing Director and he, of course, satisfied himself as to the correctness and propriety of the conclusion before it was submitted to top BSC management for final decision.

Sincerely

*John MacLennan*