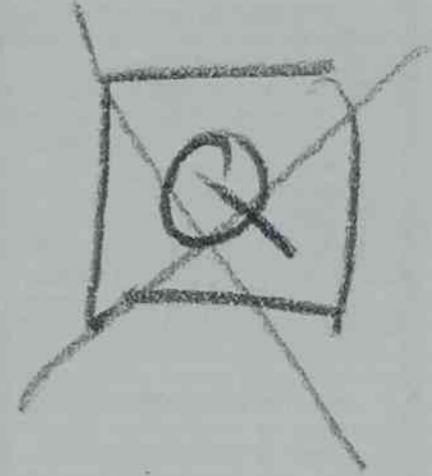


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PRIME MINISTER

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Notes on the assistance given to redundant mineworkers, steelworkers, and shipbuilders in the UK are attached. There is also a supplementary note on the assistance given by the Department of Employment.

Bull points are as follows:

- lump sums of up to £35,000;
- specific re-training to meet local needs;
- provision of loans to start up new businesses;
- make up pay to compensate people taking lower paid employment;
- unemployment benefit of up to £52.75 per week.

The official exchange rate for the Polish Zloti is 2434 = £1, but I am told that the black market rate runs into thousands. I suspect that most Polish workers have some idea of what sterling is worth, and if anything may have an exaggerated view of its value because of black market transactions within Poland. But UK costs you may want to bear in mind for use in examples are colour TVs at £200, good suits at £100, and a choice of new cars available immediately at £4,000 to £5,000. The first example may be the most telling as I understand that a colour TV in Poland, when it is available, costs the equivalent of eleven months' average wages. This compares with one month's unemployment benefit in the UK.

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P. A. BEARPARK

1 November 1988

UNEMPLOYMENT BENEFIT

- Basic entitlement: £32.75p per week, plus £20.20p additional payment for an adult dependent. *payable for 1 year*
- Could also be entitled to Income Support, but this would depend on personal circumstances (As mining and shipbuilding industries' redundancy schemes provide quite substantial compensation, this is unlikely).
- Redundancy payments received would not affect entitlement to UB payable.
- "Payment in lieu of notice" would affect entitlement to UB: UB would either be disallowed by the independent adjudicating officer for the period during which "payment in lieu of notice" was being received, or if UB had already been paid he would review the claim and benefit already awarded and decide whether any of the UB should be repaid.

## EMPLOYMENT SERVICE - COUNSELLING ETC

1. Pre-redundancy Counselling and skills assessment are assumed to be the responsibility of the employer/employer's personnel division, unless the employer does not have the facilities. If not ES can provide.
  
2. Employment Service (ES) offers
  - an Information Centre, staffed by ES personnel and containing a library of employment and training information;
  
  - on-site vacancy displays;
  
  - an employer-run Jobclub: the ES provides relevant manuals and hand-outs, and trains one or more of the employer's staff to become Jobclub leader. The employer would provide space and facilities ie a room, telephones, paper, typewriters etc. It would not be classified as an official Jobclub and would not attract additional government finance;
  
  - counselling and presentations by claimant advisers on UB entitlement and the local labour market;
  
  - arrangements for on-site presentations by the Small Firms Service to talk about self-employment, EAS, franchising etc.

(All these measures are "tailored" by ES regions to meet local needs).



the department for Enterprise

## REDUNDANCIES IN THE STEEL INDUSTRY

During much of the 1980s, there has been a considerable reduction in the levels of employment in the steel industry. British Steel, for example, employed 166,000 employees in March 1980 compared to 52,000 in March 1988, though a small number of these were transferred to the private sector.

2. The redundancies were ameliorated to some extent by the ISERBS Scheme for redundant steelworkers and the creation of British Steel (Industry) Limited, a subsidiary of British Steel which aimed to bring employment to former steel areas.

### Iron and Steel Employees Re-adaptation Benefits Scheme (ISERBS)

3. ISERBS is a statutory scheme jointly financed by DTI and the European Coal and Steel Community (ECSC). Under this, benefits are paid to steelworkers who lose their jobs as a result of permanent capacity reductions in the iron and steel industry.

4. Depending on their age and circumstances, former steelworkers may be eligible for a variety of benefits. In summary these are:

- (a) a weekly payment during up to 52 week unemployment (104 weeks for those over 55 years old);
- (b) the option of taking a lump sum paid into a pension scheme (for the over 55s);
- (c) weekly benefit while undergoing up to 52 weeks of approved training;
- (d) "make-up" pay, to compensate workers who take up lower paid employment.

5. Since the Scheme's inception in 1974, over 107,000 former steelworkers have registered for ISERBS benefits. The ECSC contributes approximately 40% of benefits paid and to date the Government has received about £163 million from the ECSC towards this. Of this, approximately 76% was in respect of former BSC employees and 24% former private sector employees.

### British Steel (Industry) Limited

6. BS(I) is a wholly owned subsidiary of British Steel with the task of creating new employment in areas of the UK affected by steel closures. Established in its present form in 1978, BS(I) operates in 19 Opportunity Areas and has been involved in the creation of 65,000 jobs. Although funded in its early years by

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**dti**

the department for Enterprise

BSC, the Company has since 1983/84 been entirely self-supporting and has been able to finance its operations from interest on loans made to businesses and from rents received from its 9 managed workshop complexes.

7. BS(I) is regarded as having been very successful and its example has been followed by the setting up of British Coal (Enterprise) Limited and British Shipbuilders (Enterprise) Limited, though the latter is now defunct. BS(I) is expected to continue in its present form after British Steel is privatised later this year.

IMM

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CONFIDENTIAL

TO :

1. Dr Pelling, EM6/A *MP*
2. Mr Hardbattle, PB

cc PS/SoS  
PS/CDL  
PS/Mr Atkins  
Mr Williams  
Mr Benjamin, EM  
Mr Coates, EM6

FROM :

M L Seilek  
EM6/A  
Room 269  
Ashdown House  
215 6714

1 November 1988

## BRITISH SHIPBUILDERS : BRIEFING FOR THE PRIME MINISTER

As requested, I attach a background note for the Prime Minister covering help for redundant shipbuilding employees and assistance to shipbuilding closure areas.

The final para of the note refers to the setting up of possible new enterprise agency in the event of closure of North East Shipbuilders Ltd at Sunderland, on the assumption that a statement will be made on this on Thursday 3 November. If it is not, no public reference can be made to any such agency.



M L SELLEK



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HELP FOR SHIPBUILDING CLOSURE AREAS

a) Redundancy Payments

Within British Shipbuilders, the personal effect of the large number of redundancies made since nationalisation (a total of 48,000 job losses) has been cushioned by enhanced redundancy payments over and above the statutory provision. Up to 1986, this was in the form of direct payments from Government under the Shipbuilding Redundancy Payments Scheme. This provided a lump-sum payment on redundancy and additional weekly income support for up to two years thereafter. The cost to HMG was a little over £200 million. Since 1986, BS have been operating their own redundancy scheme (indirectly funded by Government). This provides an enhanced lump-sum payment on redundancy, based on the individual's length of service. This scheme provides an average redundancy payment of some £11,000 per employee at current rates, against a statutory entitlement of around £2,000 per person.

Rape?

b) Remedial Help for Shipbuilding Closure Areas

Shipbuilding areas have benefited for a number of years under various EC schemes. Assistance under these was directed primarily at infrastructure programmes in the areas concerned and the building of small factory units (under the European Regional development Fund). A new EC programme - RENAVAL - is about to come into being which will offer similar help in specified shipbuilding closure areas, but offering additionally more focused help for small firms and retraining of redundant shipbuilding workers.

In conjunction with the earlier EC programmes, and prompted by BS's 1986 restructuring programme (loss of 3,500 jobs), the Government set up a new body to assist in a more specific form the redundant shipbuilding workers. This was British Shipbuilders Enterprise Ltd. Its primary role was in the counselling and retraining of the people concerned, but it also had some 'enterprise' function in advising on and assisting small business development in the areas concerned. By the end of its life in December 1987, over half the people BSEL had assisted were in new employment. The cost was £6m.

[In the event of closure of North East Shipbuilders Ltd at Sunderland (possible statement on 3 November), a new enterprise company is envisaged. As with the original BSEL this would provide a training and counselling service, but would additionally offer a much wider 'enterprise' function (including the provision of new factories).]



## PRIME MINISTER'S VISIT TO POLAND

### TREATMENT OF REDUNDANT MINeworkERS IN THE UK

1. All redundancies from British Coal have been voluntary. When a pit has closed the men affected have always been offered alternative jobs within the industry.
2. Redundancy terms are exceptionally generous, providing up to about £35,000 including statutory lump sum and cash in lieu of concessionary fuel, depending on age and length of service.
3. British Coal's Job And Career Change Scheme (JACCS) provides training and counselling for former British Coal employees with the aim of helping them back into employment. 'Job shops' have been set up to match individuals' skills to local job vacancies. Where there are local skill shortages, specific retraining is provided to meet these needs.
4. British Coal Enterprise helps to create new employment in mining areas by assisting companies wishing either to move to coalfields or to start new businesses there. This is achieved by providing loans which would not be available from other lenders, and by managing workshops in which fledgling businesses can develop.

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POLAND

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10 DOWNING STREET

BRITISH SHIPBUILDERS

EMPLOYMENT

35000  
Prisoners

1. WHEN NATIONALISED IN  
JULY 1977

- Total BS = 87,300

- NESL = 7,520

2. NOW

- Total BS = 4,103

- NESL = 2,023  
(of whom 1/2  
are currently  
laid off)