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**DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB**

Telephone Direct Line 01-212 3301  
Switchboard 01-212 7676

Secretary of State for Industry

8 October 1979

Tim Lankester Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
London SW1

*cc to Hoskyns  
Mr James  
Mr Wilson*

*NBAW*

*R  
8/10*

Dear Tim

In my letter of 5 October I promised to keep you informed of developments in connection with BL. You will have gathered from the press that the meeting on Friday afternoon between BL management and the CSEU representatives came to a more constructive conclusion than the discussions earlier in the week. I enclose a copy of the agreed statement which shows that the CSEU accepted that restructuring was to some extent unavoidable if BL were to remain viable. BL are reasonably satisfied with the progress made; Sir Michael Edwardes described it to the press as "an amber light" enabling further progress to be made.

Further CSEU meetings are to be held on 11 October (CSEU Executive) and 13 October (CSEU and all employee representatives), and the BL Board will decide finally on 17 October on how to proceed in the light of the outcome of these meetings. It would be premature to judge whether these meetings will provide evidence that the Plan will command sufficient support from the workforce to enable the BL Board to put it forward to the NEB and Government. Even then my Secretary of State has repeatedly made it clear that he (and of course his colleagues) might not be satisfied that the company could meet its targets. The contingency work mentioned in the third paragraph of my previous letter is therefore continuing. I expect to provide a further report on 15 October.

Copies of this letter go to recipients of my previous letter.

*Yours ever*

*Ian Ellison*

IAN ELLISON  
Private Secretary

*Joint Approval Statement*

A further meeting between BL management and the Executive Committee of the CSEU took place in London today to discuss management's proposals for securing the future of the company.

The CSEU said that they backed the need to establish BL as the major commercially competitive indigenous motor manufacturer, and they fully supported the acceleration of the model programme and the modernisation of plant facilities. They stated that in their view the model programme was excellent. The CSEU, however, consider that the funds must be sufficient to ensure that Britain retains BL as a major designer and producer of motor vehicles.

Certain aspects of the plan cause the unions and the workforce grave concern, in particular the proposed redundancies and plant closures. The company agreed that there would be no enforced redundancy until the agreed procedures have been exhausted.

Another major matter of concern is the effect the plan will have on BL's foundry operations. The CSEU have secured assurances that in the event of outsourcing of castings being necessary these would wherever possible be made in the UK.

The CSEU pressed the BL management to obtain the full backing of the BL Board and to press the NEB and Government to finance the programme.

As a result of today's discussions

/The CSEU will be consulting employee representatives from all BL plants following which a further meeting will be arranged with the company.

5.10.79

- 9 OCT 1979

