

CONFIDENTIAL



Secretary of State for Industry

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6 February 1980

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

*Para this in to  
 MARY*

*7/2*

*Dear Tim*

BL

Thank you for your letter of 4 February about the Prime Minister's wish to have a meeting to discuss the BL situation. This has been arranged for 18 February.

The Robinson Dispute

This morning the AUEW announced that their enquiry into the dismissal of Mr Derek Robinson had concluded that he had been unfairly dismissed and should be reinstated. They came to this decision on the basis that the warning he had been given in March last year was not so serious as to warrant giving him different treatment from the three others who signed the leaflet and were only reprimanded. The union were persuaded by Sir Michael Edwardes last night not to call for an immediate strike at Longbridge, but to await the company's public reaction. The company are now studying the report and we have no knowledge yet of what their reaction will be. The company will be writing to my Secretary of State later today.

*Michael Edwardes has now rejected the AUEW demand*

The Pay Ballot

The result of the union ballot in BL Cars will be known on 12 February. The outcome is far from certain but our best estimate is that it could well be inconclusive. The question itself "Do you support your Negotiating Committee's rejection of the company's wages and conditions offer" may be misunderstood by some workers (it requires a "No" vote to accept BL's proposals), there is some concern that improved offers to the steel workers may have encouraged BL employees to think that intransigence will produce an improved pay offer; and the ballot itself is confined to the hourly-paid, whereas the company's October ballot covered both staff and hourly-rated employees in the whole company including Leyland Vehicles. There are, however, some factors which should help the company; it has a much superior communications machine, acceptance of the company's offer will produce 3 months' back payment of the increase, and there is a

*badly put ?*

/fairly ...

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fairly widespread appreciation of BL Cars' vulnerability. BL have given no hint that they have any intention of improving their wages offer or modifying their stand on demanding improved working practices if the ballot goes against them.

Once the ballot result is announced it will be for the unions in the first instance to interpret it. Unless there is overwhelming support for their stand they may well be chary about industrial action. The BL Board will consider the result of the ballot on 13 February and Sir Michael Edwardes is due to appear on television the following day.

#### Disposals and Contingency Planning

My Secretary of State has discussed with Sir Michael Edwardes the issue of disposals and collaboration with overseas manufacturers; he thinks that there can be no question of his acting behind Sir Michael's back on this issue. Sir Michael has his own views on the timing of any approaches to other companies. He has authorised a small number of his most senior staff to set in hand contingency planning as a matter of urgency. Officials from the Department of Industry and the Treasury will be involved in this work. I must stress that it of the greatest importance that knowledge of BL's contingency planning, and of officials' involvement, should be confined to as small a number of people as possible.

#### Performance

The present position on performance is that the January production figures are believed to be good but the sales performance was disappointing; BL captured only 14.98 per cent of a buoyant market. However, the UK sales campaign has only recently got under way and it is too early to form a view of its impact.

My Secretary of State proposes to send the Prime Minister a further note before the meeting on 18 February.

I am sending copies of this letter to Martin Hall (Treasury), David Wright (Cabinet Office) and Sir Kenneth Berrill.

Yours sincerely  
*I K C Ellison*  
I K C ELLISON  
Private Secretary