

BSC's Corporate Plan

This minute from Sir Keith Joseph seeks authority for him to tell Ian MacGregor tomorrow that BSC should go ahead with the programme of closures and de-manning proposed in the Corporate Plan. Sir Keith feels it is necessary to give an immediate go-ahead so that the BSC do not lose any momentum while the Plan is being considered by Government. The only issue for Ministers, in Sir Keith's view, is whether the Plan is tough enough - i.e., there can be no question of fewer redundancies than 17,000 and fewer closures than those set out in the Plan.

I am sure this is sensible. The only question concerns funding. Paragraph 4 of the minute says that BSC will need an additional £50 m to pay for the extra redundancies, or perhaps £20 m if the redundancies do not come through as smoothly as MacGregor hopes. This would be in addition to the further £200 m which has already been set aside from the contingency reserve, and which will be needed by February. The Treasury say that the extra £50 m (or £20 m) would mean that the contingency reserve would be broken. Although there is a good chance that it will be exceeded even without this additional charge, exceeding the contingency reserve would be bad for the Government's credibility on public expenditure. On the other hand, on industrial grounds there is much to be said for supporting MacGregor's planned redundancies as a very minimum.

The Chancellor has not yet seen the minute - he will do so overnight. I think it would be wrong to give the proposal your blessing until he has a chance to comment. Shall I say you are content provided the Chancellor is? If he is not, you could have a word at E tomorrow afternoon.

① This can't be done before James, ^{It would be}
a terrible James protest. ^{The}
for many families.

16 December, 1980.

② I think it's a mistake to react decisively so quickly
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