



Prime Minister

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

MUS 12/1

PRIME MINISTER

BL: FUTURE STRUCTURE

MT

I see that we are to meet on 14 January to discuss the proposal outlined in Patrick Jenkin's minute of 22 December.

2. I agree with your comments as recorded in your Private Secretary's letter of 5 January. We must not allow a hasty decision on re-structuring to prejudice the possibilities for disposal of parts of the business.

3. Indeed, this is a decision of such importance (because BL is so important to the economy) that it ought not to be taken without careful study of the case for the change in the light of the best available advice not just from officials but also, perhaps, from merchant bankers and management consultants.

4. We should not allow our options to be constrained by the impending departure of Sir Michael Edwardes. The future structure and the choice of management are inevitably bound up together. But it would not be right to allow our conclusions to be determined by Sir Michael's views on the men to fill the jobs, and his obvious assumption that there is no-one available, either in this country or abroad, who could fill his shoes.

5. I believe that we should decide on Thursday:

- ← (a) to ask for further expert advice; and
- (b) to tell Sir Michael Edwardes that we shall not



be able to give him an answer in time for him to make an announcement in the second week of February as he would wish.

6. I am sending copies of this minute to the Secretaries of State for Industry, Trade and Employment, to Mr Ibbs and to Sir Robert Armstrong.

(G.H.)

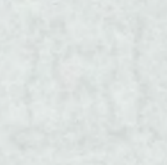
12 January 1982



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CONDENSATOR





10 DOWNING STREET

From the Private Secretary

5 January 1982

CONFIDENTIAL AND PERSONAL

B/P M

Incl Vol JR
bc AD JV

BL: FUTURE STRUCTURE

The Prime Minister was grateful for your Secretary of State's minute of 22 December about the future of the Leyland Group.

The Prime Minister has commented that she is worried about the move proposed by Sir Michael Edwardes. She believes that it will prevent the Government from selling off Land Rover and Jaguar. The Prime Minister is anxious to sell off as much as possible of the Group, and considers that the proposed structure would put too much loss-making activity into each company.

The Prime Minister would like a discussion of these issues. An ad hoc meeting has now been arranged for 0915 on Thursday 14 January.

I am sending copies of this letter to John Kerr (HM Treasury), John Rhodes (Department of Trade), Richard Dykes (Department of Employment), David Wright (Cabinet Office) and Gerry Spence (CPRS).

M. C. SCHOLAR

Ian Ellison, Esq.,
Department of Industry.

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MR. SCHOLAR

cc: Mr. Whitmore

MEETING TO DISCUSS BRITISH LEYLAND'S FUTURE
STRUCTURE.

This is arranged for Thursday 14 January
at 0915. The following will be attending:

Chancellor of the Exchequer
Secretary of State for Industry
Secretary of State for Trade
Secretary of State for Employment
Sir Robert Armstrong
Mr. Robin Ibbs
Mr. John Hoskyns

CAROLINE STEPHENS

5 January 1982