

Further information, in answer

DEPARTMENT OF INDUSTRY to your  
 ASHDOWN HOUSE questions,  
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16 February 1982

MCS 16/2

Secretary of State for Industry

The Rt Hon Sir Geoffrey Howe QC MP  
 Chancellor of the Exchequer  
 HM Treasury  
 Treasury Chambers  
 Parliament Street  
 London SW1

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Dear Geoffrey,

BL: STRIKE AT LEYLAND AND BATHGATE

Thank you for your letter of 5 February agreeing to my telling Michael Edwardes that the contingency arrangements for the possible issue of guarantees in respect of BL's loans should be activated. This I have duly done.

2 I mentioned at Cabinet on 11 February that the BL Chairman was likely to write to me again shortly conveying the decisions taken by his Board the previous day about the future of Leyland Trucks.

I attach a further letter from Michael Edwardes, dated 11 February, giving me formal notice of the Board's intention to put in hand measures to cease truck production at the Leyland and Bathgate sites in the near future, if the strike continues beyond 25 February. BL's meeting with national union officials, planned for Monday 15 February, will proceed. The company have said publicly that they will be prepared at that meeting to discuss alternatives to the 1982 Plan which have been put forward by union representatives. However, they do not consider these alternatives (which provide for the expansion of Leyland Vehicles' activities) to be acceptable. They are therefore preparing to mount a campaign of persuasion leading up the mass meetings of strikers planned for Thursday 18 February. If these meetings vote for the strike to continue, BL intend to issue letters advising employees that they will be deemed to have dismissed themselves if they do not return to work by a given date (probably 5 - 7 days later).

3 BL would try to keep open as much as possible of the related operations, including Scammell at Watford, but Leyland Bus employees at the Leyland site, now on strike, would be dismissed and not re-employed. There might be some future for Albion in Glasgow on a reduced scale to support Scammell. Guy Motors (Wolverhampton) will close as envisaged in the 1982 Plan.

4 Our officials are in touch about a list which has been





received from BL of the loans and facilities of the BL Group that might need to be guaranteed if the closure of Leyland Trucks seemed imminent. The Treasury have been provided with up-to-date information about the closure costs that would fall on the company. BL have promised as soon as possible a list of the major component suppliers to Leyland Trucks and the extent of their dependence on this business, so that the approximate number of consequential job losses can be assessed.

5 I am copying this letter and enclosure to the Prime Minister, the Secretaries of State for Trade, Employment and Scotland and to Sir Robert Armstrong and Robin Ibbs.

*Your ever*  
*Ratul*



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*MLB 12/2*

FROM SIR MICHAEL EDWARDS

10:10

The Rt Hon Patrick Jenkin, MP  
Secretary of State for Industry  
Ashdown House  
123 Victoria Street  
LONDON SW1

<i>Mr Baudin</i>	<i>15/11</i>
	<i>15/11</i>
	<i>15/11</i>
	<i>Mr Morgan</i>
	<i>Mr Mountfield</i>
<i>NCCN</i>	
<i>18/2/82</i>	

11 Feb 1982

*Dear Secretary of State,*

STRIKE AT LEYLAND AND BATHGATE

The 1982 Corporate Plan for Leyland Trucks was finalised after no less than a year's debate of the options and was approved by the BL Board, in the light of this debate, as the only viable alternative to closure.

The decision to proceed with the Plan, as against closure, was by no means an easy one, given the heavy cash outflow forecast for Leyland Trucks in the short term (£89m in 1982) and the major task which it imposed on management to implement a radical programme of restructuring and at the same time introduce new models on schedule and maintain customer confidence. An extremely rapid rate of performance improvement is required in order to stem the unacceptable level of cash outflow.

The Leyland Trucks Plan is not therefore robust. It is completely dependent on management's ability to carry through the restructuring programme on a tight timescale without major disruption.

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The Rt Hon Patrick Jenkin, MP

11 Feb 1982

The BL Board has considered the implications of the present strike at Leyland and Bathgate, which has now lasted almost three weeks. Our conclusion is that, in the absence of full acceptance of the Plan by the workforce and a return to normal working in the very near future, the Plan will no longer be achievable.

This judgement is based not only on the immediate financial impact of the strike but on the apparent depth of resistance to the restructuring programme and its adverse effect on customer confidence. If employees and their representatives in Leyland Trucks cannot now (nearly three months after the announcement of the Plan) be persuaded to accept the need for painful measures, then clearly management will have no chance of carrying through the overall restructuring programme at the required speed.

I am therefore writing to give you formal notice of the Board's intention to put in hand measures to cease truck manufacturing operations at the Leyland and Bathgate sites in the near future if the strike continues beyond 25 February. While we would try to keep open as much as possible of the related operations, such as Leyland Bus and Scammell, you should know that the direct loss of jobs could well exceed 14,000, without taking account of further consequential job losses in suppliers and in the local communities concerned.

Yours Sincerely,  
Michael Swaine.

10 FEB 1982  
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