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Prime Minister

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MUS 23/10

Treasury Chambers Parliament Street SW1P 3AG

The Rt Hon David Howell MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
LONDON  
SW1

23 October 1981

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Dear Mr Howell

BRITISH RAIL HOVERCRAFT LIMITED

You wrote to Leon Brittan on 21 October to let him know of your intention to approve the proposed merger between British Rail Hovercraft Limited and Hoverlloyd Limited and to announce this today.

I am happy that you should make that announcement. You also note that satisfactory arrangements have been made to enable Hoverspeed to be classified as a private sector company. Perhaps I could take this opportunity to reiterate what Nigel Lawson said in his letter of 1 June about BRB disposals, namely that we must aim for a residual interest in these cases considerably smaller than the one third, which seems to be the Board's desired shareholding. Indeed, I hope you will be able to bring forward very soon some more substantial privatisation of this and the Board's other subsidiaries. We are due to talk about BREL very shortly.

I am sending copies of this letter to the recipients of yours

Yours sincerely  
Mr Feldstein (Printer Secretary)

NICHOLAS RIDLEY

(Approved by the Financial Secretary and signed in his absence)