

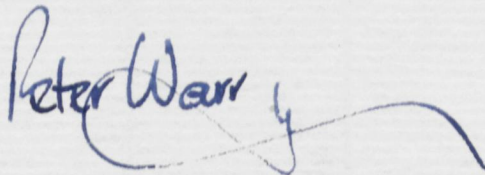
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PRIME MINISTER

25 October 1985

BL

There have been interesting developments on BL whilst you have been abroad.

1. With Leon's agreement, and much to BL's embarrassment, I had Charterhouse Japhet renew their bid for Unipart. BL are now obliged to treat this offer seriously and there is a real chance that Unipart will now be sold; possibly by Christmas.
2. BL have been forced to accept the appointment of a DTI nominee director. It is proposed that the new director will have the specific duty of showing all papers to Leon. Of course, much of the discussion will now occur in a shadow board but this still represents a major step forward. I suggested Kumar Bhattacharyya as the nominee, but a city accountant who has previously spent a period of secondment with DTI has been chosen.
3. BL have submitted their 1986 Corporate Plan two months earlier than normal. As predicted BL have disregarded the £680m 'cap' and borrowings are now forecast to rise to at least £800mn by the end of next year. I am hopeful that Leon will reject the plan.



PETER WARRY