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From the  
Minister of State  
Norman Tebbit

The Lord Trenchard  
Minister of State for  
Defence Procurement

8 July 1981

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GOVERNMENT REPLY TO SELECT COMMITTEE REPORT ON CONCORDE

Thank you for your letter of 30 June in which you refer to your belief that the assumption in the Department's calculations of Concorde cancellation costs of 3 March 1981 of a 25% redeployment at British Aerospace and Rolls-Royce Bristol is no longer valid.

As this accords with information which this Department had already received from the manufacturers direct, I added a couple of sentences towards the end of paragraph 9(d) indicating that, since the earlier calculations, there has been a substantial deterioration in the prospects of redeploying redundant Concorde workers at British Aerospace and Rolls-Royce Bristol, and that this would be taken into account in the Department's revised calculations. The commentary on this addition indicates that this factor will tend to increase the redundancy costs of cancellation, though this will be offset by the reduction in the numbers employed on Concorde.

You mentioned in this connection that, in the event of cancellation, you would be very anxious to ensure that these two manufacturers did not simply load surplus labour on to Ministry of Defence contracts. We have a similar anxiety that the reverse process does not happen so long as Concorde continues to be supported out of Department of Industry funds; we hope your people who administer Concorde contracts on our behalf will exercise a similarly stringent control to ensure that the level of Concorde engine and airframe support activities and manning fully reflect the reduced levels of airline utilisation, present



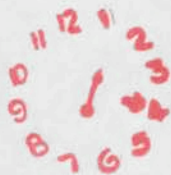
and expected. We therefore very much welcome the initiative taken by your engine people to appoint a Working Group of MOD (PE) officials to look into the question of Olympus 593 spares provisioning with Rolls-Royce representatives. We look forward to receiving their report at an early date, when it can be considered along with other measures, some already in hand, to bring down Concorde net expenditures.

I am copying this letter to the recipients of mine of 22 June.

*J. Norman*

NORMAN TEBBIT

-9 JUL 1984





Minister of State for  
Defence Procurement

D/MIN/TT/11/5

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30 June 1981

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Dear Norman

Thank you for sending me a copy of your letter of 22nd June to Sir Keith Joseph enclosing the draft of a Command Paper in response to the report of the Select Committee regarding the position of the Concorde programme.

I am in general agreement with the tenor of the draft but there is one comment that I would like to make in connection with paragraph 9(d) where you refer to an assumption that in the event of cancellation there could be immediate redeployment by the manufacturers of 25% of those made redundant. For our part we would be very anxious to ensure that Rolls Royce and British Aerospace at Bristol did not simply load surplus labour onto Ministry of Defence contracts and we would be controlling this situation very stringently. In the light of what we know of the present circumstances of these two plants we do not believe that the assumption of a 25% redeployment within Rolls Royce Bristol and British Aerospace Bristol is any longer valid. I suggest, therefore, that paragraph 9(d) be reworded so that whilst making full play of the possibilities of job creation within

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Norman Tebbit Esq MP

the Bristol area it does reflect current thinking on the possibilities of redeployment within Rolls Royce and British Aerospace.

Copies of this letter go to the recipients of yours.

Yours sincerely  
Tom

Lord Trenchard

30 JUN 1981

