



CONFIDENTIAL

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

Secretary of State for Industry

The Rt Hon Lord Hailsham of
St Marylebone PVCH
Lord Chancellor
House of Lords
London SW1

30 October 1980

1. *DL* to see

2. PA

MS

31110

Jan Quintin.

INDUSTRY BILL: BORROWING LIMITS

I understand from David Mitchell that members of L Committee yesterday expressed strong reservations about my proposal in L(80)52 to delete Clause 1(1) of the Industry Bill, and to deal with BL's needs by introducing an amendment at a later stage. Members of L considered that it might attract serious criticism if the Bill were introduced without one of its major provisions.

As I am sure you recognise we have difficulties in determining the amount to provide for BL until we have examined the BL Corporate Plan which has only just arrived with us. At the same time we cannot afford to delay presentation of the Bill since it provides for additional finance for both BL and Rolls Royce. You may recall that we were not able to raise the limits for the companies in the Industry Act 1980 because at the time this was passing through the Commons, the Prime Minister decided that it would be damaging to announce increases in the limits during the steel strike. We must now therefore ensure passage of the present Bill by about the end of February if we are not to risk the possibility of running out of funds for either RR or BL or possibly both.

To meet the concern of the Legislation Committee I suggest that we include provision for BL but at a notional level of £1m. We can then amend this figure at Report Stage, by which time we shall have completed our examination of BL's plan and made decisions as to further funding. I would propose to arrange a Parliamentary Question explaining the significance of the £1m provision on the day the Bill is published, both to avoid undue speculation about the BL situation and so that the House will be aware that we shall have to amend the Bill at Report stage. By adopting this course the House will examine the structure of the Bill as we intend it should be finally enacted, and only the figure for BL will have to be changed at Report Stage.

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It was also agreed at L Committee that David Mitchell should consider urgently whether the Bill could be converted into a Money Bill. Whilst it would be possible to amend Clause 6 in such a way as to make the Bill certifiable as a Money Bill, this could not be done without altering the underlying purpose of the Clause. Moreover it appears unlikely that the conversion into a Money Bill would save as much time as was at first thought. I understand that it would reduce the time for consideration in the Lords from about a month to 2 weeks. I do not think I can claim that the timetable is critical to two weeks, and the Lords might well accuse us of adopting a device to prevent them dealing with matters on which they might reasonably expect to comment. On this basis therefore I do not propose amending the Bill in order for it to be certifiable as a Money Bill.

I hope this meets the points raised in Legislation Committee, but I thought I ought to let you know how I propose to deal with the questions so that, if possible, we can clear the points before Legislation Committee meets next on 11 November. You will understand, I am sure, that I am hoping we can ensure that we clear this Bill at the meeting on 11 November, since its presentation will otherwise be delayed with the serious implications I have mentioned for financing both RR and BL.

I am sending copies of this letter to the Prime Minister, the Attorney General, to Norman St John Stevas, members of E Committee, George Younger, Nicholas Edwards, Mark Carlisle and to Sir Robert Armstrong. In view of the Parliamentary implications of this Bill for both Houses, I am copying this letter also to Michael Jopling and Lord Denham.

Yours ever,

Keith

FROM:

THE RT. HON. LORD HAILSHAM OF ST. MARYLEBONE, C.H., F.R.S., D.C.L.



HOUSE OF LORDS,
SW1A 0PW

6th November, 1980

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The Right Honourable
Sir Keith Joseph, Bt., MP
Secretary of State for Industry,
Ashdown House,
123 Victoria Street,
London,
SW1E 6RB.

VMS

My dear Keith:

INDUSTRY BILL: BORROWING LIMITS

Thank you for your letter of 30th October. I am grateful to you for looking again at your draft Industry Bill in the light of the strong reservations of L Committee.

It would clearly have been preferable if agreement could have been reached on the financial limits before the Bill was introduced. Since, however, this has not been possible I note that when the Bill is published you propose to explain the significance of the provision of £1 million for British Leyland. I am sure what you now propose is an improvement and I hope it may be enough to forestall some at least of the criticism.

I note what you say about the decision not to amend the Bill in order that it might be certifiable as a money bill. When Legislation Committee look at this particular point again I think they will wish to know as precisely as possible the date by which Royal Assent must be obtained.

I understand that you will be bringing the Bill back to L Committee next week on the basis suggested in your letter and, while I cannot commit my colleagues, I see no reason to think that we shall not be able to settle the matter then.

I am sending copies of this letter to the Prime Minister and the other recipients of yours.

Yrs:

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ASHDOWN HOUSE
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TELEPHONE DIRECT LINE 01-212 3301
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PS/ Secretary of State for Industry

14 November 1980

Alistair Shaw Esq
Private Secretary to the
Lord Chancellor,
Lord Chancellor's Department
House of Lords,
LONDON
SW1A 0PW

✓
MS

Dear Alistair

not in CF
D/C Pl check 3rd inst.

I understand that following the Lord Chancellor's minute to her of 11 November the Prime Minister has decided that the provision in the Industry Bill for BL should be a nominal one of £1 million to be amended when firm decisions have been taken on BL. She has also agreed that my Secretary of State should explain his intention to proceed in this way in a Parliamentary Answer when the Bill has been published. Clause 1(1) can therefore remain in the form in which it was presented to L Committee on 11 November.

2. As he confirmed in his minute to the Prime Minister of 12 November, my Secretary of State has arranged in accordance with the wishes of Legislation Committee for Clause 6 to be amended in such a way that the Bill should be certifiable as a Money Bill.

3. Since this is the only change to the draft Bill which L Committee considered on 11 November and since it is the amendment which L Committee specifically invited Mr Butler to make, my Secretary of State assumes that the Lord Chancellor will agree that it is not necessary to have further collective discussion of the draft Bill. Unless the Lord Chancellor sees any objection therefore my Secretary of State will make the necessary arrangements with the Chief Whip for the Bill to be introduced at the beginning of the new session.

4. I am sending copies of this letter to Nick Sanders, the Private Secretaries of the members and E and L Committees and to David Wright.

Yours sincerely
Catherine Bell
CATHERINE BELL
Private Secretary

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17 NOV 1980



FROM THE PRIVATE SECRETARY

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HOUSE OF LORDS,
SW1A 0PW

18th November, 1980

Mrs Catherine Bell,
Private Secretary to the
Secretary of State,
Department of Industry,
Ashdown House,
123 Victoria Street,
London, SW1E 6RB.

Dear Catherine,
Industry Bill

The Lord Chancellor has seen Nick Sanders' letter of 14th November to Michael Collon and your letter to me, of the same date, about this Bill. He has noted the Prime Minister's decision, and the amendments your Secretary of State is making to Clause 6. Subject to any comments from the Chancellor of the Duchy or the Chief Whip, he agrees that the Bill may now be introduced into the House of Commons at the beginning of the session.

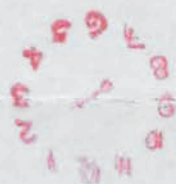
I am copying this letter to Nick Sanders and the other recipients of yours.

Yours sincerely,

Alistair Shaw

A.E. Shaw

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178 MAY 1980