



CONFIDENTIAL

PRIME MINISTER

BL's 1983 CORPORATE PLAN

I feel I should comment on the Secretary of State for Trade's minute to you of 19 January on this subject.

2 I recognise the point which Arthur Cockfield is making in the first part of his minute on the provision of funds by the Government, but I think he has perhaps over-compressed the history. This is set out in full in the first four paragraphs of the report by officials which was attached as Annex A to my minute to you of 11 January. In particular, we did not tell BL last year to find the whole of the £150m funding which they wanted in the financial year 1983-84 by selling off part of the business. As part of the understanding on privatisation which we reached with them last August, BL undertook not to seek further funds after March 1984 provided we gave them such part of the £150m envisaged in previous Corporate Plans as was not offset by the proceeds of privatisation in 1983-84. As I explained in my minute, BL have reduced their requirement to £100m in anticipation of these proceeds, which will not be received until later. They have not said that they would like the remaining £50m as well if the proceeds of privatisation fall short of the full £150m. BL gave a public commitment in their half-year statement last September that the final £150m of Government funding would be significantly reduced as a result of privatisation, thus bringing this funding to an end earlier than



CONFIDENTIAL

expected in previous Corporate Plans. I intend to hold them to this commitment. A copy of the relevant part of the half-year statement was attached to Sir Michael Edwardes' letter of 4 August 1982, which was at Annex B of my minute of 11 January.

3 I would not disagree in substance with the other points in Arthur Cockfield's minute, and do not therefore propose to comment on them, but I felt that the tone of his minute was unduly grudging towards BL given that the company has made some progress in a very difficult situation.

4 I am copying this minute to the Chancellor of the Exchequer, the Secretaries of State for Scotland, Trade and Employment, to Mr John Sparrow and to Sir Robert Armstrong.

PJ

P J

26 January 1983

Department of Industry
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End of Future of BL Pt 7

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