



JH 614

PS Secretary of State for Trade and Industry

CONFIDENTIAL
COMMERCIAL IN CONFIDENCE

NO

DEPARTMENT OF TRADE AND INDUSTRY

1-19 VICTORIA STREET

LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5422

GTN 215

(Switchboard) 215 7877

18 January 1984

J O Kerr Esq
Private Secretary to the
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1P 3AG

Prime Minister (2)

To note the immediate redundancies
and the difficult choices that the
Corporate Plan will present.

AT 18/1

ms

Dear John,

BL: LEYLAND TRUCKS REDUNDANCIES

My Secretary of State feels that the Chancellor and colleagues should be aware that Leyland Vehicles Ltd will be announcing in the course of Thursday 19 January about 1000 redundancies in Leyland Trucks. This Department has been consulted about them under BL's Memorandum of Understanding with us, in view of their economic and political significance, but levels and announcements of redundancies are primarily a matter for the BL Board and my Secretary of State does not think it would be sensible to press them to put off a step which makes commercial sense.

2 These redundancies are necessary to bring manning levels better into line with the current levels of activity in the business. Their announcement in no way prejudices any particular outcome of the Government's current consideration of the proposals for the future of Leyland Trucks in BL's 1984 Corporate Plan, which was received on 23 December. The Treasury and other interested Departments are, of course, represented on the Official Group on BL which is now urgently working up advice on BL's plan and possible alternatives to it.

3 The redundancies to be announced on 19 January are spread across all parts of Leyland Trucks except the Bathgate plant. They are concentrated at Leyland, Lincs (about 500) and Albion, Glasgow (about 370) with some at Scammell at Watford (about 150). National union officials will be informed in the morning with plant announcements later in the day.

4 The nature of the BL Board's proposals in the 1984 Plans for Trucks and the options open to us make reactions in response to queries following this news particularly delicate. The Board's proposal is for Leyland Trucks to become an assembler only, with a considerably simplified model range. Manpower would be halved



from 10,000 to 5,000, and Bathgate would be closed, with the cessation of engine manufacture and concentration of assembly at Leyland. Possible alternatives include the closure of Trucks, or - if it could be brought off - some merger solution. It is because Bathgate will have to be closed - whatever course is decided upon - that no redundancies there are to be announced at this stage.

5 Clearly the objective in handling reaction to the present announcement should be to minimise the increase it leads to in the political pressure on the Government, already strong in Scotland in relation to Bathgate, especially since investment in an engine operation there was suspended in December. It will be necessary to stick to the position that the 1984 Corporate Plan is under consideration and decisions will be announced as soon as possible. We have told BL (not that the Board would want, as far as we can tell, to do it otherwise) that they must handle the announcement in such a way as to avoid prejudicing any option open to Ministers, including the closure of Trucks.

6 We will be providing separately briefing for Prime Minister's questions and for the Business Statement on Thursday.

7 I am sending copies of this letter to the Private Secretaries to the Prime Minister, the Secretaries of State for Scotland and for Employment, to the Lord Privy Seal and to the Secretary to the Cabinet.

Yours ever,
Ruth

RUTH THOMPSON
Private Secretary

cc TF

Prime Minutes ②

CONFIDENTIAL
COMMERCIAL IN CONFIDENCE

AT 18/1



85% to see

Miss Thompson (PS/Secretary of State)

cc PS/Mr Lamont
PS/Mr Butcher
Mr Manzie
Dr Thynne NWRO
Mr Woodrow Inf
Mr Hardbattle PB
Miss Silver Press Office
Mr Long

MT

LEYLAND TRUCKS REDUNDANCIES

Further to the draft Private Secretary letter of this morning, I now submit a brief and background note. The numbers of redundancies are BL's latest figures, as of this morning, reflecting their most up-to-date intentions.

2 I suggest that you circulate these to the Chancellor's office and the other offices who received copies of your letter.

3 I am sending the top copies to Parliamentary Branch, who may wish to forward it for Prime Minister's questions and the Business Statement.

4 I hear that today's Scottish press is full of speculation, some well informed, some wrong, about job losses both at Albion and Bathgate and various meetings. The Scottish Secretary is up for First Order PQ's this afternoon. He is being briefed by the Scottish Office with whom we are keeping in very close touch. The DTI Press Office will not want to get publicly ahead of what BL says, as it is their announcement.

RJA

R J MEADWAY
V2
Ashdown 277
212 0993
18 January 1984

Kuh

Pl. circ to recipients
of my earlier letter
on time + ret to
me for tonight's box

R 18/1.



LEYLAND TRUCKS REDUNDANCIES

BACKGROUND NOTE

At 11.00 on 19 January BL will be telling union representatives about some 1000 redundancies in the Leyland Trucks plants at Leyland (about 500), Albion, Glasgow (about 370) and Scammell, Watford (about 150).

BL's 1984 Corporate Plan, which is currently being considered by the Government, proposes the complete closure of the Leyland Trucks plant at Bathgate in West Lothian and a substantial number of redundancies elsewhere in Leyland Trucks. Ministers have not yet decided whether to accept the Board's proposals, or whether to press the Board to dispose of Leyland Trucks or to close it completely. All the likely options involve the closure of Bathgate, and it is proposed that this should be announced once Ministers have reached their decision. The redundancies now being announced arise out of an internal management exercise and would be necessary whatever Ministers' decisions on the Corporate Plan. In response to questions BL will be at pains to avoid any suggestion that the remaining jobs, particularly those at Bathgate, are now safe.

CONFIDENTIAL
COMMERCIAL IN CONFIDENCE

V2/DTI

18 January 1984



LEYLAND TRUCKS REDUNDANCIES

LINE TO TAKE

The decision to reduce the numbers employed in Leyland Trucks was taken by the BL Board in the exercise of their commercial judgement. The Government was consulted in advance because of the redundancies involved, but it would not be appropriate for the Government to intervene. The management considered the redundancies essential in view of the contraction of the markets for the truck business's products and its heavy losses.

informed?

[IF ASKED WHETHER REMAINING JOBS IN TRUCKS ARE SAFE]

The Government cannot guarantee that. The management has made clear to the workforce the seriousness of the position of the business.

[IF ASKED ABOUT THE FUTURE OF THE TRUCKS BUSINESS]

[IF ASKED ABOUT PRIVATISATION OF ANY PART OF BL]

The Government is considering BL's 1984 Corporate Plan and decisions will be announced as soon as possible.

[IF ASKED ABOUT BATHGATE]

This is being considered in the context of the Corporate Plan.