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PRIME MINISTER

LEYLAND TRUCKS

When you summed up the discussion on Leyland Trucks at E(A) on 4 April, you indicated that the Sub-Committee should resume discussion of Bathgate in the early summer, subject to the possibility that we might discover after consultation with the BL Board that such a course could throw up major difficulties.

2 We have now been into this with Sir Austin Bide, Chairman of BL, and I am satisfied that we shall have to move somewhat faster than this if we are to keep open the possibility of achieving the planned flotation date of 24 July for Jaguar. I have just received advice from Kleinworts, who are advising us on the British Telecoms flotation, that a Jaguar flotation in July might have a "seriously prejudicial" effect on the BT issue. We have considered and discounted similar advice before, when we agreed to proceed with the July date for Jaguar. I am now

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urgently reassessing the position; but if we are to keep open the July option, we cannot delay decision on the various BL issues now before us. The BL Board has to have our decisions on the whole of the Corporate Plan before it can formally commit itself to the disposal of Jaguar, otherwise it would risk breaching Stock Exchange requirements in respect of the continuing business of BL. Having reviewed the flotation timetable, BL say that the aiming date for Corporate Plan decisions has to be 15 May for planning purposes, with any delay thereafter being at the price of a rapidly escalating risk of missing 24 July. We have examined the timetable underlying this and I see no prospect that Corporate Plan decisions as late as mid-June could avoid wrecking the Jaguar flotation.

3 It follows, therefore, that we should make our dispositions on the basis that the closure of Bathgate will have to be announced in mid-May; regrettably, rumours of the closure have already been widespread, particularly in the Scottish press. I intend to bring forward my

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proposals on the outstanding points in the BL Corporate Plan
in early May.

4 I am sending copies of this minute to the other
members of E(A) and to the Secretary of the Cabinet.

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↑ May 1984

Department of Trade and Industry

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