

CONFIDENTIAL

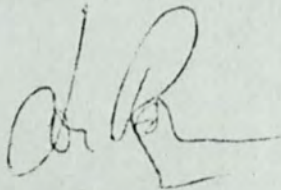
W Turnbull

17 September 1984

THE RT HON DAVID YOUNG

I attach the Treasury's 2-page summary of BL privatisation.

X | The Prime Minister would be grateful if you could pursue the  
preparation of plans for disposal of the Land Rover 4-wheel  
drive business as a separate operation, and the separate  
disposal of bus and truck, on the likely assumption that  
Ford and GM have now had time to turn it down.



JOHN REDWOOD

Note

X | is ambiguous. The Prime Minister did not intend DY to take  
closed privatisation but to "speak privately to Mr. Tubbitt" to  
discuss progress and to offer help. I spoke to the Young's office to  
clarify this

AT 18/9

CONFIDENTIAL

## SECTION C: FUTURE PRIVATISATIONS

1. <u>BL</u>	<u>Department</u>	<u>Department of Trade and Industry</u>
	<u>Responsible Minister</u>	<u>Mr Tebbit</u>
	<u>Responsible Treasury Official</u>	<u>Mr Lovell</u>
	<u>Responsible Dept Official</u>	<u>Mr Lingard</u>

<u>Key Statistics</u>			
Turnover	£3421M		1983
Manpower	101,000 (UK 80,000)		1983
CCA Loss	£213M		1983
Net Assets	£1036M		1983
Public Expenditure Cost:	£520M	1981-82	
	£370M	1982-83	
	£90M	1983-84	

Decision in principle to privatise all or part. "Visible progress" required towards privatisation within 2 years (August 1982). This is defined as sale of or advanced preparations for the sale of at least 2 of the 5 BL groups by August 1984.

Restructuring necessary Yes

Legislation needed No

Regulation needed post-privatisation No

Advisers. BL appointed Hill Samuel to act for them in preparing Jaguar and Unipart for sale.

Capital structure post-privatisation agreed No

Personnel policies agreed No

Method of sale In August, Unipart acquired Edmunds Walker for £15 million as a prelude to privatisation. Assuming no problems on assimilation, the target date for privatisation is mid 1985. Disposal will be by placement or flotation.

Employee involvement Not decided.

Likely timing of sale Unipart - mid 1985

Likely receipts Unipart - £75-100M

Public position Privatisation of BL expected within this Parliament by stages. As component businesses are restored to viability they will be disposed of.

Summary of current position

Of the other businesses: the BL Board have proposed privatisation of Land Rovers/Leyland Vehicles as a single business. The Government has indicated that it doubts whether privatisation of Land Rover/Leyland Vehicles as a whole will be feasible within an acceptable timescale. Exploratory discussions will shortly be taking place to establish whether there is a case for rationalisation of the UK commercial vehicle sector involving BL and Ford or GM. In the meantime BL have been asked to prepare options for the separate disposal of Land Rover and Leyland Bus, with assessments of the consequences of disposal for other parts of BL. The three month time limit set by the PM for the conduct of the Land Rover study has been exceeded; it now looks unlikely that the results of the study will be available much before the 1985 BL Corporate Plan. On Austin Rover, the BL Board have been asked to present in the 1985 Corporate Plan a consideration of the options for improving the prospects of privatisation earlier than is now foreseen, with the object of identifying privatisation prospects in 1987.

Disposal receipts from the sale of BL's component companies will not be paid to HMG but will be retained by BL to finance the remainder of the Group. This will allow BL to be independent of HMG equity after 1983-84.

Action expected during third quarter 1984-85

Unipart to assimilate EW. BL Board to prepare 1985 Corporate Plan, and complete separate studies.

Austin Rover  
Jaguar  
Unipart  
Trucks  
Buses

14 September 1