

file Slew ASY

SUBJECT CC MASTER



cc BG

10 DOWNING STREET
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From the Private Secretary

18 March 1987

Dear Jan,

WESTLAND: SUPPORT HELICOPTERS

The Prime Minister this morning held a meeting to discuss the Ministry of Defence's requirement for support helicopters on the basis of your Secretary of State's minute to the Prime Minister of 12 March. There were present your Secretary of State, the Lord President, the Secretary of State for Trade and Industry, the Chancellor of the Duchy of Lancaster, the Chief Secretary and Mr. Brian Unwin (Cabinet Office).

Your Secretary of State reported the results of two useful discussions he and the Secretary of State for Trade and Industry had held with Sir John Cuckney. Sir John had argued that a Ministry of Defence order for 30 utility EH101 helicopters with an in-service date of 1994 would be inadequate to allow Westland to sustain its design and development capability. He wished the order to be advanced to give an in-service date of 1991 or 1992. In addition, he was looking for an order for 20 Lynx helicopters with an in-service date of 1989/90. Even with these orders, closure of the facility at Weston Super Mare seemed inevitable. However, Sir John believed his proposals would limit redundancies at Yeovil to 700 (against 1600 under the proposal put to him by Mr. Younger) and would help to retain key engineering staff - perhaps 500 of them would go, Sir John believed, if his proposals were not adopted. Sir John had said that Sikorsky did not expect to offer Westland work on the Black Hawk within the next five years.

Continuing, your Secretary of State said he would be prepared to bring forward the in-service date for 30 utility EH101s to late 1992 and to meet the cost from within the defence budget. There was no defence need for Lynx 3 helicopters. However, if resources were available, he would see a defence need for 16 Lynx 2 helicopters. Resources for these helicopters could not be found from within the defence budget, which faced other more pressing priorities.

In discussion, the meeting recognised the effects on the area of closure of the Weston Super Mare factory and the political difficulties which would result. One possibility might be to transfer some helicopter maintenance work, which was at present carried out in-house by the RAF, from Fleetlands to Weston Super Mare. This would, however, weaken a capability which the RAF needed to have, and there would be difficulties redeploying the staff concerned. This option was therefore not worth pursuing further. No other

options for keeping Weston Super Mare open had been identified. Redundancies were inevitable, but some employees would be prepared and able to move to other jobs in the aerospace industry. Sir John Cuckney would no doubt make every effort to find a suitable purchaser for the factory - if the company confirmed that no alternative work would be found for it - and he should be pressed to do so.

The meeting questioned how far ordering Lynx helicopters - which would have a high cost per job - would in fact help Westland retain its design and development capability: Lynx 2 was an existing production model. This was, however, Sir John's proposal and to move some way towards him on it would demonstrate the Government's wish to try to help the company and its employees.

It was agreed that your Secretary of State would discuss with the Chief Secretary and Mr Channon fresh proposals to be put to Sir John Cuckney under which the in-service date for an order of utility EH101 helicopters would be brought forward to late 1992 but their number would be reduced to allow an order for Lynx 2 helicopters to be placed within the same total cost. The scale of this switch would need further discussion before a proposal was made to Sir John. (The profile of expenditure on Lynx 2 helicopters would be different from the profile of expenditure on the EH101 helicopters they replaced; the handling of this should be agreed between your Secretary of State and the Chief Secretary; an increase in the provision for defence might be necessary to accommodate it.) If Sir John preferred the full order for EH101s, without Lynx, the Government could of course meet him on this. Sir John should be pressed on the help which Sikorsky might give. It was noted that Sir John was aiming to make an announcement by 21 April. The Government would wish to announce its plans for helicopter orders before then; and an announcement of withdrawal from the NH90 project might be made at the same time. Your Secretary of State and Mr Channon would discuss with Sir John the presentation of the announcements by Westland but it could be expected that Sir John would put the most positive light on whatever was eventually agreed.

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Your Secretary of State and the Secretary of State for Trade and Industry would report back to the same small group of Ministers the results of their discussions with Sir John, probably early in April.

I am copying this letter to Joan MacNaughton (Lord President's Office), Tim Walker (Department of Trade and Industry), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), Jill Rutter (Chief Secretary's Office) and Mr. Unwin (Cabinet Office).

(DAVID NORGROVE)

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