



10 DOWNING STREET
LONDON SW1A 2AA

Me
DAS
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From the Private Secretary

10 November 1988

Dear Sir,

**RESIDUAL GOVERNMENT SHAREHOLDING IN BRITISH
AIRWAYS PLC: TRANSFER OF FUNCTIONS ORDER**

Thank you for your letter of 4 November. The Prime Minister is content for a Transfer of Functions Order to be made enabling the Treasury to exercise concurrently with your Secretary of State powers under the Act to hold and dispose of British Airways shares.

I am copying this letter to Alex Allan (HM Treasury) and Trevor Woolley (Cabinet Office).

Ye
pu

(PAUL GRAY)

Roy Griffins, Esq.,
Department of Transport.

Rm



cc PK
DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

My ref:

Your ref:

Paul Gray Esq
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

Prime Minister
Robin Baker agrees this is
sensible. Content to agree to
a Transfer of Functions Order.
4 NOV 1988

Dear Paul

REC6
9/11

Yes not

RESIDUAL GOVERNMENT SHAREHOLDING IN BRITISH AIRWAYS PLC:
TRANSFER OF FUNCTIONS ORDER

I am writing to seek the Prime Minister's approval to a minor change in the respective responsibilities of this Department and the Treasury in respect of the residual Government shareholding in British Airways.

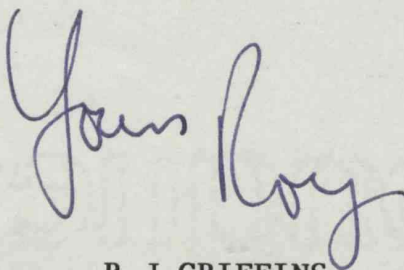
As you will know, the Government retained shares in a number of privatised industries in order to pay a loyalty bonus to individual shareholders who continued to hold shares bought in the offers for sale for a specified period. A significant number of these shares are now surplus to requirements as the number of eligible shareholders has declined since the time of flotation. Treasury Ministers wish to consider the various options for disposing of these surplus shares together, including those which would lead to a further widening of share ownership. They have therefore decided, in accordance with the policy agreed by E(A) in January 1984 in respect of British Telecom, that the residual Government holding in these companies, including British Airways, should be transferred to the Treasury.

In the case of all the industries except British Airways, this transfer can be effected by administrative action. However, the wording of the Civil Aviation Act 1982 means that a Transfer of Functions Order is required to enable the Treasury to exercise concurrently with the Secretary of State his powers under the Act to hold and dispose of British Airways shares. The Treasury are content with this proposal, which has no implications for any other Department. The transfer will be effected as soon as possible and will not be announced since the Transfer of Functions Order will bring it to the attention of Parliament.

There are no implications for expenditure and manpower either in this Department or the Treasury.

I should be grateful to know that the Prime Minister is content for this change in responsibilities to proceed.

I am copying this letter to Alex Allan in the Chancellor's Office and to Trevor Woolley in Sir Robin Butler's Office.

A handwritten signature in blue ink, appearing to read 'R J Griffins', written in a cursive style.

R J GRIFFINS
Private Secretary

AEROSPACE : BA pt 6



CONFIDENTIAL

EXCLUDED

