



Prime Minister (2)

Chancellor's reactions  
very much in line with yours

AT  
15/5

Treasury Chambers, Parliament Street, SW1P 3AG  
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PRIME MINISTER

**BL 1984 CORPORATE PLAN**

Norman Tebbit's minute to you of 9 May covers those aspects of the Corporate Plan we have not yet discussed. I am generally content with Norman's proposals and agree that our immediate aim should be to safeguard the timetable for Jaguar privatisation.

2. There are just a few points I should like to register:

(i) Austin Rover Group. I am concerned about the size of the capital expenditure programme and hope that the study will consider ways of reducing HMG's responsibility for it.

(ii) Unipart. I am sure that the company should be privatised as soon as possible. I am not wholly convinced that the proposed acquisition is essential for privatisation but should like to think more about the issues involved before coming to a firm view. We can defer a decision on this for the moment.

(iii) Land Rover. I support Norman's suggestion that BL should be required to prepare firm options on privatisation prospects. However, I should say now that I do not believe that BL's proposal for privatising Land Rover and Leyland Vehicles as a single entity makes much commercial sense and certainly does not offer quick enough progress on Land Rover. I suggest we should therefore prepare for a separate sale of Land Rover as soon as possible.

(iv) Leyland Trucks. I very much agree with Norman that the decision to close Bathgate - painful as it is - must be taken now.



(v) Future Financial Regime. I endorse the view of the inter-departmental report that we need to find a way of controlling BL's borrowing so as to simulate the constraints which operate on commercial businesses. I hope that this will be a first step towards withdrawal of the Varley-Marshall assurances. I should be grateful if my officials could be associated with the discussions that are to be held with BL about this.

3. I am sending copies of this minute to the other members of E(A) Committee and to Sir Robert Armstrong.

*Margaret O'Hara*

N.L.

15 May 1984

*(approved by the Chancellor and signed in his absence)*

15 MAY 1994

