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BL 1984 CORPORATE PLAN

I am making available in the Library of the House and in the Vote Office a report by BL on its recent performance and details of the 1984 Corporate Plan. The published results of BL show that, in 1983, the company achieved its objective of breaking even at the trading level for the first time since 1978. Productivity <sup>+ quality standards</sup> within the company has continued to improve markedly. The House will, I am sure, wish to congratulate the company on these achievements, and on the range of new models successfully launched over the past year, including the larger Sherpa vans, the Land Rover One-Ten, the Maestro, and - most recently - the Montego. The Corporate Plan, which the Government has now approved, sets out the basis on which the company's solid progress towards viability and its return to the private sector will be maintained.

A particular problem for BL in this year's Plan has been Leyland Trucks, which faces an exceptionally depressed market at home and, particularly, overseas, showing little signs of major improvement in the medium term, and severe over-capacity throughout Europe. The Government has endorsed the Board's Plan to continue the Leyland Trucks business, but accepts the need for radical action to reduce costs and adjust to the medium term prospects for the market. The company has informed its workforce at its Bathgate plant today of the phased closure of that plant over the next 1½ years. Leyland Bus too has suffered from a depressed market at home and will also have to reduce its capacity to a level more consistent with market prospects. The company has today informed its workforce at the Charles H Roe plant in Leeds of the closure of that plant later this year.

This is  
a bus  
plant, in  
Denis Healey's  
constituency



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The Government, like the company, greatly regrets these measures, which are however necessary to establish a viable prospect for the remainder of the commercial vehicles business and the employment in it.

It has been the long established objective of the BL Board to return its businesses to the private sector. The House will be aware of the sustained improvement in recent years in the performance of Jaguar Cars. As a result of this improvement, the BL Board are now able to propose as a first step, subject to the approval of the shareholders of BL plc, that Jaguar Cars should be returned to the private sector later this year. It is the Board's intention to proceed by means of a public offer for sale of Jaguar. The Government warmly welcomes these plans.

1 and I look forward to keeping the House informed of progress in the coming weeks.

PRIME MINISTER

The Bathgate announcement will be made by the Company  
around lunchtime and so will be public knowledge before Questions.  
You will not, therefore, be able to deflect all questions to the  
statement. DTI will provide more detailed briefing tomorrow,  
though the principal line will be that the closure is inevitable  
given the development of the truck market, particularly overseas.

The statement also includes reference to the closure of the  
Charles H Roe bus plant in Leeds. Though this was always in the  
Corporate Plan, BL have only just decided to bring forward  
announcement to coincide with Bathgate. It probably makes sense  
to get both out of the way together.

Agree the terms of the statement?

AS

Y  
L  
M

21 May 1984