



NORTHERN IRELAND OFFICE  
GREAT GEORGE STREET,  
LONDON SW1P 3AJ

6 November 1980

Nick Sanders Esq  
Private Secretary  
10 Downing Street  
London SW1

*Ann White*

*This has been approved  
by the Treasury.*

Dear Nick,

*Yes not. Content? T 2/2*

SHORT BROS LTD: 1979 CORPORATE PLAN

The state-owned company Short Brothers, who manufacture aircraft, missiles, and aircraft components, are the second largest engineering employer in the Province with a workforce of 6,700. The Company's 1979 Corporate Plan was approved in August this year by means of an exchange of letters between my Secretary of State, the Secretaries of State for Industry and Defence, and the Chief Secretary to the Treasury. It was not possible to make an announcement in Parliament before the recess.

My Secretary of State now proposes that the announcement should be made on Thursday 13 November in the form of the attached Written Answer. Since the reply will announce the allocation of further public support to the Company, we should be grateful for the Prime Minister's agreement to the terms and timing of the announcement. (The text of the reply has been cleared by the Treasury).

If other recipients of this letter have comments, perhaps these could be made by Wednesday 12 November.

I am copying this letter to Private Secretaries to members of E(EA), and to David Omand (MOD), David Wright (Cabinet Office), Jim Buckley (CSD), Richard Prescott (PMG's Office).

*Yours sincerely  
Mike Hopkins*

M W HOPKINS

PARLIAMENTARY QUESTION AND ANSWER RE SHORTS 1979 CORPORATE PLAN

Q. To ask the Secretary of State for Northern Ireland if he will make a statement about Short Brothers' 1979 Corporate Plan.

A. The Government have endorsed the plan which projects the company's strategy forward to 31 August 1984. It provides for an expansion of the company's design, development and production work in its three main areas of activity; Aircraft, Aircraft Components and Guided Weapons systems. The strategy envisages an increase in output of the successful SD330 Commuter Airliner and embodies the already announced decision to produce a further developed version, the SD360. The company's workforce is expected to increase by some 500 over the period of the plan.

To assist in its assessment of the plan, the Government commissioned an independent study of key aspects. In the light of this study which commented favourably on the feasibility of those aspects of the company's plans, further improvements will be introduced with the objective of achieving the aims set out in the plan, and these should help consolidate the company's trading position at a time when it has a record order-book.

The Company will be expected to operate within an overall ceiling of public funding of £17.9m for the period up to 31 March 1983 although it will not be relying entirely on public funds. A sizeable proportion of finance from commercial sources, including the requirement for 1980/81, is already in place or in prospect.

The Government's financial commitment to the plan is in addition to the £60m public investment announced on 7 December 1978 which has since been fully taken up by the Company.

In endorsing the Company's latest Corporate Plan the Government re-affirms that those dealing with the Company can do so in the knowledge that the Government, in the last resort, would have to ensure that creditors had their claims fully met.

The overall position of the company will be subject to annual review under the rolling-forward arrangement for the Corporate Plan.

SUPPLEMENTARY NOTES

1. The Minister (Mr Shaw) in a letter to Mr Brynmor John MP following the Appropriation Order debate said that approval of the Shorts 1979 Corporate Plan would be announced formally in the House after the recess. A similar commitment was also given to Mr Biffen, Chief Secretary.
  
2. Majority shareholding in the company rests with the NI Department of Commerce, the balance being held by the Department of Industry.
  
3. Following an independent review of the Company, the Government announced on 7 December 1978 a strategy for the company whereby it continued with its three main business activities (aircraft, aircraft components and guided missiles systems) and was provided with Government funding of £60m over the period 1977-82. This sum, in the form of long-term interest-free loans, was exhausted by April 1980.
  
4. The 1979-84 Corporate Plan, prepared by Shorts in accordance with guidelines drawn up by the Department and approved by Ministers in mid-summer 1980, includes the following principal features:-
  - (i) Continuation and strengthening of tripod of current business activities (see above):
  - (ii) increase in output of the SD3-30 commuter airliner plus proposals for major improvements to keep the aircraft competitive with expected new entrants into the commuter market, and

extend the life of the project through to the late 1980's, ie the SD360 project;

- (iii) improvement in capital equipment and plant capacity to meet the upsurge in demand for company products; and
- (iv) investigation of opportunities for collaboration in a new aircraft project to follow the SD360 in the late 1980s.

5. The plan originally envisaged Government support amounting to £26.9m until March 1983. Shorts have been advised that the £9m required in 1980-81 is not available. Accordingly that sum is being met by commercial loans with Government guarantee, while the Government will provide £11.7m and £6.2m in 1981-82 and 1982-83 respectively. These sums are in addition to the £60m provided earlier, and will be reviewed in the context of the 1980 Corporate Plan which is expected shortly for examination by Government Departments.



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From: THE PRIVATE SECRETARY

Incl 131



NORTHERN IRELAND OFFICE

GREAT GEORGE STREET,

LONDON SW1P 3AJ

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Prime Minister

MUS 22/12

22 December 1981

Ian Ellison Esq  
PS/SofS for Industry  
Ashdown House  
123 Victoria Street  
LONDON SW1E 6RB

Dear Ian,

MS

SHORTS CORPORATE PLAN

... I enclose the answer which my Secretary of State proposes to give tomorrow (Wednesday) in response to a written parliamentary question. The answer announces the decisions about the Corporate Plan which E(EA) agreed on 2 December and refers to the funding limit of £78m which was explained in my letter earlier today.

Unless I hear from you and other recipients by close of play this evening, I shall assume that you are content with the proposed answer.

I am copying this letter to the private secretaries to all members of E(EA) to Michael Scholar (No 10), David Omand (MOD) and David Wright (Cabinet Office).

Yours sincerely  
Mike Hopkins

M W HOPKINS

Written Question No 197

MR MICHAEL MARSHALL (ARUNDEL): To ask the Secretary of State for Northern Ireland if he will make a statement about Short Brothers' 1980 Corporate Plan.

Draft Reply

The Government has endorsed Short Brothers' strategy which emerged from its 1980 Corporate Plan. This strategy envisages the continued development of the 3 sides of the Company's business: aircraft, aerostructures and guided missiles. In particular, the Company will accelerate and expand production of the SD360 commuter airliner.

Following Government approval to external borrowings of £30m for the year ending 31 March 1981, further approval has been given for the Company to operate within a cumulative external funding limit of £78m for the period ending 31 March 1983. Within this amount, as announced last year, public funding of £17.9m will be made available in the period 1 April 1981 to 31 March 1983. Commercial sources will, therefore, provide the greater proportion of the increased funding required to finance the approved strategy.

In endorsing the Company's acceleration strategy, the Government reaffirm that those dealing with the Company can do so in the knowledge that the Government, in the last resort, would ensure that creditors had their claims fully met.



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*See*  
*Ind Pol*

10 November 1980

The Prime Minister has read your letter of 6 November about Short Brothers' 1979 Corporate Plan. She is content with the draft Written Answer enclosed with the letter which your Secretary of State proposes to make on Thursday, 13 November.

I am copying this letter to Private Secretaries to members of E(EA), and to David Omand (MOD), David Wright (Cabinet Office), Jim Buckley (Lord President's Office), Richard Prescott (Paymaster General's Office).

**T. P. LANKESTER**

M.W. Hopkins, Esq.,  
Northern Ireland Office.