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TO:

Mr Meadway V2

cc PS/Prime Minister
PS/Sir Brian Hayes
Mr Mountfield
Mr Cochlin
Mrs Bell
Mr Pryor Director
WMRO

FROM:

ANDREW ADAMS
MOS Office (Mr Morrison)
Rm 711, 1V/S
215 5186

19 February 1986

Mr Morrison has agreed to meet a delegation representing the West Midlands Regional Council of the Trades Union Congress on Monday 3 March at 2.30 to discuss the proposed sale of BL subsidiaries.

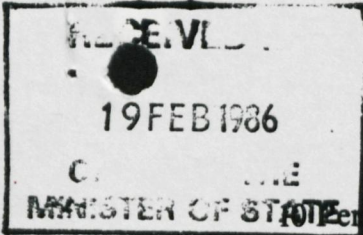
I would be grateful for briefing and names of officials who will attend by noon Friday 28 February.

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ANDREW ADAMS

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TRADES UNION CONGRESS
West Midlands Regional Council

Regional Secretary: Sir David Perris, M.B.E., J.P.

107 Pershore Street, Birmingham, B5 4HU. Telephone: 021-622 2050

Our Reference:

DP/VMD

Your Reference:

18th February 1986

The Hon. Peter Morrison, MP,
Minister of State for Industry,
Department of Trade & Industry,
1 Victoria Street,
LONDON. SW1H 0ET

Dear Mr. Morrison,

B.L.

I write to confirm my telephone conversation with your private office today, when it was agreed that you would kindly receive a small deputation on Monday, 3rd March 1986 at 14.30 hours, in order that we might make representations to you concerning the proposed sale of B.L.

Our representatives will be:

- Mr. Sid Platt - TUC Regional Chair; Regional Officer, N.A.L.G.O.
- Mr. R. Marston - Regional Vice-Chair; Regional Officer, T.G.W.U.
- Mr. P.C. Higgs - Chair, Economic Policy Committee;
Divisional Officer, Amalgamated Union of
Engineering Workers-EFC Section.

Yours sincerely,

David Perris
Regional Secretary



British Leyland

Motion made, and Question proposed, That this House do now adjourn.—[*Mr. Sainsbury.*]

10.7 pm

Mr. David Gilroy Bevan (Birmingham, Yardley): I am obliged that I have been fortunate enough to be able to have an Adjournment debate on one of the most vital industries in the heartland of Britain, in Birmingham. So far, there has been no debate on the machinations that have affected the car factory near my constituency. I make a declaration of interest in PPG Industries, but I am nevertheless more concerned to make a declaration of interest on behalf of the numerous members of my constituency who work either in Freight Rover or in Range Rover. Probably over 60 per cent. of the work force actually resides in Yardley.

I shall briefly refer to the construction of the Land Rover Leyland Group. It comprises Leyland Vehicles Limited, Land Rover Group and LRIH which is a company dealing with international matters. Land Rover Group includes Land Rover and Freight Rover. I am not concerned about Leyland Vehicles, the heavy group. The truck division is reputed to have accumulated losses of £500 million. However, it is worth noting that General Motors may not just be interested in Land Rover, Range Rover and Freight Rover as sweeteners. However, it may be interested in the truck division so that it can get its hands on Scammell, which is a subsidiary of Leyland Truck.

Mr. Robert Atkins (South Ribble): Will my hon. Friend accept that in Leyland Truck as well as in Leyland Bus uncertainty and lack of information is causing most of the aggravation to the work force?

Mr. Bevan: I agree. I shall deal later with the bus division.

Through its Scammell subsidiary, the truck division is one of the two companies that has put in tenders for the £120 million defence order that is shortly to be issued by the Ministry of Defence for rapid fire rocket launchers, which will be able to serve up at a colossal rate of fire power the ammunition needed for those fire launchers. That might be the entrée for General Motors, which is an excellent American company. That might be the real reason why General Motors is trying to get the 1 billion dollar order that may be forthcoming from the Pentagon for similar rocket launchers at a later date. If that is its strategy, it means that it is not intent upon obtaining Land Rover as a sweetener. If that is its intent, we must look at it again.

There are 8,500 people involved in Land Rover, the majority of whom are from Yardley. There are 1,700 people at Freight Rover. The Land Rover factories—14 throughout the United Kingdom—were located as far away as Cardiff. They are now centred upon Lode Lane, Solihull, a few hundred yards over the boundary. All that they have bequeathed to Yardley, Acocks Green and Tyseley are eight empty, old factories.

I do not object to that move because it did not adversely affect the employment of my constituents. However, their future needs to be assured. Their concern has been expressed to me during the several visits that I have made to factories in the area, on tours in the area and by letters. Their concern is not merely for themselves. They want to

continue to work for what they consider to be a unique British manufacturing company in the case of Land Rover and Range Rover.

The only active factory that is left in Yardley—those eight plants having been bequeathed to the Lode Lane complex where they are rationalised into one unit and are able to compete and take orders from the rest of the world—is BL Technology. It is worth looking at Freight Rover. It is located in Common Lane. Again, that is not in my constituency but the constituency of the hon. Member for Birmingham, Hodge Hill (Mr. Davis). It is interdependent. Land Rover supplies the engines and the gear boxes: the 3.5, the two litre diesel and the 77 mm gearboxes. Freight Rover supplies Land Rover with the pressings, which is another interdependency. Austin Rover supplies the engines and the axles. Perkins now supplies a diesel engine. There is, therefore, an interdependency in the establishments.

It is not true to say that there is vast overproduction in the Land Rover and Range Rover side of the business. There is none. Not a single vehicle is kept in stock. Every vehicle that is made by Range Rover and Land Rover is sold, so there is no stock piling. In the rapid growth market to which I refer, which is the four wheel drive market throughout the world, we must note with apprehension that General Motors, which has a shopping list at its disposal and which is reputed to have some £5.77 billion to spend in buying companies, and only a fortnight ago bought the "Lotus" company, also owns 35 per cent. of Isuzu, a four-wheel drive light truck manufacturing business which has doubled its turnover in the last year, and is selling well. Freight Rover with its particular vehicle, the Sherpa, has 13.9 per cent. of the market, a sizeable percentage and far bigger than the figure to which my right hon. Friend the Prime Minister referred on television last night of 4 per cent. for the whole industry in Europe.

Mr. John Mark Taylor (Solihull): In the context of the Prime Minister's interview last night, in which she referred to the virtue of wider share ownership, does my hon. Friend not consider that, with its recovery plan well advanced, floating Land Rover on a management buy-out with employee participation might even now represent an opportunity to achieve wider share ownership?

Mr. Bevan: Indeed, I welcome it. I would have thought that my hon. Friend has seen a paragraph which I intended saying later in my speech. His pre-emption, however, is welcome. Of course I consider that that would be a reasonable option, and one which is after all encouraged in almost every theatre of operations.

In regard to the shipyards which will be privatised later this year, if that is the option chosen, in regard to its operations it will consider a management buy-out with management, the work force and the investors all comprising part of such a buy-out.

What I object to—I do this as an erstwhile surveyor and one who carried out many estate deals prior to my coming to this place, with many qualifications, dare I say, for doing so—what I consider to be quite the wrong way of negotiating the sale of this or any other business is to do it in secrecy, to do it behind closed doors and to do it with merely one other customer in pre-determined mind. That is no way to create a deal, that is no way to excite the best figure from the market. It is so extraordinary that, following the leak of this particular

[Mr. Bevan]

matter, the tree is being shaken and down from the branches of that tree come purchasers, and every day that continues like falling leaves on the industrial greensward below.

More and more we are told that Lonrho is now interested. We are told that Aveling Barford is interested, a previous subsidiary of BL. We are told tonight that three other firms are interested, although I do not know which firms they are. But the more we know about the matter, the more interest there will be. It would be wrong to announce at this stage, having treated in secret with a predetermined purchaser, that the omelette must be served up by Easter. A very addled egg will be delivered if this time limit is put upon it.

We must ask—why all the rush? We have invested £2 billion in the company, as the Government are always kind enough to remind us. The Government have no money. They have only the people's money and, therefore, they have invested taxpayers' money in this ingredient and act as trustees. They must get a decent yield from that investment. The Government are not considering, are they, taking back any portion of the £1.6 billion that they have invested in the form of guarantees, letters of credit or the agreements that have been mentioned? There is no suspicion of that. Therefore, normally one would have asked that time be allowed for the reformation and rationalisation of Land Rover so that it can produce its superb new models—the 90 and 110 versions of the Land Rover and the Vogue version of the Range Rover, which goes faster, which has a fifth gear, and which is an excellent vehicle for the markets of north America. I understand that an organisation of about 60 distributing agents is about to be appointed. Since there cannot now be time for that to happen, let us privatise if we must, but let us privatise to the best British buyer, in which the people can take a shareholding.

Mr. Roger King (Birmingham, Northfield): My hon. Friend has explained why General Motors would be interested in Land Rover and Range Rover, but why on earth is it interested in Freight Rover? That company shares a factory with Austin Rover, obtains its components from Austin Rover, sells its products to Austin Rover, and produces a range identical to that produced by General Motors. Could it be that General Motors wishes to buy it simply to close it down?

Mr. Bevan: That is the fear of my constituents.

Yesterday, my hon. and learned Friend the Member for Mid Bedfordshire (Mr. Lyell) said that the people of Luton would be happy to see such an arrangement between General Motors and British Leyland. That is precisely why the people of Birmingham are unhappy. They want the British flag to continue flying over their enterprise. They know that Bedford Trucks is about to announce a loss of about £120 million. As my hon. Friend the Member for Birmingham, Northfield (Mr. King) said, the ranges are identical. The people of Birmingham foresee possible doom and eclipse if the matter continues.

The bus business is different. In a previous existence, as chairman of the West Midlands passenger transport authority, I ordered buses from British Leyland and Metro Cammell at £7 million a time, but that is no longer possible. The grant has gone, there has been privatisation and all sorts of things, including delicensing, have taken

place. I would be happy for the bus division to go to Laird where there is a natural home of it at Metro Cammell, but not this.

Mr. Terry Davis (Birmingham, Hodge Hill): Will the hon. Gentleman give way?

Mr. Bevan: I am afraid that I must deny the hon. Gentleman an intervention.

Land Rovers and Range Rovers are individually crafted as no other vehicle is. We know that 70 per cent. of models produced are exported. There was a 40 per cent. increase last year in exports to Switzerland and a 10 per cent. increase to Europe. The vehicle, with its immense potential, is about to be sold off in a shotgun wedding as a bartered bride. We ask that the marriage banns be given time to be read properly so that the names of the suitors can be understood, and that our belief in the factory be allowed to continue with the British flag above it and not struck, as the flag over Fort Dunlop has been, and not even as the flag over Westland has been.

10.24 pm

The Minister of State, Department of Trade and Industry (Mr. Peter Morrison): I am more grateful than usual that my hon. Friend the Member for Birmingham, Yardley (Mr. Bevan) has had the opportunity to discuss the future of Range Rover, Freight Rover, and Land Rover. I gather that there was a little local difficulty earlier today about possible developments on the future of British Leyland as a whole.

We have had a very busy day in the Department of Trade and Industry. We have had a lot of discussions about the future of BL. Indeed, as my hon. Friend the Member for Solihull (Mr. Taylor) will remember, we had earlier today a delegation composed of trade unionists from Range Rover and Land Rover, and members of the local council. We discussed the future of Range Rover and Land Rover at great length. Despite the fact that we have had a busy day discussing the future of BL, since my right hon. Friend the Secretary of State made a statement yesterday afternoon in answer to a private notice question, there have been no new developments.

I listened carefully to my hon. Friend. I am aware that the future of Land Rover (UK) has been argued and discussed in the west midlands and the country as a whole. It has been discussed publicly and privately, with conviction and cogently. As my hon. Friend the Member for South Ribble (Mr. Atkins) said, the present uncertainty is bound to be a worry. I disagree with my hon. Friend the Member for Yardley in that I do not think that it would be sensible for that uncertainty to go on and on. Keeping the future shrouded in mist would cause serious anxieties among employees and be bad for the future of the businesses.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): We are all sympathetic about the busy day that my hon. Friend has had. Will he forgive me if I say that we are even more sympathetic about the busy days that lie ahead of him? Before he concludes those busy days, will he give the House one pledge, that before he closes the chapter on this lamentable affair, before he agrees on what will happen to Land Rover and British trucks, and before any agreement is signed the House will, bearing in mind the importance of the issue, debate it before ink is put to paper? That would satisfy many of us, and we would go to bed happy after our busy day as well.

Mr. Morrison: I know that my hon. Friend is a very busy man. We have known each other for 20 years. My right hon. Friend the Secretary of State has made it quite clear that, when any announcement of anything concrete is to be made, it will be made to the House and it will be debated. I quite appreciate what my hon. Friend has just said.

Mr. Terry Davis: Will the hon. Gentleman give way?

Mr. Bevan: May we therefore discount the statement that my right hon. Friend the Secretary of State made yesterday in the House that he would inform the House when negotiations had been concluded? That is not enough, as my hon. Friend the Member for Birmingham, Selly Oak (Mr. Beaumont-Dark) has pointed out.

Mr. Morrison: My hon. Friend will appreciate that my right hon. Friend the Secretary of State is not using the House as a negotiating House. Obviously negotiations will take place with all the separate parties, whether GM or other parties. When a conclusion to negotiations is reached my right hon. Friend will immediately make a statement to the House and he will accept that it will be for the House to debate and decide upon the result of those negotiations.

Mr. Terry Davis: We are dealing with a serious point. What is of concern to hon. Members on both sides is that there should be a debate in the House after negotiations have been concluded but before anything is signed, sealed and sold off. We are anxious not just to know the result of negotiations but to have an opportunity to debate the result before the matter is finally signed. The hon. Gentleman should go a little further—as his right hon. Friend did not do yesterday—and give us that assurance.

I should like two other assurances. *[Interruption.]* These are important matters for my constituents who work at Freight Rover. Will the Minister follow up the assurances given yesterday by his right hon. Friend about consulting the people who work at Land Rover and Freight Rover and give us an assurance tonight that they will be consulted before anything is signed, sealed and delivered so that the House may debate the issue in the knowledge of what the people who work in the companies want?

Will he also make sure that in the negotiations a legally enforceable undertaking is sought that production of Sherpa vans will not be removed from Washwood Heath and production of Land Rovers will not be transferred from Solihull to Spain?

Mr. Morrison: On the first point, the hon. Gentleman and I came to the House on the same day and I have always understood that the House was sovereign; the House has total and complete control over what happens. If the House decides to go in a particular direction, that is the decision of the House.

On the hon. Gentleman's last point, I understand from his constituency point of view why he raises it, but it would be totally misleading of me to make any predictions about what may happen because at this stage I do not know what deal there may be with whom, albeit I have accepted that the deal with General Motors is further down the course than the others. In those circumstances, he will understand that I cannot commit myself. I understand the crucial and important point that he has made on behalf of his constituents.

In the few seconds which are left, may I talk about the future of Land Rover, Range Rover and Freight Rover? Of

course, they are all crucially important, but my right hon. Friend and I have to consider them in the context of the vehicle industry as a whole. Land Rover, Range Rover and Freight Rover comprise one of the many jewels in the crown of the west midlands. But I hope that the House will appreciate that tens of thousands of jobs are dependent upon foreign car manufacturers. Ford, General Motors and other car manufacturers are established vehicle manufacturers in this country. To a great extent, in some cases to a major extent, they source from United Kingdom component suppliers.

My hon. Friends from the west midlands should remember that in west midlands terms it is dangerous industrially and politically to appear to be anti-American. If we appear to be anti-American the business and jobs that come with American investment may be driven away. *[Interruption.]* The shadow Secretary of State for Scotland, the hon. Member for Glasgow, Garscadden (Mr. Dewar), knows perfectly well that there is a substantial number of jobs in the Scottish economy thanks to American investment, as is the case in other parts of the United Kingdom.

I hope that all hon. Members agree that the Government's policy must be directed towards a competitive United Kingdom based commercial vehicle industry. We have to decide on the future not just of Land Rover and Range Rover, but of Freight Rover, Leyland Trucks and Leyland Bus. My hon. Friend the Member for South Ribble knows Leyland Bus very well. That company is not part of any potential deal with General Motors and can be set aside for the purposes of this debate. Nevertheless, it is crucial that solutions are found for the bus industry, too, and those solutions will not be easy to find.

I think it is accepted that there is over-capacity in the truck industry, and some people say that in Europe that over-capacity is 40 per cent. For that reason, if we are to maintain a competitive truck manufacturing industry, we cannot stay precisely where we are. We have to ensure that the truck industry becomes more efficient to meet the demands of the market place. If it does not become more efficient, we have to accept the fact that it could disappear.

My hon. Friend the Member for Yardley raised, as he did last night when he came to see me, the defence implications. I assured him last night that we are satisfied about that. I accept that Freight Rover has been successful over the past few years, and that has been due to the good work of the management and the work force. The problem with the van industry is not dissimilar, and if we did not look properly at the problem we would be courting potential disaster for the whole of the industry in the United Kingdom.

I accept entirely the points made by my hon. Friend the Member for Yardley about Freight Rover. I hope that he will accept that it is right to look at the industry as a whole. Strong arguments were advanced in favour of retaining Land Rover, Range Rover as an independent United Kingdom company. My hon. Friend the Member for Yardley and several of my hon. Friends have made that point. Management buy-out is talked about. I understand that. I was brought up in the back of a Land Rover, and as the youngest son I still sit in the back of a Land Rover, so I know about the Union Jack flying over Land Rover. But we have to look at the long-term future, and I would like my sons and grandsons also to be brought up in the back of a Land Rover. The important—

[Mr. Morrison]

The Question having been proposed after Ten o'clock and the debate having continued for half an hour, MR. DEPUTY SPEAKER adjourned the House without Question put, pursuant to the Standing Order.

Adjourned at twenty-three minutes to Eleven o'clock.

clearly an important public consideration in the choice by Government of any system to be adopted in the future.

It was for all these various reasons that the committee unanimously concluded that the balance of argument was firmly against the introduction of transferable allowances although we were all well aware that this conclusion might well be controversial. The idea that the tax system should support marriage—currently exemplified by the married man's allowance which would, in effect, continue with transferable allowances—is deeply embedded in our thinking. It was with this in mind that the committee comment in their report that the issue of transferable allowances provides a crucial test of the strength of the commitment to equality for women.

We all still tend to think in terms of the "traditional" family. A view expressed in the evidence from several bodies was that the system should not encourage wives to take up paid employment. But we must recognise the great changes that have taken place in our society, particularly in recent decades. The fact is, as we say in paragraph 7 of our report, that the traditional family, rightly or wrongly, is no longer the norm. In 1982, for example, the number of married men with working wives substantially exceeded the number with wives not in paid employment. Against this background and the trends in this direction, it seems more appropriate to assert that the system should not discourage wives from working. At the end of our analysis, therefore, we agree with the principal conclusion of the Commission that the aim of equal treatment is best served by a system of totally independent taxation of earned income.

I had hoped to deal briefly with three further points to which we all attach great importance; but in view of the time and the fact that a number of your Lordships are waiting for the business that follows, I will simply confine myself to saying that the questions of child benefit and payment of child care allowances, questions of child care expenses and the very complex but important issue of how to deal with investment income were all matters to which we gave very careful consideration. I know, however, that several noble Lords, and particularly members of the sub-committee who are going to take part in this debate a little later today, will be dealing with these issues and will deal with them from their experience and in far greater depth than I can at this moment of time.

I will only conclude by expressing my personal thanks to all the members of the sub-committee for their patience and courtesy and for the way in which they applied their knowledge and experience to this very difficult topic. We all hope that the Commission's memorandum and our report on the issues it raises will be fully taken into account by the Government in framing their proposals. I beg to move.

Moved, That this House takes note of the Report of the European Communities Committee on Income Taxation and Equal Treatment for Men and Women (1st Report, 1985–86, H.L. 15).—(*Baroness Serota.*)

British Leyland Subsidiary Companies

3.42 p.m.

Lord Lucas of Chilworth: My Lords, it may be for the convenience of the House if I repeat in the form of a Statement an Answer being made in another place in relation to British Leyland. The Statement is as follows:

"The aim of the Government and of the BL board is to secure an internationally competitive United Kingdom commercial vehicle industry, and to improve the long-term prospects for BL's constituent businesses.

"As I informed the House on 3rd February, discussions are at an advanced stage between BL and General Motors in respect of Leyland Trucks, Land-Rover, Freight Rover and certain related overseas operations. Discussions are also taking place with the Laird Group about the future of Leyland Bus.

"I can confirm to the House that, of the companies that are willing to have their interest in the businesses made public, Lonrho are in contact with BL concerning Land-Rover and Freight Rover; Aveling Barford have expressed an interest in Land-Rover and Leyland Bus; and Volvo have expressed an interest also in Leyland Bus. Proposals for a management buy-out are also expected to come before the board.

"As my right honourable friend the Prime Minister confirmed in the House on 11th February, the other proposals will be considered on their commercial merits in relation to the future of BL as a whole".

My Lords, that concludes the Statement.

Lord Bruce of Donington: My Lords, we on this side of the House are grateful to the noble Lord for having repeated the Statement, which we are afraid does not take us very much further. The noble Lord will recall that on the last occasion when I had the pleasure of questioning him on the matter he was not, even at that stage, prepared to say whether the various deals he had in mind were going to be mergers or take-overs. Today what he has said is that there are a number of companies which are interested in taking over the Land-Rover interests, the buses and so on. Previously there was Volvo. Now there are Lonrho and Cammell Laird. If all these various companies are competing so hard to acquire these various interests, why on earth are the Government trying to get rid of them? Are they not interested? Is the noble Lord aware that the impression given by the Government all the way through this business is that they are prepared to put great sections of British industry up for auction?

Is the noble Lord further aware, and will he convey to his colleagues, that it is known today that General Motors, who were interested in Range Rover, are on the Stock Exchange at this time busily acquiring shares in Jaguar because they want to build up their ultimate control of that company? When is this sordid business going to stop? When are the Government going to take very seriously their responsibilities as trustees of the

[LORD BRUCE OF DONINGTON.]

British public and of the British taxpayer? If they have not got the capability of doing that, why can they not find those who have?

In the meantime, is the noble Lord aware that his Statement will do nothing to allay the very grave anxieties in the West Midlands at the present time which have been increasingly expressed by the employees of all the companies concerned? In view of that, will he take steps to ensure that this matter is taken before the full Cabinet on Thursday next?

Lord Diamond: My Lords, may I, on behalf of these Benches, say how very much we appreciate the courtesy of the Minister in repeating the Answer to the Private Notice Question asked in another place? I wish I could go further and thank him for the content of the information he has given, but, alas! one cannot do that because we are no wiser now than we were before.

The noble Lord will remember that I myself pressed him—and I was not by any means the only one—when he was making a Statement a few days ago to say whether the intention of the negotiations was to achieve an amalgamation, by which I had in mind the kind of partnership which helped both partners, or whether what he had in mind was a take-over which merely removed from the Government the responsibility for producing further cash, if that was necessary in the interests of the company. It is not right to say that we got no answer at all, because the Minister was very clear in saying that he was not going to say one word more on that topic. We are still in the same situation.

A great deal of interest is expressed in these sections of Leyland. We now know, of course, that the heart of Leyland is secure: the Government have rapidly backed off that ridiculous, unpatriotic, uncommercial and irresponsible idea because we all know that volume car business is central to the economy of any industrial country. We are delighted that the pressure, mainly from our own Back Benches, has meant that the Government rapidly backed off that one. So what we are now dealing with are peripheral, very important, activities which are not central to the business itself. Please can we be told what is in the Government's mind with regard to these? The information that the Minister has given so far is totally inadequate. We must look forward and see what is the protection for the employees in this industry, and by that I mean not only in Leyland, but in the industry as a whole.

So far as car manufactures are concerned, the figures are now very clear and the position is well established. Whereas when the industry was in wholly British hands one had above 90 per cent. of an individual car being made in this country, now that Ford, General Motors and so on have taken over the proportion has been reduced to somewhere below 40 per cent., and in one case to 22 per cent. That is the situation in which all those in the allied parts of the industry are interested. We had a most valuable speech, I might almost say without discourtesy, by the noble Lord, Lord Lucas, on the occasion of the last question and answer session which brought this out very strongly.

So can we be told first, what the Government are doing to secure the future employment of all those

engaged in the industry as a whole in relation to these negotiations? Are the Government seeking merely to get rid of their financial responsibilities? One can understand that if finance is continually required, the business needs looking at. You have to look at some method whereby you improve the business so that the continual call for finance ceases to be made. Is the noble Lord purely concerned with that, or is he doing what we hope he is doing, which is to see that by arrangements of a partnership kind made either with employees and management—which we would naturally prefer—or with other interested manufacturers who have commercial outlets, the position of this company will be improved to the extent that more of these units will be made and sold in larger parts of the country, with greater employment therefore resulting both for the direct employees and for the employees in allied industries? Those are the matters which which we are particularly concerned, but I am sorry to say that we are really no wiser now than we were when the matter was last raised.

Lord Lucas of Chilworth: My Lords, the Statement which I have made is, as I am sure noble Lords will appreciate, in response to a Private Notice Question. It was, as I said earlier this month, the intention of the Secretary of State for Trade and Industry to make available to Parliament any new issues that arose, and that is exactly what my right honourable friend has done.

The noble Lord, Lord Bruce of Donington, will recall that we made it abundantly clear that British Leyland would be returned to the private sector as soon as was possible, and that is exactly what is being done. The noble Lord, Lord Diamond, asked what the Government are doing to secure the long-term future. At the beginning of my Statement, I said that it was the aim of the Government, and indeed of the British Leyland board,

“to secure an internationally competitive United Kingdom commercial vehicle industry, and to improve the long-term prospects of BL's constituent businesses”.

It is against that background that the conversations are taking place not only with General Motors but with others whose identity I have made known this afternoon.

Your Lordships will recall that I said last week that in the commercial vehicle field there is a worldwide over-capacity. There is a loss in both General Motors and British Leyland on their commercial vehicle activities. General Motors have come along with a number of proposals. Subject to certain assurances being given, it was our intention, with the advice of the British Leyland Board, to accept those proposals. Since that time other companies have entered the field. Due consideration will be given to those proposals which they are making to the British Leyland board and we will take note of what they have to say in regard to that.

As regards the point made by the noble Lord, Lord Diamond, about overseas interest in our motor manufacturing industry, all I can remind your Lordships about is that both the Ford Motor Company and General Motors have been operating in this country for a great many years with great success. General Motors have given an assurance that they will

raise their local content to 60 per cent.; Peugeot, the newest entrant, have said 65 per cent.; and then comes the Ford Motor Company, in that order. At the end of the day it is the wish of the Government to secure for the motor vehicle industry a viable internationally competitive industry, through which will be secured the jobs of those who are employed in that industry.

Baroness Fisher of Rednal: My Lords, coming from the West Midlands, I must say that what the noble Lord has said this afternoon is no encouragement to that part of the world. It seems amazing that in the second month of this Industry Year the Government are having detailed talks—the noble Lord said they are at an advanced stage—about selling off our manufacturing capacity. The noble Lord must realise that the West Midlands, which had the largest manufacturing base in the country until it was destroyed, again finds itself in a difficult position. Surely it is hypocritical of the Government to have an Industry Year and, at the same time, to be selling off parts of industry.

The noble Lord said that component parts will still be manufactured in this country. At the noble Lord, Lord Diamond, said, British Leyland have a high reputation in the field of components and up to 90 per cent. of the components they buy are manufactured in this country. I can tell the noble Lord of two very large factories that were closed down three years ago when Vauxhall and Ford decided not to use the components they were manufacturing, with the result that 3,000 jobs were lost there. I must say to the noble Lord that his words this afternoon give no encouragement for the employment prospects of not only the Midlands but elsewhere in this country.

4 p.m.

Lord Lucas of Chilworth: My Lords, I am most grateful to the noble Baroness for her views, which I do not share, since a number of different views emanate from the West Midlands. People there know very well the grave danger which the industry is in at the present time, particularly with over-capacity throughout Europe. The fact that the West Midlands find themselves in a difficult position again is unfortunate and regrettable. It is certainly a result of the world and, more particularly, the European position. I should perhaps say that Industry Year is, of course, an initiative by the Royal Society of Arts and not of the Government. In fact, it is an awareness campaign rather than a direct campaign.

With regard to British Leyland's local content, the noble Baroness with her knowledge of the West Midlands will appreciate that British Leyland has undertaken a number of associations with overseas companies—notably Honda, in regard to research and development and some manufacturing processes; and with European companies such as VW and Audi and also Peugeot with regard to gearbox and transmission design and production—so British Leyland itself knows the importance of collaboration and of joining in one form or another with other companies in order to reduce the extraordinarily high cost of further development in various products.

With regard to the noble Baroness's question concerning the component manufacturers in relation

to Vauxhall Motors and the Ford Motor Company, however harsh it may sound one must ask the question: why did those two companies place component procurement in other places? The answer is that the other places were more competitive. That is what this motor industry is about—it is highly competitive—and it is British Leyland's wish as well as that of the Government's to ensure that there is a continuing company particularly in the truck business, which is why the company has encouraged discussions with a number of companies to see how best this long term viability may be sustained.

Lord Maude of Stratford-upon-Avon: My Lords, is my noble friend aware that there is really not much point in a company using 90 per cent. of British components if the end result is that it cannot hold its share of the market and has to rely on continuous subsidies from the taxpayer? Surely the answer is to find somebody who can manage this company profitably and successfully and ensure the future of the jobs there?

Lord Lucas of Chilworth: My Lords, I am most grateful to my noble friend who puts the matter so much more succinctly than I was able to do so in my earlier remarks.

Lord Mackie of Benshie: My Lords, I hope that the noble Lord will not abandon entirely the patriotic stance which one might expect from the Conservative Party. I trust that when the alternatives come up and when they are studied instead of losing heart, selling to the highest bidder and getting out, they will study the fact that British enterprise has made a job of a number of companies (and indeed of nationalised industries) and will not turn tail and run away. It is no good saying that the alternatives will be studied by the board of British Leyland because the Government own the company and therefore they will take the final decision.

Lord Lucas of Chilworth: My Lords, I can assure the noble Lord that the Government have no intention of abandoning any stance, least of all that of procuring for the British-based motor manufacturing industry a continuity of production, a continuity of employment, a continuity of competitiveness in the European and world markets. It is those interests which are in the forefront of our minds; not necessarily the highest bidder.

Lord Marsh: My Lords, can the noble Lord give the House some indication of how much public money has been placed in British Leyland so far in an unsuccessful effort to keep it independent?

Lord Lucas of Chilworth: My Lords, in the past 10 years some £2.3 billion of public money has been put into British Leyland through all its companies. Guarantees of loans under the Varley Marshall understanding amount to another £1.5 billion, which is not an inconsiderable amount of money to support a British-based industry.

Lord Shepherd: My Lords, does the noble Lord understand that there is some concern when he speaks

[LORD SHEPHERD.]

of the Government and the board of British Leyland having a common interest? It may be a common interest, but can the noble Lord give an assurance that the board of British Leyland will be free to make its own commercial decisions in this matter and that there will be no question of directions by the Government to the board that would in any way proscribe its acting commercially in reaching a decision?

Secondly, can the noble Lord give an assurance that so far as concerns the Government, all the new approaches that have arisen will be more than just taken note of by the Government, that they will be most actively considered, that there is no question that there is to be a commitment for the sale to General Motors, and that all the new people who have come forward shall have a free and fair opportunity to make their bids for the purchase of these parts of the organisation if that is what the board of British Leyland decides is right and proper to do?

Lord Lucas of Chilworth: My Lords, the noble Lord, Lord Shepherd, asks a number of questions. It is for the board of British Leyland to consider what is in the best interests of its company and recommend to the Government, who are after all on behalf of the taxpayer the principal shareholder, what it thinks is in that company's best interests. It is for the Government as trustees to ensure that the best interest of the country, the employees and indeed the future is taken account of in reaching a decision. Noble Lords will I hope forgive me for repeating this, but in the case of the proposals of General Motors one would be looking for the satisfaction of a number of assurances with regard to those matters and others before the Government gave any approval.

With regard to new approaches, bearing in mind what I have said, it would be in the best interests of the company and indeed of the Government on behalf of the taxpayer to ensure that those new approaches received all and proper consideration; and I think that I can give the noble Lord that assurance.

Lord Williams of Elvel: My Lords, will the noble Lord confirm that the opening offer price made by General Motors for the commercial vehicle division was zero on the grounds that if there were any value in the business it would be eroded by the cost of redundancies which it estimates at £400 million? Furthermore, will the noble Lord tell the House who are the professional advisers acting for the Government and for British Leyland in this matter?

Lord Lucas of Chilworth: My Lords, I do not agree with the noble Lord, Lord Williams of Elvel, that there was a zero figure attached. General Motors and British Leyland joined together in discussions to ensure the viability of a commercial truck industry. In those discussions British Leyland made it clear that the long term interests were served by the proposals which have been made fairly clear, and fairly clear publicly. I am not, I regret to say, able to answer the noble Lord's other question, purely and simply because I do not know the answer.

Lord Hatch of Lusby: My Lords, the noble Lord has not yet answered the question put by my noble friend Lord Bruce of Donington. Is it not the case that British Leyland was taken over by the Government originally when the private sector was found to be incapable of sustaining it? Is it not also the case that British Leyland has been a success story since it was taken over by the Government, even if not as much of a success story as Renault in France, supported by the French Government? In view of its record and the forecast that its fortunes are now on the upturn, will the noble Lord answer the question put by my noble friend Lord Bruce of Donington? If all these private companies are so anxious to buy into British Leyland, why is it that the Government are not anxious to retain that national industry? Are the Government not interested in the future of British industry? Are they prepared to see this country as the only major industrial country without any indigenous motor car or motor vehicle industry?

Lord Lucas of Chilworth: My Lords, I am not prepared this afternoon to look back over 15 years.

Baroness Jeger: Why not, my Lords?

Lord Lucas of Chilworth: My Lords, because I do not believe that looking back over 15 years as to the reasons why British Leyland required the support of the taxpayer through government funding would be very helpful in meeting the challenge of the mid-1980s and 1990s.

That there has been a remarkable turnaround in the attitudes of and, to some extent, the success of British Leyland there is no doubt. However, at the end of the day the truck division has been losing millions of pounds quite consistently. It has lost something like £60 million a year for the past three years and a loss of around the same the kind of figure is forecast for 1985. That is what the Statement is about: the bus and truck side of British Leyland.

Whether there is an upturn in the division's fortunes is perhaps debatable. Although it has achieved a somewhat larger share of the declining market for trucks, nevertheless that share still shows considerable losses. In regard to the noble Lord's final question, as to why it is that a number of companies are now coming forward wanting to buy various parts of the division and why the Government go along with that line, we made it clear when we came to office that it was our long-term intention to return that company to the private sector as soon as that was possible. It is now being made possible by offers from a variety of companies. We shall take advantage of offers that take into consideration those interests that I have outlined on more than one occasion this afternoon and which I outlined last week. If those interests can be satisfied then we shall go ahead with our declared policy. That is consistent.

Perhaps I may now reply to the noble Lord, Lord Williams of Elvel, as the answer to his particular question has come to hand. Baring's are advising Her Majesty's Government and Hill Samuel are advising British Leyland.

Lord De Freyne: My Lords, we are talking about the motor industry and about industry in general. We brought Mercedes here and we brought Volkswagen here. They were built here. I was one of the people who started that. We built it up and it was a big industry. Now what do we have? Nothing. Why do we not join with them? Why do we not go together—

The Lord President of the Council (Viscount Whitelaw): My Lords, I must interrupt my noble friend, and I apologise for doing so. The House will appreciate that we have a very important debate before us. A large number of Members will be taking part in that debate, which, if I may humbly say so, was most admirably introduced by the noble Baroness, Lady Serota. Members wishing to take part have been waiting a long time, and there is another Answer to a PNQ to follow. I believe that the House will wish to consider how soon we may move on to the other debates.

Lord Diamond: My Lords, perhaps I may ask for clarification of something that the Minister was kind enough to say in reply to a question of mine. I refer to the point that when General Motors took over Vauxhall, the proportion of British content in the cars manufactured dropped from 90 per cent. to about 22 per cent. The Minister has told the House that he is now making some kind of arrangement whereby 66 per cent. or some similar percentage of British content will be assured for the future. Can the Minister tell the House, first, how that is to be achieved; secondly, what steps have been taken to make possible an offer by the management—that is, by the management and the employees—for the purchase of that which it is proposed to sell? Finally, can the Minister assure the House that a statement will be made by the Government before any decision is taken on those matters?

Lord Lucas of Chilworth: My Lords, I thought that I had answered the noble Lord, Lord Diamond, last week, but I am happy to repeat that General Motors truck production has something of the order of 80 per cent. local content. That company has given an assurance of 60 per cent. local content. That company has given an assurance of 60 per cent. local content in regard to its car production in the United Kingdom. It is on target to achieve that figure this year. That was the assurance given last year.

So far as a management buy-out is concerned, due consideration commensurate with the interests I earlier described will be given to any proposal. In regard to a statement, I regret that I cannot give the noble Lord, Lord Diamond, the assurance he seeks. However, I have a feeling that matters of moment will be brought to the attention of Parliament one way or another.

Lord Bruce of Donington: My Lords, in view of the answer given by the noble Lord the Minister to his noble friend Lord Maude of Stratford-upon-Avon, will he make it clear that the Government have no criticism to offer of the existing management of British Leyland? It might be inferred from the Minister's assent to the implications of the question put by his noble friend that he associates himself with the

criticism therein implied. Will the Minister also say whether it is the view of his department—or of the Government, if they know about it—that there is an over-capacity in the production of Range Rovers and Land Rovers?

Lord Lucas of Chilworth: My Lords, the noble Lord, Lord Bruce of Donington, does trespass. He is putting words into my mouth. I answered my noble friend properly and fully in complimenting British Leyland on its recent success but at the same time saying that it has a long way to go in what is a hard and very competitive industry. I do not think that I should alter what I said earlier.

Lord De Freyne: No, my Lords. May I just—

Viscount Whitelaw: No, my Lords!

Severe Weather Fuel Payments

4.18 p.m.

Lord Trefgarne: My Lords, with your Lordships' permission, I should like to repeat in the form of a Statement the reply to a Private Notice Question on severe weather payments being given in another place by my honourable friend the Minister of State for Social Security. The Answer is as follows:

"The main help for claimants in meeting their heating costs are the scale rates which cover normal living expenses. In addition, there is an extensive range of heating additions which give further help; for example, for all householders over 65 and families with a child under five. Expenditure on these additions totalled some £400 million in 1984-85—£140 million more in real terms than in 1978-79.

"The regulations also provide for single payments to claimants who have extra fuel costs arising from exceptionally severe weather. Last winter, decisions were handled using trigger points based on meteorological office information. The system was widely criticised and was ruled invalid by the social security commissioners last autumn. In the light of this, the chief adjudication officer issued further guidance on the handling of claims.

"It is for the independent adjudication officers in each locality to decide whether there has been a period of exceptionally severe weather and to determine subsequent claims. I understand that some designations have been made and that others are under consideration".

My Lords, that concludes the Statement.

Baroness Jeger: My Lords, may I ask the Minister how the Government are working out the standards of coldness and severity? What is happening in various areas of the country where there are different weather conditions? How are people—for example, old ladies in a top back room—able to get some conditional help? I have been reading all the reports and I cannot understand how the Ministry is working out what is "cold" and what is "hot". It is very important that people should know how the Government are working out the whole situation.

British Leyland

3.30 pm

Mr. John Smith (Monklands, East) (*by private notice*) asked the Secretary of State for Trade and Industry if he will make a statement on the Government's policy on BL subsidiary companies in view of the increasing number of rival bids to acquire them.

The Secretary of State for Trade and Industry and President of the Board of Trade (Mr. Paul Channon): The aim of the Government and of the BL board is to secure an internationally competitive United Kingdom commercial vehicle industry, and to improve the long-term prospects for BL's constituent business.

As I informed the House on 3 February, discussions are at an advanced stage between BL and General Motors in respect of Leyland Trucks, Land Rover, Freight Rover and certain related overseas operations. Discussions are also taking place with the Laird Group about the future of Leyland Bus.

I can confirm to the House that, of the companies that are willing to have their interest in the businesses made public, Lonrho is in contact with BL concerning Land Rover and Freight Rover; Aveling Barford has expressed an interest in Land Rover and Leyland Bus; and Volvo has expressed an interest also in Leyland Bus. Proposals for a management buy-out are also expected to come before the board.

The Government and the BL board will consider other proposals on their commercial merits in relation to the future of BL as a whole.

Mr. Smith: Is the Secretary of State not aware of the growing puzzlement, concern and dismay in this country that the Government appear to be presiding over an auction of some of the best of British industry? Can he tell us clearly why this is happening at all? Why is it necessary for this to be going on?

When it seems to make sense to General Motors to acquire Leyland Vehicles and Land Rover, when it seems to make sense to Lonrho to bid for Land Rover, when it seems to make sense to Aveling Barford to make a bid, and when it makes sense to Volvo to acquire Leyland Bus, why on earth does it not make sense to British Leyland to retain and develop these valuable assets in the British interest?

Can the right hon. Gentleman tell us what view the Government take about General Motors buying Jaguar shares with a view to acquiring that company, which, if the deal with BL that we are told is well advanced goes through, will mean that General Motors will, in more or less one operation, acquire a whole clutch of vital British interests and successes?

Does the Secretary of State not think that he should raise the question in the Cabinet later in the week, in the hope that the political results of his folly will be borne in upon his colleagues and this dishonourable sellout will be brought to an end?

Mr. Channon: As usual, the right hon. and learned Gentleman is interested only in trying to cause the maximum amount of trouble, without considering—*[Interruption.]* The attitude of the Opposition, in laughing at that, proves my point. They are not trying to consider the commercial future of the industries and the people who work in them; they are merely trying to get the maximum

political capital out of them. [HON. MEMBERS: "Rubbish".] That is typical of the Opposition, with their irresponsible, hopeless and vindictive attitude.

Mr. Alex Fletcher (Edinburgh, Central): I congratulate my right hon. Friend on the skilful way in which he has attracted British bids for BL and its subsidiaries. Will he give an undertaking that those bids will be considered entirely on their merits?

Mr. Channon: Yes, As I told the House on 12 February, and as my right hon. Friend the Prime Minister has said, we will consider these bids.

Mr. David Steel (Tweeddale, Etrick and Lauderdale): Does the Secretary of State agree that there is, or ought to be, a clear distinction between foreign ownership of the British car industry, or parts of it, and foreign participation or participation and co-operation, such as already exists between, for example, BL and Honda? In that connection, will the right hon. Gentleman register our surprise that the board of the Land Rover company did not know of the General Motors deal that was being stitched up until it became public?

Will the right hon. Gentleman give the House an assurance that if the Government are determined to go ahead with the privatisation—we assume that they are—they will give a fair wind and priority to bids from British concerns and participation and cooperative ventures from foreign concerns that do not involve foreign takeover of the companies?

Mr. Channon: I am surprised at what the right hon. Gentleman says about Land Rover. The BL board has always been in favour of the General Motors' proposals, provided that the assurances which I outlined to the House last week can be obtained to get the best possible results for BL subsidiaries. As I have told the House on many occasions, I am trying to get the best solutions for these companies, and, as my right hon. Friend the Prime Minister has said on a number of occasions, we shall naturally consider the other bids.

Mr. David Madel (Bedfordshire, South-West): As the talks between General Motors and BL Trucks are to do with livelihood of thousands of people who want to work in a successful British truck company, is my right hon. Friend able to say whether there have been any signs from General Motors as to how long negotiations are likely to continue?

Mr. Channon: I confirm what my hon. Friend said in the first part of his question. As I have said before, it is in the interests of all concerned in the industry that these negotiations should come to a successful end as soon as they conceivably can, so that we can remove the damaging uncertainty and the worries. I hope that the talks will come to a conclusion soon.

Mr. Michael Foot (Blaenau Gwent): Is it not a fact that BL, under public ownership, had a fine record of ordering components from British firms? Could not this record be put in jeopardy if either of the alternative sell-offs proposed by the Government should go ahead? Can the right hon. Gentleman give any guarantee that, if BL is sold off, such purchases will continue?

Mr. Channon: I have already been through the assurances with the House on a number of occasions and, clearly, satisfactory assurances will have to be obtained.

[Mr. Channon]

In spite of the great progress that has been made, we must face the fact that Leyland Vehicles lost £61 million in 1984, on top of £70 million in 1983, that Land Rover is only just in profit, and that there is a serious commercial problem which the House should address seriously.

Mr. Roger King (Birmingham, Northfield): During his negotiations, will my right hon. Friend look carefully at the position of Freight Rover, which is an exceedingly profitable part of the Leyland Land Rover organisation? In particular, in the event of a sell-off, whether to Lonrho or anybody else, will he pay particular attention to the 300 Austin dealers, who will not have a light van to sell, and to the number of component suppliers in the west midlands who may, as a result of any sale, find their sales of components jeopardised?

Mr. Channon: We shall consider all the points that my hon. Friend makes, and I am sure he will agree that, in the interests of all dealers and everybody else concerned, we should get a speedy and satisfactory conclusion, to provide a good long-term future for these businesses.

Mr. Terry Davies (Birmingham, Hodge Hill): How do the Government intend to consult those who work at BL?

Mr. Channon: There will be talks with the employees through the usual consultation machinery.

Mr. Nicholas Soames (Crawley): Grateful though my right hon. Friend will no doubt be for the helpful intervention of Mr. Rowland of Lonrho, will he resist that blandishment? Land Rover already has a satisfactory market in the middle east and Africa. Is not Land Rover's greatest need for major opportunities to sell in the United States of America—something that one of the options at which my right hon. Friend is looking will provide?

Mr. Channon: It is the case that if the General Motors deal goes through, one of the major attractions will be the opportunities that will be available in the United States.

Mr. D. N. Campbell-Savours (Workington): Is the Secretary of State aware that my attempts to promote a joint venture, and my invitation to Volvo to visit the BL plant in my constituency was blocked by a member of the BL board? Is he aware that the meetings that I arranged this week with the Parliamentary Under-Secretary of State for Transport, with the Minister of State, Department of Trade and Industry with two senior Leyland Bus managers, including the managing director of Leyland Bus, was blocked once again by a member of the BL board? Will he remove these blocks and ensure that when proposals for a management buy-out in Leyland Bus are submitted, they will be given the fullest possible consideration by members of the board—that is, in the event that the Minister insists on pressing on down this route?

Mr. Channon: I assure the hon. Gentleman that any such proposals will be considered on their merits. Volvo has expressed an interest in Leyland Bus, which will be carefully considered. The Minister of State is to meet the hon. Gentleman later this week, with the managers to whom he referred. I hope that I have given satisfactory answers on all three points.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): Does my right hon. Friend accept that many of us

welcome the first few words of his statement, in which he said that his aim was to have a viable industry? That is right. Does he further accept that the lorry industry's problems, both General Motors' and BL's are different from those of Land Rover and Freight Rover? Is it not a good idea to separate the two? In view of the interest by Aveling and Lonrho—and I believe, by others—in Land Rover, surely there is no reason to offer a sweetener. If my hon. Friend must sell, why not have a proper auction, so that everyone knows that for once the country is getting the right price?

Mr. Channon: I am fully aware of my hon. Friend's views. I assure him that in any solution that comes forward in due course I shall bear in mind what he has said. I am particularly anxious to ensure the best possible future, not only for the freight business, but for Land Rover itself. That is one of the prime aims of the consultations and discussions.

Mr. Andrew Faulds (Warley, East): Will consultations with the work forces be held before, or after, any deals are completed?

Mr. Channon: I have already answered that.

Mr. John Mark Taylor (Solihull): Does my right hon. Friend accept that the recovery plan for Land Rover is seen to be working and that vital steps have been taken at Land Rover to put it on a promising and prosperous road? If that continues just a little longer, could we not have a promising flotation, like that for Jaguar?

Mr. Channon: That is possible. Although there has been a great deal of progress in Land Rover, there is a great deal further to go. In 1984 Land Rover's United Kingdom turnover was £490 million, but its profits were only £2 million, following a loss of £14 million the year before. A serious commercial problem must be addressed.

Mr. George Park (Coventry, North-East): I accept that public money has gone into Land Rover and Freight Rover, but now that part of BL is emerging into profitability and has good prospects, would it not make more sense to allow the taxpayer to have the benefits, indirectly through the Treasury, than hive off the company so that the benefits go to Detroit?

Mr. Channon: I note what the hon. Gentleman says, but I repeat that I am trying to find a solution that is in the long term interests of Land Rover and Freight Rover.

Mr. Robert Adley (Christchurch): I sympathise with my right hon. Friend in the problems that he had to pick up when he took over his new job, but does he remember telling me the other day that he had received no other bids or expressions of interest other than from General Motors? Will he now make it clear that he welcomes this widening of interest? In view of the warfare between predecessors in his Department and Lonrho, will he ensure that new interests are considered even-handedly with everyone else?

Mr. Channon: I have made it clear to the House that all serious proposals will be considered on their merits.

Mr. Tony Benn (Chesterfield): Does the Minister recall that over 20 years ago when the previous Conservative Government agreed to the sale of Rootes to Chrysler a number of assurances were given that were not worth the paper on which they were written? Since the sale

profitable British company is a matter of great concern, why can we not have a ballot of workers to allow them to determine the future of the company, whose wealth they have created through their own labour?

Mr. Channon: The right hon. Gentleman is right. I, too, recall similar declarations in the past, and that is very much in my mind. The usual consultation will take place with the work force.

Mr. Nicholas Lyell (Mid-Bedfordshire): Will my right hon. Friend bear in mind that the people of Luton see real potential advantages from a merger between General Motors and the truck division of BL?

Mr. Channon: I appreciate what my hon. and learned Friend has said. We want a solution that will help, not hinder, the prospects of all sections of that business.

Mr. Doug Hoyle (Warrington, North): Does the Secretary of State accept that the Opposition speak for the national interest, the interests of the lorry industry, the interests of the Leyland workers and, unlike some in this House, the interests of those who work in Luton?

The right hon. Gentleman said that Leyland Commercial Vehicles was not profitable, that the bus company was not profitable and that Land Rover has only just broken into profitability. Can he explain, therefore, why so many people want to buy those vehicles? Now that taxpayers' money has been put into that business, will he reconsider and allow it to move forward as a financial success in public ownership?

Mr. Channon: I have given the House the figures for the losses in the truck division for 1983 and 1984. I do not have the 1985 figures, which will be published in the usual way when they are available.

Great progress has been made in Land Rover and other parts of BL. However, the House is deluding itself if it imagines that the problems are over, that hard decisions can be avoided, or that there is some magic road down which we can go without making difficult choices.

Mr. William Cash (Stafford): Does my right hon. Friend agree that we cannot continue to kid ourselves all the time, and that it is about time that the management and work force of BL reached the conclusion that they have to produce the goods in competition with Japan and other countries? If they reach that conclusion, perhaps they will produce quality goods that can compete fairly in world markets.

Mr. Channon: Substantial strides have already been made. If we can, we must achieve an increasing share of the market and a solution that is in the long-term interests of all the companies in the BL group.

Mr. Tam Dalyell (Linlithgow): I thank the Minister of State for his courteous attitude towards my hon. Friend the Member for Falkirk, East (Mr. Ewing) and myself when we visited him last Wednesday to discuss the problems of Bathgate.

Is there not a dilemma, in that millions of pounds of public money have been poured into the huge Bathgate site by the West Lothian district council, the Scottish Office and the right hon. Gentleman's Department? Therefore, should not the district council and the civil servants in the Scottish Office and the Department have some say in the future of that site? Surely that should not be left entirely

to a commercial decision by Leyland Vehicles? A moral issue is involved in determining the future of that site that affects the whole of central Scotland.

Mr. Channon: As the hon. Gentleman knows, decisions on Bathgate were taken some considerable time ago. Nothing that I have said today or on earlier occasions changes the position. The hon. Gentleman and his hon. Friend the Member for Falkirk, East (Mr. Ewing) raised important points with my hon. Friend the Minister of State, and those matters will receive careful consideration.

Mr. Gerald Howarth (Cannock and Burntwood): Does my right hon. Friend agree that, in large measure, BL's problems stem from the Labour Government's encouragement of a merger in 1968 between Leyland and the British Motor Corporation and the number of plants that were kept open? Does he further agree that it is not the business of the Government to build motor cars? However, if there is to be a disposal, would it not be more sensible, if possible, to sell to a British bidder rather than to a foreign bidder?

Mr. Channon: I had better not delve into the history of BL. Strong views are held in many quarters of the House on the issues that my hon. Friend raised. I am trying to achieve the best possible solution for the future of the subsidiary companies. I shall inform the House when negotiations are completed.

Mr. Wrigglesworth (Stockton, South): Why does the Secretary of State continue to talk down the achievements of Land Rover? Does he not agree that it has made profits every year, barring 1983, since it was established in 1948? Is he not aware that in its interim statement BL forecast greater profits than those about which the right hon. Gentleman has just told the House and, that it has now achieved record sales? Is he aware that we are not asking for a magic solution, but simply for the same solution for Land Rover that Jaguar had in the past?

Mr. Channon: I am not in the least talking Land Rover down. I have said again and again, and I repeat in case there is any doubt, that the Land Rover products are excellent. They have a worldwide reputation, of which all those involved can be proud. What I must do is to give the House the actual figures, and those that I have given the House this afternoon show the company's financial position.

Mr. Patrick Cormack (Staffordshire, South): If we have excellent British products and if we have had recent improvement, why the hurry to flog off BL?

Mr. Channon: Because, as I told the House last week, there are serious commercial problems in many of the companies. We must try to get them on to a basis of certainty for the future. *[Interruption.]* I am extremely surprised that the Opposition would like this damaging uncertainty to go on—the damaging uncertainty which has largely been created by the irresponsible tactics of the Opposition.

Mr. Jack Straw (Blackburn): Why does the Secretary of State deliberately set out to rubbish the achievements of BL, and Leyland Trucks in particular, and of the thousands of people who work in the company, as he has done from the Dispatch Box this afternoon, when last month the figures issued by the Society of Motor Manufacturers and Traders showed that Leyland was at the

[Mr. Jack Straw]

top of the league for the sale of heavy trucks and that General Motors' Bedford subsidiary had slipped to fifth place? What is in it for Leyland to be taken over by the failing General Motors? What information has the right hon. Gentleman of General Motors' plans to produce a world lorry, which would seriously undermine any design and development capability of Leyland Trucks?

Mr. Channon: I have in no sense rubbished the achievements of Leyland Vehicles. [Interruption.] I certainly have not. If it is rubbishing the achievements of Leyland Vehicles to tell the truth about the figures, that is astonishing. The House should recognise that there is immense over-capacity in this area. There are serious commercial problems and substantial losses between Leyland Vehicles—£61 million in 1984 and £70 million in 1983. To imagine that those problems can be wished away by a magic wand is simply ridiculous.

Several Hon. Members rose—

Mr. Speaker: Order. This is an extension of Question Time. I regret that I cannot call everyone, but I shall ensure that those who are not called will get preference when we discuss the matter again.

Mr. John Smith: On a point of order, Mr. Speaker. It is my intention to move an application under Standing Order No. 10 in view of the inadequate response that we have received from the Secretary of State and his deliberate evasion of a number of important questions. May I have your advice on when I should do so?

Mr. Speaker: At the appropriate time, which is after private notice questions.

Exceptionally Severe Weather Payments

3.53 pm

Mr. Michael Meacher (Oldham, West) (*by private notice*) asked the Secretary of State for Social Services if in the light of the recent decision of the Social Security Commissioners he will make a statement about fuel payments in periods of exceptionally severe weather like the recent cold snap.

The Minister for Social Security (Mr. Tony Newton): The main help for claimants in meeting their heating costs is the scale rates which cover normal living expenses. In addition there is an extensive range of heating additions which give further help, for example, for all householders over 65 and families with a child under five. Expenditure on those additions totalled some £400 million in 1984-85—£140 million more in real terms than in 1978-79.

The regulations also provide for single payments to claimants who have extra fuel costs arising from exceptionally severe weather. Last winter decisions were handled using trigger points based on meteorological office information. The system was widely criticised and was ruled invalid by the Social Security Commissioners last autumn. In the light of this the chief adjudication officer issued further guidance on the handling of claims.

It is for the independent adjudication officers in each locality to decide whether there has been a period of exceptionally severe weather and to determine subsequent claims. I understand that some designations have been made and that others are under consideration.

Mr. Meacher: Now that the Social Security Commissioners have ruled that the Government's system of exceptionally severe weather payments of last winter was invalid, is it not an abdication of Government responsibility that the buck has been passed to local officers to decide for themselves whether there has been a period of exceptionally severe weather and, if so, how much extra claimants should have to spend on fuel? Are the Government not washing their hands of this matter in issuing a circular that does not define "period", "exceptionally severe weather" and "trigger points"? Which local offices have so far started making payments according to the circular of 6 December, as the temperature has now fallen as low as minus 11 deg in Scotland and the north-east and minus 17 deg in the Cambridge area? Why are local officers apparently not advertising the availability of these payments, bearing in mind that it has now been freezing for some weeks?

As the previous standardised system notoriously led to unequal treatment of different places with the same low temperature, is it not clear that the present wholly random alternative will lead to far greater inequities and unfairnesses? Are we not seeing the first example of that abandonment of claimants' rights in favour of local discretion and uncertainty which will soon become the order of the day under the Government's proposed social fund?

Mr. Newton: The hon. Gentleman has not acknowledged that the position last winter was, in one important respect, the same as this winter. The decision has always been a matter for the local adjudication officers. The

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Reference *CUBS*

TO:

Mr Meadway V

cc PS/Prime Minister
PS/Secretary of State
PS/Sir Brian Hayes
Mr Mountfield
Mr Cochlin
Miss Bowe Inf
Mr Whittingdale
Miss Samuel Inf

FROM:

ANDREW ADAMS
MOS Office (Mr Morrison)
Rm 711, 1V/S
215 5186

14 February 1986

Mr Morrison has agreed to meet a delegation on behalf of all unions with members at Leyland Vehicles Ltd to discuss the proposed takeover by General Motors of Leyland Trucks and Land Rover. The meeting has been fixed for Tuesday 25 February at 10.00 am. I will let you have a full list of all those attending as soon as I have it.

I would be grateful for briefing and names of officials who will attend by noon Friday 21 February.

AA

ANDREW ADAMS

