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DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5186
SWITCHBOARD 01-215 7877

From the Minister of State for Industry

Norman Lamont MP

Prime Minister
Agree X?

AT 24/11

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
Whitehall
London SW1

Yes
not

23 November 1983

Dear Prime Minister

I have now received the latest monthly financial results of the ship-repair Division of British Shipbuilders. The trading position is:-

Period	Trading Profit (loss)	Forecast to End of Year Profit (loss)	Previous Forecast
6 (27 August-30 Sept)	(285)	(2872)	(270)

This compares with a trading loss of £435,000 for the previous month. The large change in the forecast loss is due to the closures of Grangemouth Dockyard Ltd and Tyne Shiprepair Ltd (TSL), which will result in extraordinary redundancy costs. In accordance with BS' policy to move out of shiprepair, the Corporation announced publicly last month the decision to close or dispose of Grangemouth and TSL by 31 December 1983. In the event Grangemouth has already been closed while TSL is due to be closed by the end of the year. Workers at TSL voted to reject a management takeover scheme which could have saved 850 of the 1176 jobs, but it remains possible that second thoughts will prevail.

Privatisation of Falmouth is considered by BS to be a sensitive issue within the industry and, therefore, BS intend to wait till nearly the end of the year before announcing their plan. Preparation for the sale is, however, well in hand.

In view of these decisions to close yards and to get out of ship-repair, I would suggest, if it is acceptable to you that these monthly reports probably no longer serve a purpose. I would, of course, let you know the results at the year end and how progress has gone.

Yours
Norman

NORMAN LAMONT

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file to

10 DOWNING STREET

From the Private Secretary

30 November 1983

The Prime Minister has seen Mr. Lamont's latest report on the monthly financial results of the ship-repair Division of British Shipbuilders. She agrees that, as BS is now moving out of ship repair, monthly reports are no longer necessary, although she would welcome the report at the end of the year which he suggested.

ANDREW TURNBULL

John Alty, Esq.,
Mr. Lamont's Office,
Department of Trade and Industry.

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Prime Minister (4)
AT 19/10 1450

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From the Minister of State for Industry

Norman Lamont MP

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
Whitehall
London SW1

19 October 1983

Dear Prime Minister

British Shipbuilders have now sent me the financial results of their Shiprepair Division for the period 30 July to 26 August and the trading position is:

Period	Trading Profit (Loss)	Forecast to End of Year Profit (Loss)	Previous Forecast
5 (30 July - 26 Aug)	£(435,000)	£(270,000)	£231,000

Getting worse; forecast before that was £ 464,000

This compares with a trading loss of £130,000 for the previous month. The losses incurred are solely due to the poor performance of Tyne Shiprepair Limited and Grangemouth Dockyard Limited - both, according to the Corporation, have continued to suffer from lack of adequate workload and poor prices. Falmouth and Vosper, on the other hand, remain profitable and are expected to achieve this year's target profit levels of £796,000 and £261,000 respectively.

Under the new Chairman, BS have now decided to move out of shiprepair as quickly as possible. They have announced their intention to sell, or failing that to close, both Tyne Shiprepair and Grangemouth. Action will follow on Falmouth and Vosper. Falmouth, in particular, understandably has a substantial list of possible buyers and BS are in touch with a merchant bank about arrangements for sale. As regards Vosper no decision can be taken until the middle of next year because of the terms of their very worthwhile current contract for the Saudi royal yacht.

NORMAN LAMONT

John
Norman



Prime Minister (4)
ms 20/9

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From the Minister of State for Industry

Norman Lamont MP

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
Whitehall
London SW1

19 September 1983

Dear Prime Minister

I have now received British Shipbuilders' figures on shiprepair for the period 2 July to 29 July and the trading position is:

Period	Trading Profit (loss)	Forecast to End of Year Profit (Loss)	Previous Forecast
4 (2-29 July)	(£130,000)	£231,000	£464,000

The trading loss of the shiprepair division as a whole remains the same as in the previous month. Within this overall picture, however, Falmouth and Vosper have made profits and are forecast to show end of year profits in excess of £800,000 and £260,000 respectively. However, there seem to be no real prospects in the foreseeable future for commercial viability of Tyne Shiprepair Limited and Grangemouth Dockyard Ltd in their present forms - both are unable to obtain sufficient volume of work.

I am expecting the early receipt of BS' new Chairman's plan for the privatisation of their shiprepair activity. I shall keep you informed of progress on this.

Mr Day plans to move quickly on this.

*Yours
Norman*

NORMAN LAMONT

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Jud,
Ship

Prime Minister 2

LM
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DEPARTMENT OF TRADE AND INDUSTRY

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From the
Minister of State
Norman Lamont MP

ML

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
Whitehall
London SW1

5 August 1983

Dear Prime Minister

I now have British Shipbuilders' figures on shiprepair for the period 28 May to 1 July. The trading position is:

	Trading Profit	Forecast to End of Year Profit	Previous Forecast
	(loss)	(loss)	
Period 3 (28 May to 1 July)	(£130,000)	£464,000	£1 million

This compares with a trading loss of £649,000 for the previous two months.

Within this overall picture, Falmouth continue to be profitable and have indeed substantially increased their profit level (£94,000 this month). Although Vosper have made a small loss, present trends suggest that the company, like Falmouth, may achieve their budgeted profit target for the year. However, there remains doubt about the commercial viability of both Tyne Shiprepairers and Grangemouth Dockyard Limited.

I recently discussed with the BS Chairman-designate, Mr Graham Day, the question of privatisation of BS' shiprepair activities. Mr Day intends to take active steps to dispose of BS' shiprepair operations soon after he takes over on 1 September. I will keep you in touch with progress on this.

*Yours
Norman*

NORMAN LAMONT

COMMERCIAL IN CONFIDENCE

Prime Minister (4)



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MS 21/7

From the
Minister of State
Norman Lamont MP

MS

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing St
Whitehall
London SW1

21 July 1983

Dear Prime Minister

I now have the British Shipbuilders (BS) figures on shiprepair for the period 2 April to 27 May. The trading position is:

	TRADING PROFIT (LOSS)	FORECAST TO END OF YEAR PROFIT (LOSS)
Period 1 & 2 (2 April-27 May)	(£649,000)	£1 million

This compares with a trading profit of £456,000 for the previous month.

Following the overall trading profit for the last quarter of 82-83 the Shiprepair Division as a whole has made a loss in the first two months of this financial year. However, within the overall picture Falmouth continues to be profitable with a good future. Vosper has for the present performed worse than expected, but the yard has a good orderbook for the rest of the year.

After being profitable for a few months running, the restructured Tyne Shiprepair Limited (TSL) with a much reduced workforce has again started to make a loss. This, according to BS, is due to the company's failure to attract the necessary volume of work needed. Close monitoring of both TSL and Grangemouth Dockyard Limited is being undertaken by BS but the future existence of the companies, at least in their present form, must be in grave doubt.



Privatisation or closure is the top priority. Graham Day who becomes Chairman on 1 September, but who has moved in as Deputy Chairman since 1 July, is already making a more vigorous influence felt in this. BS have now asked Morgan Grenfell Limited for advice on Falmouth, which has several potential buyers.

NORMAN LAMONT

*Your
Norman*

CONQUEROR
LONDON