

# BOMBARDIER

16 May 2011

Rt Hon Philip Hammond MP  
Secretary of State for Transport  
Department for Transport  
Great Minster House  
76 Marsham Street  
London SW1P 4DR

## TRANSPORTATION

Bombardier Transportation UK Ltd  
Litchurch Lane  
Derby, DE24 8AD, England  
www.bombardier.com

TEL +44 1332 344666  
FAX +44 1332 266271

Registered in England  
Registered No. 2235994  
Registered Office: As above

Dear Secretary of State

### **Employment Levels at the Bombardier Transportation UK Limited Train Manufacturing Facility in Derby**

We are writing to you further to the meeting held on 12 May 2011, the principals for which were Lucy Chadwick, Acting Director General, Major Projects and London at the UK Department for Transport, and Colin S. Walton, Chairman and Chief Country Representative for the UK and Ireland, Bombardier Transportation (also the Chair of the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership).

The meeting was primarily arranged as a briefing for Ms Chadwick on the work of Bombardier in the rail industry both in the UK and more widely. However, the conversation turned – for reasons that we will outline in a moment – to the critical workload situation facing our train manufacturing facility in Derby. Let us now amplify the points that were made.

As you know from your recent private visit, the factory is currently busier than at any time in modern history. Ten years after its acquisition by Bombardier, Derby is now completing orders for London Underground, Stansted Express, Chiltern Railways and London Midland, having recently delivered the full fleet of electric and diesel trains for the hugely successful new London Overground service.

To fulfil all of these orders for state-of-the-art train designs, employment levels have increased in our Derby facility to over 3,000 people, as well as around 12,000 in our supply chain. It has also enabled us to invest in modern manufacturing techniques and – very importantly – in the development of our skills base.

This major centre for high-technology rail engineering is poised to make a significant contribution to the Government's programme of rebalancing the economy away from over-reliance on London-based financial services.

As you know, Bombardier is one of two bidders left in the Thameslink bid. We are absolutely confident that our new train designed specifically for Thameslink – the Bombardier *AVENTRA* – represents a truly world class yet fully deliverable product for this immensely important route serving London and the South East.

However, even if the Thameslink contract is awarded to us in the immediate future, the culmination and successful delivery of existing projects means it is already inevitable that Bombardier will experience a dip in workload, the scale of which will mean the lay off of

around 1,200 employees. However, in the event we are successful, we will try all avenues to mitigate the number of layoffs, not least because we would need to be ready to get started with AVENTRA manufacture at the earliest possible date.

Bombardier will undertake to continue to provide support to our Derby facilities in the way of engineering and work packages to ensure the minimum disruption to our highly skilled workforce prior to the commencement of Thameslink.

In order to provide the statutory level of consultation (90 days) with our employees on these changes, we will be announcing the proposed reductions to our staff at an all employee briefing on 23 May. This announcement has already been delayed as long as possible in the hope of hearing news on Thameslink, although we would be prepared to reconsider the timing of an announcement and allocation of additional work to Derby should we be selected as preferred bidder for Thameslink in the interim.

XX

XX

The loss of such a major order as Thameslink would also have significant long term consequences on the UK railway supply industry as a whole. In today's difficult economic climate, many suppliers to the rail industry are already in an extremely vulnerable position. Downsizing to meet reduced demand is not an easy option. Many have reached the stage where the loss of orders or significant delays between orders will result in their closure – a pattern seen in many other industries in recent times.

Our Derby facility is especially important to the UK rail technology supply chain as it sits at the centre of what we believe to be the world's largest cluster of rail technology businesses. This cluster has helped to make Derby a unique British city where the proportion of the workforce in private sector employment has actually grown during the past decade. We believe, therefore, that our presence as a major business in Derby directly contributes to the Government's triple objectives of rebalancing the economy away from over-dependence on financial services, increasing private sector employment and promoting export-led growth.

We therefore thought it incumbent on us to write to you so that you have the full facts about the importance of the decision on Thameslink to our business, our employees, our suppliers and the wider UK community, especially Derby and the East and West Midlands.

Yours sincerely



**Pierre Beaudoin**

President and Chief Executive Officer  
Bombardier Inc



**Andre Navarri**

President and Chief Operating Officer  
Bombardier Transportation