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CONFIDENTIAL Filing

Shutdown of Royal Dockyards
Chatham & Portsmouth

DEFENCE

April 1982

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DEPARTMENT OF TRADE AND INDUSTRY

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Secretary of State for Trade and Industry

PS/

cc/G
Seen by
MEA
11 July 1986

Joanne Barnes
Assistant Private Secretary to the
Chancellor of the Duchy of Lancaster
Cabinet Office
70 Whitehall
LONDON
SW1A 2AS

Dear Joanne,

Thank you for your letter of 2 July asking for briefing for the
Chancellor of the Duchy of Lancaster's intended visit to Chatham
Dockyard on Friday, 18 July.

... I attach a background note, and a publicity leaflet covering the
Chatham development.

Yours sincerely

Bradley

CATHERINE BRADLEY
Private Secretary

Encls

JF4ACZ

17
19 **86**
BOARD OF TRADE
BICENTENARY

BACKGROUND NOTE

The history behind English Estates involvement at Chatham began in early 1984 when English Estates were given responsibility for the comprehensive re-development of the site of Chatham Naval Dockyards following its closure with the loss of 7,000 jobs. English Estates were asked to undertake this development because no private developer would undertake the task.

English Estates produced an imaginative plan that needs about £15m to £20m investment in the infrastructure at the site. This in turn is expected to attract up to £300m of private investment.

English Estates does not have the funds available for a large scale investment in Chatham without reducing their factory development programme in the Assisted Areas. They have been authorised to spend a further £2.25m on infrastructure making some £5m in all but no further Government money will be made available. However they have been told they can use the proceeds from the lease or sale of land on the Chatham site to fund further investment in the infrastructure necessary to open it up for private development. They will have to raise about £15m more in this way to take the development forward to completion. The Secretary of State and his Ministers have placed great emphasis on the need to continue the re-development of the dockyard with maximum possible level of private sector funding.

English Estates are confident that they will still be able to complete the development, though more slowly than they would if they were able to inject a large amount of public money into the site at the initial phase.

The £2.25m public investment in the infrastructure will provide a spine road for the site and build a bridge to open up land for housing near the river. This and the fact that 60 acres on the site has been declared an Enterprise Zone should attract private sector investment, generating income for English Estates, which they will be able to re-invest.

The Overseas Development Agency (ODA) have been persuaded to relocate the Tropical Development Research Institute (TDRI) and the Land Resources Development Centre (LRDC) laboratories on the site. They will occupy converted Edwardian barrack blocks at a cost of £12m, which they hope to raise in the city by selling the freehold on the development, once the ODA has agreed the terms for a long lease.

The two main representatives of English Estates expected to be present are Mr Ian Parker, the Regional Director; and Mr Tony Pender, the Chief Executive.



10 DOWNING STREET

From the Private Secretary

28 March, 1983.

The Prime Minister has now seen your Secretary of State's minute of 23 March about Chatham Dockyard. She was grateful to be kept informed of the position.

Timothy Flesher

Mrs. Helen Ghosh,
Department of the Environment.

RC.
29/3

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Prime Minister

Prime Minister

CHATHAM DOCKYARD

Handwritten signature: Norman Lamont

Handwritten initials: JF

24/2

You told me of the concern expressed during your visit to the National Maritime Museum for the future of the historic dockyard at Chatham and asked about the present position.

The Naval Dockyard is in two adjacent parts; the upstream historic area where, although still part of the operational establishment, many of the buildings are as they were when built in the 18th century and are scheduled as ancient monuments, and the modern area. Following the decision that the Navy should quit Chatham in 1984, PSA commissioned consultants to study the opportunities that will exist for each part.

Norman Lamont announced on 14 March that the modern dockyard is to be purchased by the English Industrial Estates Corporation and developed for industrial and commercial uses.

For the historic dockyard, the consultants recommended that it should become a "living dockyard" to preserve its historic importance whilst bringing it to life by a mix of complementary uses - housing, offices and leisure and tourist activities and be run by a Trust. They suggested that the Trust would need financial support - probably £7m over the first 5 years and thereafter £½m pa, though these figures may be optimistic.



I have discussed the recommendations with Michael Heseltine, and agreed that officials should work up detailed proposals on the lines recommended by the consultants. Other colleagues have signified their general support. I hope to be able to put detailed proposals to the Treasury shortly after Easter. (A copy of my letter of 11 February outlining the proposals is attached for ease).

The consultants saw the National Maritime Museum having a considerable role in the dockyard - using some buildings for displays and providing expertise. As you know the Museum hold similar views and support the idea of a Trust. I met Mr Cayzer, Dr Greenhill and Dr Cossons last month to discuss progress and I visited them last week. Their main concern was that the Trust should be set up as quickly as possible, and I entirely agree. I am planning to involve Dr Greenhill in the preparatory work of setting up a shadow Trust so that when we have reached firm decisions, particularly on the financing, we have an effective body with whom to negotiate the future of the historic dockyard.

I am copying this note to Leon Brittan, Arthur Cockfield, Michael Heseltine and Patrick Jenkin.

A handwritten signature in dark ink, appearing to be "R. Jenkin".

TK

23 MAR 83

2F



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

// February 1983

Dear Michael,

CHATHAM HISTORIC DOCKYARD

I have now had an opportunity to consider the report you received last Autumn from the consultants commissioned jointly by PSA and the Kent County Council on the future environmental and economic opportunities in the historic dockyard. I have also seen the note of the meeting you held with a group of individuals with experience of running heritage museums here and in America or with other associated knowledge. As a result I have come to the conclusion that we should proceed broadly on the lines advocated by the consultants. I understand you formed a similar view, and in the light of the limited amount of time before the Navy vacate the historic area I would like to proceed with some urgency.

Consultants general concept

I enclose a copy of the consultants' report and you will recollect that they recommend that a Trust should be set up to direct and finance the operation of a 'living dockyard' through a mixture of complementary uses - housing, offices, light industry, leisure activities and most importantly tourism. I understand this view was strongly endorsed at your meeting. How the mixture turns out will be a matter for the Trust to settle as they go along but whilst there are some buildings of great historical significance such as the Ropery, and Mold Loft which will have to be retained for their original purpose, there are others such as Medway House or the Anchor Wharf Store which could be adapted to modern usage. In addition there are areas of unused land on which new buildings could be erected. Altogether there is I feel a rich collection of opportunities for the future.

Type of Museum

Varying advice has been offered about the form of museum that would provide the biggest tourist attraction. Some have advocated that the theme should be that of the only Georgian dockyard in the World. Others have argued that a more diversified approach including examples of ships of more recent periods would be more successful. In view of the unique collection of buildings it has been suggested that Chatham should concentrate on the historic land aspects of the Navy in contrast to Portsmouth which, with

the Victory and the other old ships it has, is dealing with the sea going aspects. These again would be matters for the Trust to develop a policy on as a result of further detailed deliberations.

Co-ordination of Maritime Museums

However this leads on to the matter of overall co-ordination on which I wrote to you recently. A great deal of excellent effort is now being put into creating Maritime Museums at a series of centres. In addition to the major activities at Portsmouth and Chatham there are initiatives at Bristol (in relation to merchant ships) and Ellesmere Port (Narrow Boats), and the National Maritime Museum at Greenwich is seeking some means of satisfying several additional requirements. I hope you agree that the officials of our two Departments should urgently advise us on what needs to be done. I understand the Prince of Wales mentioned to you on several occasions that he is very interested in such issues. I agree His Royal Highness would be an excellent person to lead such an overall effort and I am very willing to follow the matter up with him.

The Trust

The membership of the Trust will require careful thought and will need to represent a wide diversity of interests. In addition to the living museum, maritime and building conservation aspects there should be someone from the estate management and development field if the Trust is to successfully attract private investment, the local interests will need to be represented through such a body as the County Council and the tourist industry both nationally and locally should be involved. The choice of the Chairman will be a particularly critical issue, and one to which I am now giving thought, since a great deal of the success of the Trust is likely to depend on the amount of time and energy he is able to devote to its promotion.

Finance

In their report the Consultants do not envisage that it will be possible to find uses for all the scheduled buildings but where a property is leased from the Trust the intention is that the occupant will be responsible for its subsequent care. This approach should reduce the need for public funds but even so the consultants estimate that the Trust will need support to the extent of about £7m over the first five years and thereafter around £0.5m per annum. Prudence suggests however that these figures might rise to over £9.0m and £1.0m respectively if the Trust runs into unforeseen difficulties. Equally if the development of the dockyard catches the public's imagination the cost could be less than the consultants figures.

On page 44 of the Report these costs are set out as a cash flow arrangement for the first five years. From these figures it is possible to see what sort of annual deficit may have to be met. I am sure this is the right basis on which to assess the problem but it will be for consideration how that deficit will be met and by whom. The Trust may be able to obtain assistance from the National Heritage Fund and we shall need to examine whether regional aid or grants for tourism might assist, but it seems probable that Central Government will have to contribute a major share of the deficit at least in the early years. The responsible Department or Departments will have to be determined but yours or mine seem to be the primary candidates. The dockyard is of course part of the Defence estate and it would be helpful for me to know your views on this question of ownership in the future.

Kent County Council

As the County Council collaborated with us in the preparation of the Consultants Report I shall be meeting the leader, Councillor Neame to discuss the report with him. He will no doubt seek an assurance that the Government will provide financial support to the Trust but at the same time I hope to persuade him that the County Council should also contribute.

Implementation


I commend the recommendations to you and other colleagues as offering an imaginative and viable way forward. I am satisfied that they will enable us to preserve the major features and character of this significant part of our National Heritage and to give the area a good environmental character and a liveliness that many people will find attractive to either visit, live or work in.

There is not a great deal of time in which to resolve the details if the Trust is to be set up and be capable of taking over as the Navy pulls out (I understand the Historic Dockyard will be largely vacated before the end of this year). I am therefore asking my officials to work up outline proposals for the Trust and to consider further on an inter-departmental basis the means of providing financial support.

I should be grateful to know that you, Patrick Jenkin, Arthur Cockfield and Leon Brittan to whom I am sending copies

of this letter (and a copy of the Consultants' report) are content with these initial proposals and are able to authorise officials to participate in the necessary discussions. I am copying this letter to the Prime Minister for information.

I hope these can be concluded in time for me to circulate firm proposals before Easter.

Lu
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TOM KING

Defence

16 March 1983

I know that the Prime Minister will be writing to you herself, but I wanted to add my own grateful thanks for the highly enjoyable evening at the Museum on Monday. It was a great privilege to be there and everyone in her party was most appreciative of your generous hospitality and very kind way in which the Museum staff explained the exhibits to us.

You have possibly heard that I had a further word with Dr Greenhill yesterday about the future of the historical buildings at Chatham after the dockyard closes. The Prime Minister is, of course, aware that you are about to have further discussions with the Secretary of State on this, and she will be following developments with interest.

May I also take this opportunity to refer to the matter of the Haley portrait which was mentioned at dinner? We are most grateful for the portrait of Nelson which is already on loan to No 10, and if you also felt able to lend us a painting of a notable British astronomer such as Haley this would indeed be most welcome. If in principle this is a possibility, it would be helpful first to know the approximate size of the picture since obviously this would be one factor in deciding whether we could hang it in a suitable setting.

ROBIN CATEFORD

The Honourable Anthony Cayzer

NOTE FOR THE RECORD

Defence.

Chatham Dockyard

In conversation at dinner after her tour of the National Maritime Museum yesterday, the Prime Minister was regaled by the Honourable Anthony Cayzer (Chairman) and Dr Basil Greenhill (Director) with a long account of their fears for the future of the historic enclave at Chatham after the dockyard closes in about April 1984. Apparently this embodies some 72 acres including an "untouched Victorian dockyard" and a ropewalk. This has always been within the naval perimeter and not seen by the general public. The National Maritime Museum feels very strongly that this should be preserved as a monument for the nation, and Mr Michael Heseltine - until recently Secretary of State for the Environment - was believed to support this. He apparently had commissioned a consultant's report, with the intention that the buildings of historical interest should be preserved with maximum accessibility to the public and that a trust should be established to take over the management and perpetual maintenance of the site.

The National Maritime Museum agreed in principle with this approach and, indeed, had suggested a number of names as future trustees. Their main concern now was that a responsible body ought to be formed immediately, in order to preserve continuity. At the very least it was essential that the new trust should be fully functioning before any part of the present dockyard was vacated so that there should be no risk of encroachment or vandalism from outside. But they also feared "official vandalism" which might already be occurring if any of the existing equipment or appointments was being removed and dispersed to other places. They saw it as vital for everything to be preserved intact.

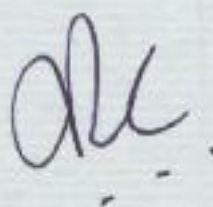
The Prime Minister was told that there had been various suggestions about the nature and composition of the future trust, such as that it might be a tripartite organisation involving "ancient monuments", private sector and local government interests. But all this was taking time and the risk of a hiatus was now looming. This could have alarming consequences. The National Maritime Museum was not against private sector involvement but specious arguments had been heard about the entertainment potential of the area, and they very

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much hoped that there would be full respect for Chatham dockyard as a historical monument before any other considerations were allowed in.

The Prime Minister was told that the new Secretary of State, Tom King, with officials from the Permanent Secretary downwards, would be visiting Greenwich later this week for a further discussion. There was no suggestion that he would depart from the line of his predecessor, although this had not yet been confirmed. The Prime Minister expressed considerable interest in this development and asked me - in the presence of Mr Cayzer and Dr Greenhill - to let the Secretary of State's office know this and that she was "in full cry" (her words).

After a further word with Dr Greenhill on the telephone today to confirm my understanding of certain details, I then telephoned David Edmonds in the Secretary of State's office and subsequently wrote him a confirmatory letter as attached. He told me that the Secretary of State and officials were in fact lunching there today, and promised to provide a note later in the week.

A handwritten signature in cursive script, appearing to be 'A.C.', with a small dot below the end of the signature.

15 March 1983

SF 2/3

15 March 1983

Chatham Dockyard

As I mentioned on the telephone, the Prime Minister yesterday evening fulfilled a long-standing engagement to tour the National Maritime Museum at Greenwich. In the course of the visit the Chairman, the Honourable Anthony Cayzer, and the Director, Dr Basil Greenhill, spoke at some length of their fears for the future of the historic enclave at Chatham after the dockyard closes next year.

The Prime Minister is aware that the matter is under active consideration by your Secretary of State, and indeed was told that he will be visiting Greenwich tomorrow to discuss possible arrangements for setting up a trust at Chatham. She has asked that the Secretary of State should be made aware of her considerable interest in the matter.

Perhaps you would kindly let me have a short note on the background to this, together with an indication of how matters stand following tomorrow's meeting at Greenwich.

ROBIN CATFORD

David Edmonds Esq
Department of the Environment

1.

PRIME MINISTER

There was no opportunity for Mr Nott to discuss his minute attached after E this morning.

Are you content for us to set up the meeting he suggests in the last paragraph of his minute ?

Yes

KW

Good.

KW

EW

Mr. W. K. Moore

Meeting not required.

22 April 1982

CS.

2714



Prime Minister.
N NSH may semi visit
Cabinet for agreement.

MO 10/4

PRIME MINISTER

RUNDOWN AT PORTSMOUTH AND CHATHAM DOCKYARDS - REDUNDANCY NOTICES

He did not in the world.
Agree to discuss after 6
on Thursday morning? Feb 20/14

the
20/14

As you will know, inherent in the plans announced in Cmd 8288 last summer was the decision to close Chatham dockyard and to run down Portsmouth dockyard to a Naval Operating and Maintenance Base, both to be completed by March 1984. The first compulsory redundancies at both dockyards were announced on 2nd April. If we are to remain on course, a further 360 notices would be issued at Portsmouth on 30th April and, under local consultative procedures, the Unions would be given a list of the names of those affected this Friday, 23rd April. The next tranche of compulsory notices at Portsmouth (335) is planned for early June. An announcement of some 500 redundancies is due at Chatham next month.

2. Postponement of this action would have the following disadvantages in the case of both Chatham and Portsmouth:

a. the Unions in both Portsmouth and Chatham are already aware of the broad outline of manpower rundown plans and are expecting redundancy notices to be issued in the next few weeks. We would have to try and explain why there has been a delay and it might be difficult to do this without starting rumours that plans for the implementation of Cmd 8288 had been changed;

b. it would require us to pay the individuals for the extra period represented by the postponement, notwithstanding that there would be no work for them;

c. the workload, particularly at Portsmouth, will fall dramatically very soon and if we are not to have unmanageable numbers of industrials in amenity centres in the Yards without

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work we shall need to lay off many of them in any case. If we retain extra men the numbers to be laid off will be that much larger;

d. it would be impossible to achieve target numbers on due dates. The administrative system is already heavily loaded and is finding it difficult to pay people terminal benefits within a reasonable period of discharge. Deferring issue of notices would therefore create a week-for-week delay in the programme which could not be corrected by increasing the numbers eventually discharged on any given date.

3. However, to go public this Friday on a further 360 redundancies at Portsmouth (which is what the present plans would mean) will, I believe, produce a hostile public reaction when set against the Falkland Islands crisis and, in the case of Portsmouth, the public perception of what the Base has achieved over the past two or three weeks in getting the Fleet to sea. My judgement is that the public perception in the immediate future and the possible, but as yet impossible to quantify, future increased dockyard load in the aftermath of Operation Corporate point to the postponement of the issue of further redundancy notices at least for a few weeks, by which time it should be possible to assess the future loading of the dockyards more accurately. I have therefore decided to postpone the issue of the Portsmouth notices until mid May. This could, if necessary, be presented publicly as bringing the timing into line with that which will apply at Chatham.

4. We have, of course, to be prepared to face the worst case of a lengthy operation in the South Atlantic. It will therefore remain open to question as to whether there will be a more opportune time in the near future to implement the redundancies. If, for instance, we decided now to postpone any further redundancies for some time we must recognise that this would mean both very substantial extra cost in retaining at least 700 men at Portsmouth (and a similar number at Chatham) whom we were not by any means

MANAGEMENT IN CONFIDENCE

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sure we would need and would place achievement of the 1984 closure date in severe jeopardy. It would also cast doubts, both Union and public, on our intention to carry through our Cmnd 8288 decisions.

5. The Unions at Portsmouth are expecting the details of the further redundancy and are aware in general terms of the numbers involved.

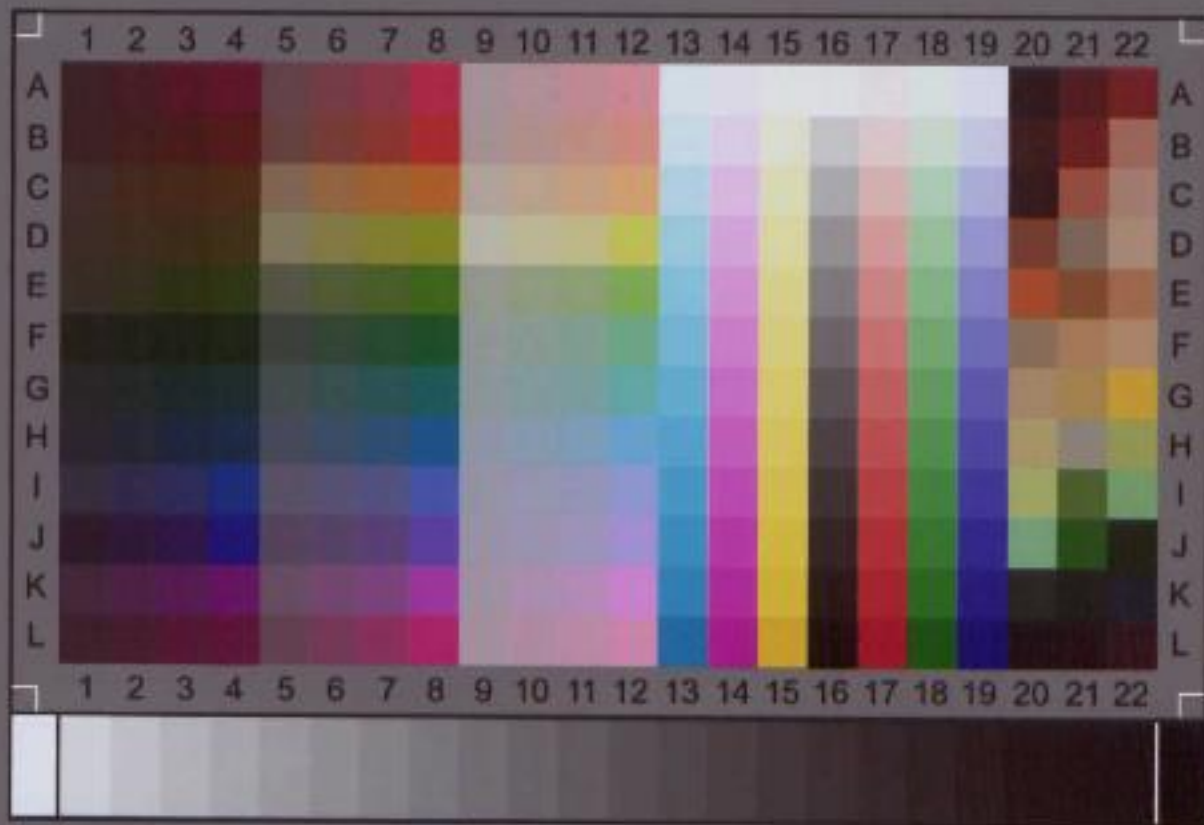
6. In view of the implications for our defence, economic and employment policies I would welcome the opportunity to raise these issues with my colleagues (perhaps at Cabinet tomorrow). I am copying this minute to the Chancellor of the Exchequer, the Secretaries of State for Employment, the Environment and Industry and to Sir Robert Armstrong.

NHL/James (Private Secretary)

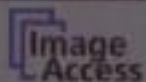
[Draft approved by Mr Mott and
signed in his absence]

John Nott

Ministry of Defence
19th April 1982



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