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FROM: ECONOMIC SECRETARY
6 August 1982

Prime Minister

PRIME MINISTER

In the light of these arguments, agree that we should not go back on the decision not to provide Customs facilities at Wick?

1. When we spoke the other evening about Wick Airport, prior to the meeting of the 1922 Committee, I promised to let you have a note about the background to our decision (which you conveyed in your letter of June 4th to Donald Stewart) not to provide Customs facilities there.

WM
6/8

2. The key consideration in our minds was Sir Derek Rayner's Scrutiny into Customs facilities at ports and airports, in which you expressed a special interest. This Scrutiny drew attention to the wastefulness of providing facilities at small ports and airports, and recommended not just that much stricter criteria should be applied to the granting of facilities in future, but also that existing facilities should be withdrawn where resources are not being economically employed at present.

3. Sir Derek concluded that "the presumption should be that the principles underlying efficiency in the provision of services should apply in the judgment about where, when and on what basis to provide Customs facilities unless there is convincing hard evidence of likely damage to the interests of the general nation".

4. Obviously it cannot seriously be argued that the refusal of Customs facilities at Wick for a handful of potential passengers would result in damage to the national interest. Provision of such facilities, on the other hand, certainly would strike a blow at our efforts to promote efficiency in the public sector and to reduce manpower.

5. While there is no disputing that Customs could provide cover for the twice-weekly service between Faroes, Wick and Aberdeen which Air Ecosse want to run, the officer allocated to such

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duties could not be adequately and fully employed on such work, since the timings of the flights would tie him down to the airport and prevent him from doing a proper day's work. In addition, Customs' plans to save one post at Wick would have to be abandoned.

6. But the conflict with Rayner goes wider than Wick itself. The basic difficulty, as you explained in your letter to Donald Stewart, is that if we agreed to provide Customs facilities at Wick we could then not possibly resist parallel demands for similar facilities at a number of other airports where the prospective traffic is substantially greater than that which Air Ecosse hopes to attract at Wick.

7. Over the past year, Customs have refused to provide full facilities at Belfast, Newquay, Carlisle, Cranfield, Dundee, Elstree and Sunderland. Most recently Customs have declined to provide facilities at Swansea to enable Jersey European Airways to run a scheduled service between Jersey, Swansea, and the Irish Republic; and Nicholas Edwards has just written to Geoffrey urging strongly for this decision to be reversed.

8. There are also a number of cases where Customs have declined to provide facilities for ad hoc flights by business users: Fair Oaks, Wellesbourne, Mountford, Llandwrog and Shobdon (and you may recall that you wrote to Barry Jones MP endorsing the rejection of the request for such facilities at Shobdon). It is true that these are not altogether on all fours with Wick. Nevertheless, it seems to me highly likely that if we were to go back on our decision in the case of Wick, many of these refusals would be thrown smartly back in our faces and Customs would have no option but to provide facilities at several more airports.

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9. In the face of such developments, which would fly directly in the face of the far reaching recommendations of the Rayner Scrutiny on Customs attendance now being considered by Ministers, it is difficult to see how that Scrutiny could retain any measure of credibility.

10. I might say in conclusion that Geoffrey and I have discussed the issues at stake at some length; if you are still unhappy about our conclusions, I know that he would want to have a word with you about it himself.

11. I am copying this to George Younger and Nicholas Edwards.



JOCK BRUCE-GARDYNE

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10 DOWNING STREET

From the Private Secretary

11 August, 1982

The Prime Minister has now seen the Economic Secretary's minute of 6 August about the provision of customs facilities at Wick Airport and has agreed that for the present such facilities should not be provided. She has accordingly signed the draft letter to Donald Stewart, M.P., a copy of which is attached.

As we agreed, I have adapted the letter to Donald Stewart for replies to a number of others who had written to the Prime Minister on this issue and I attach copies of the correspondence.*

I am sending a copy of this to Muir Russell (Scottish Office) and Adam Peat (Welsh Office).

* Mr. A. Beattie
CAITHNESS District Council

Mr. J. P. F. Nichols
Chairman of the
Highland Branch
CBI

TIMOTHY FLESHER

C. D. Harrison, Esq.,
H.M. Treasury

Frederick Fennor,
CAITHNESS & Sutherland
Building Employers' Assn.

Mr. Bill Nowat (Undated letter to B. Ingham)
~~copy on this file~~
Highland Regional Council



10 DOWNING STREET

From the Private Secretary

FILE SW.
11 August, 1982

The Prime Minister has asked me to thank you for your telexes of 25 June, 1 July and 27 July about the customs service at Wick Airport. Following the meeting between the Highland Regional Council and Mr. Jock Bruce-Gardyne, the Prime Minister has reviewed the position. Mrs. Thatcher has, however, decided to endorse Mr. Bruce-Gardyne's conclusion that to provide customs facilities for the proposed scheduled service between Wick and the Faroes would not be justified.

I know this will be a disappointment to you, but I am afraid that the Prime Minister considers that the Government cannot take a step which in its judgment would lead inexorably to the inefficient and uneconomic use of customs and excise resources.

TIMOTHY FLESHER

Councillor J. M. Young

FILE

LFO



cc HMT
SO
WO

Sir Derek
Rayner's Office

10 DOWNING STREET

THE PRIME MINISTER

11 August 1982

Mr D. Stewart

In my letter of 28 June, I said that I would like to know the outcome of Jock Bruce-Gardyne's meeting with the Highland Regional Council concerning customs facilities at Wick Airport before I replied to your letter of 9 June.

He has now seen them and has reported to me after considering their representations. After carefully reviewing the facts, I endorse his conclusion that to provide customs facilities for the proposed scheduled service between Wick and the Faroes would not be justified. It is true that at present the existing Customs staff at Wick are able to cope with ad hoc concessionary flights, mostly by helicopters connected with the oil industry. But this is not the same as providing permanent facilities for a scheduled air service. The proposed Wick/Faroes service would at least treble the number of flights to be attended by Customs staff, who also have to carry out immigration services.

Further, it would not be possible to provide facilities at Wick while continuing to refuse them elsewhere. Indeed we are at this moment facing a similar application for customs facilities at a small regional airport which we feel we must also resist. I know this decision will come as a disappointment, but we have to take account of the overall deployment of customs and excise resources.

Yours sincerely

Margaret Thatcher

The Rt. Hon. Donald J. Stewart, M.P.

da

GM/ PC amend letter WH w/r
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PRIME MINISTER

Jock Bruce-Gardyne's note at Flag A argues that we should stand by the decision not to provide customs facilities at Wick Airport. I am not sure from your comments whether you accept the Economic Secretary's arguments.

Would you be willing to write as below to Donald Stewart who appealed against your letter of 4 June (Flag B) in which you told him that customs facilities would not be provided?

Yes
as requested
and

I should mention that the Rayner Unit are awaiting a decision from you on this, since they feel that this is a test case for their scrutiny of customs facilities. They have told me that if you decide to provide facilities at Wick, it will "drive a coach and horses" through their scrutiny recommendation that much stricter control should be applied to the granting of facilities in future.

WBR

9 August 1982

Accept them for the
home visit.
not