



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon David Howell MP
Secretary of State
Department of Transport
2 Marsham Street
London SW1P 3EB

10 May 1983

Dear Secretary of State,

PORT OF LONDON AUTHORITY (PLA)

will request is required.
I am extremely unhappy about the position described in your letter of 9 May.

PLA appear to be retreating from a withdrawal from cargo-handling and prevaricating about land sales. This is unacceptable. We agreed that if we are to bail them out once more, conditions must be imposed to prevent recurrence of the problem. This means complete withdrawal. I include in this the grain terminal which, like land, is one of the few profitable assets PLA can realise.

Nor do you report in your letter the Chairman's views about procuring the resignation of the Board. This was a second condition of giving any assistance. No money can be forthcoming until we have commitments to both.

The pay settlement reached by PLA calls into question whether these steps would be sufficient. The size of the offer is beyond any justification. Why PLA accepted a non-binding recommendation of such magnitude escapes me - even the end of industrial action is a mixed blessing since the Board have not reached final decisions on next steps.

It confirms my worst fears about the ability of the Board. I can no longer see grounds for placing any confidence what so ever in this Board. The cooperation of the Chairman does not seem to be getting results. I conclude that we should dispense with him and the Board as soon as practicable. As a minimum, this means laying the ground work for the replacement of the Board by end-June, taking the risk if necessary of a public confrontation at that time if individual members refuse to go.

We must then consider with the new Board whether or not the strategy of a withdrawal over 9 months or so from cargo-handling

is feasible or whether faster withdrawal is necessary. This review will need to be conducted extremely quickly because I think it imperative to make announcements about the future of PLA as soon as possible after the new Board is in place in order that the necessary changes to the business are clearly linked to the recent industrial action.

In the meantime I cannot agree that we should proceed with our earlier plans to write-off a proportion of PLA's debt. There will be small additional interest costs but set against the uncertainties of the current position, I believe these are worth bearing. Nor do I see any point in this Board concluding deals with the LDDC about major land sales and they will therefore have to take what measures are necessary within the national agreements to keep their overdraft within the existing limit until mid-June.

Finally, it is clear that the costs of any assistance to PLA are going to be considerable - possibly some £70 million above the existing PES provision. This represents a massive bid on the Contingency Reserve which is already under extreme pressure and of smaller size than in recent years. I am by no means certain that such a bid can be accommodated. It is crucial therefore that a rigorous review is conducted of other port expenditure, and elsewhere within your programmes - railways and roads - to seek offsetting savings. We shall need to take this up later in June.

I am copying this letter to Norman Tebbit and Tom King.

*Yours sincerely
JL*

BY LEON BRITTAN
*(approved by the Chief Secretary
& signed in his absence).*

13 MAY 1963





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Prime Minister

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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon David Howell MP
 Secretary of State
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 2 Marsham Street
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13 May 1983

David

PORT OF LONDON AUTHORITY (PLA)

Naturally we must avoid making the dock labour regime a major issue in the next few weeks. That is why I said we should not openly take steps in relation to the PLA Board until the end of June; and that in the meantime PLA should take the necessary steps to continue trading without disruption. If additional overdraft guarantees are required before the end of July then of course such land sales as are necessary to back up these guarantees should go ahead, but only such sales.

I welcome your agreement that, despite the difficulties, we must review the position after the Election. The Board do not appear to be ready to meet the conditions we agreed should be fulfilled for further financial assistance. I am sure you will agree that their performance over the pay issue, and more recently over their future business plans, has been lamentable.

I am copying this letter to the Prime Minister, Members of E(EA), Norman Tebbit, Tom King and Sir Robert Armstrong.


 LEON BRITTAN

13 MAY 1983



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C. N. O.

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434



The Rt Hon Leon Brittan QC, MP
Chief Secretary to the Treasury
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

Prime Minister

MCS 12/5

12 May 1983

Dear Leon

PORT OF LONDON AUTHORITY (PLA)

Of course I share in many respects the deep concern in your letter of 10 May (which you copied to Norman Tebbit and Tom King) about the present position on the PLA. I think however you may under-estimate the problems the Authority must face, even with a united and resolute board, in achieving the changes we want to see, within the financial straitjacket we want to maintain. And I do not agree that it makes the slightest sense now to change the Chairman.

Certainly we must review all these issues - and this must include the dock labour regime - urgently after the election. We shall have to decide what to do about the Board, recognising that I have no power to dismiss or to force the resignation of the Board singly or collectively. But meanwhile, I repeat what I said before that the position is bound to continue uncertain and difficult and potentially very explosive. We certainly must not push the Authority into precipitate action in the next few weeks which could cause widespread disruption.

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The Authority's own plans are themselves interim, and for review in June, and they now propose only such land sales - the Royal Victoria Dock - as will secure their position to the end of July. I am clear that we cannot now reject that. To accept it does not undermine our general policy, nor weaken our future position in dealing with the PLA.

Any other course carries the high risk of making the dock labour regime a major issue in the next few weeks. I am sure we are all agreed that we must consider that after the election, but not stir it up before.

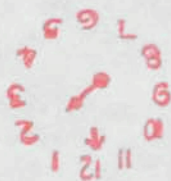
I must now confirm to the PLA that we will make available the additional overdraft guarantee now that the PLA and the LDDC have set up the necessary land transaction.

I am sending copies of this to the Prime Minister, the members of E(EA), Norman Tebbit and Tom King and to Sir Robert Armstrong.

Yours ever

David

DAVID HOWELL



12 MAY 1983

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