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MR TURNBULL

13 July 1984

ROYAL DOCKYARDS

Michael Heseltine is not having second thoughts about Peter Levene's concept for the Royal Dockyards. He wishes to defer collective discussion until the Autumn in order to avoid further industrial disputes at the present time and to allow the refitting of Resolution to be completed.

There would be some difficulties for the refit and maintenance cycle of ships and submarines through the dockyards in the event of industrial disruption. But this is a continuing problem in the dockyards and the main reason why the Levene scheme is needed. Possible difficulties in 1985 are not untypical.

On the important question of the availability of the fleet and particularly the deterrent, the risks of industrial disruption appear to be acceptable.

A reduction in the operational availability of SSNs and SSBNs as a result of industrial disruption would not affect the availability of boats on station for the key operational tasks of maintaining the deterrent and supporting the Falklands' garrison. Even in the case of maximum disruption over the 12 months required to implement the proposals, the non-availability of one SSBN for six months would merely mean that the other 3 boats would remain on the deployment cycle. The Navy do not consider that this would jeopardise our deterrent capability as one boat would always be on station.

Similarly, any sympathetic action at Coulport is unlikely. If it did occur and the preparation of the tactical outload of missiles for Resolution was delayed, this would again only result in operational boats staying on station longer.

We recommend that the Prime Minister should welcome an E(A) discussion of these proposals shortly after the recess.

DLP.

DAVID PASCALL

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10 DOWNING STREET

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Mr Heseltine has deferred discussion in E(A) of the Royal Dockyards until September.

This is not because he is having second thoughts about Peter Levene's concept, but is in order to avoid industrial disputes at the present time and to allow vetting of Resolution to be completed

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~938 7000~~ 218 2111/3

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Prime Minute

12th July 1984

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2. DS to return

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Dear Charles,

ROYAL DOCKYARDS

Further to my letter of today's date I should let you know that Mr Heseltine has now decided that it would be better for the E(A) discussion on this issue to take place after the Recess. Our memorandum will therefore be circulated in time for a meeting in the course of September.

I am sending a copy of this letter to Richard Hatfield (Cabinet Office).

*Yours sincerely
Nick Evans*

(N H R EVANS)

Charles Powell Esq

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See P+15.



MINISTRY OF DEFENCE
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12th July 1984

Dear Charles,

ROYAL DOCKYARDS

The Cabinet Office will be circulating today copies of a paper by my Secretary of State on this subject. The Prime Minister will recall that she received a copy of Mr Heseltine's minute to the Chief Secretary dated 24th April. Andrew Turnbull's letter of 8th May indicated that Mrs Thatcher was content that these proposals should be taken forward.

7 Before the E(A) meeting on 18th July, at which this paper will be considered, Mr Heseltine felt that the Prime Minister would wish to see a copy of the attachment which gives more detail of our assessment of the implications for fleet availability of possible industrial disruption at the dockyards if the Levene proposals are implemented.

I am sending a copy of this letter to Richard Hatfield (Cabinet Office).

Yours sincerely
Nick Evans

(N H R EVANS)

Charles Powell Esq

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ASSESSMENT OF INDUSTRIAL RELATIONS IMPLICATIONS

FOR FLEET AVAILABILITY

FACTORS AFFECTING TU AND WORKFORCE REACTION

1. The TU have already formed Action Committees dedicated to fighting commercialisation of the Dockyards; the Committee at Rosyth is cohesive, well organised and articulate, and has drawn in the 2 local Labour MPs. At both ports much effort has been devoted to trying to mobilise public opinion, and at Devonport there has been considerable media attention, in which Dr Owen has figured prominently.
2. It is likely that upon an announcement of commercialisation the TU would press for a commitment from both the Labour Party and the SDP/Liberal Alliance to oppose and reverse the scheme; success would strengthen TU and workforce resistance. Political and industrial resistance would probably feed off each other.
3. Factors affecting the likelihood, duration and intensity of TU and workforce reaction are:
 - a. At Rosyth, the situation on the miners' strike in the period following an announcement on the Dockyards: in this mining area there is considerable sympathy within the workforce for the miners. A general mood of combativeness would increase the risk and the severity of disruption in both Dockyards.
 - b. At both Rosyth and Devonport, the perceived extent of job losses. Confidence by the workforce that HMG and management would adopt a structured approach to reduction of the workforce, making best use of improved working practices with financial reward, natural wastage and voluntary redundancy would be important.
 - c. At both ports, confidence in management would depend upon management's ability to communicate the true facts to the workforce

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quickly and effectively, which would anticipate and help to nullify the making of political capital. This would demand major effort and investment in the skills required to do it professionally.

POSSIBLE TU ACTION

4. It is believed that the TU would seek to engender mass workforce action of high intensity, probably all-out strikes for short periods at times most likely to make a public impact - such as shortly after the announcement, when the first potential contractors had to be admitted to Bases to view the operation, and when tenders were issued and let. Such action would probably be infrequent, and the effects upon the Fleet not serious.

5. More importantly, however, the TU would seek to cause maximum disruption over an extended period with minimum loss of earnings. Experience in the 1978 Civil Service Industrial and 1979 and 1981 Non-Industrial disputes revealed that withdrawal of only a small number of the workforce in a few vital areas can effectively bring the productive work of the dockyard to a halt: Health Physics Monitors can for example stop nuclear work in submarines, and the absence of supervisors can prevent whole areas of work from being undertaken on Health and Safety at Work grounds. Although the Control Engineers have never gone on strike, if they were to do so, the whole Base would come to a halt in days rather than weeks for want of safe electrical supplies. Difficult decisions would arise over whether to send the workforce home without pay, following selective actions of this kind.

6. Moreover, widespread non-co-operation by working to rule, restricting overtime and shift working and invoking strict Health and Safety considerations and routines would very substantially affect the rate of work without putting anyone's basic pay packet at risk.

7. For example, several months industrial dispute in 1978, followed by a non-industrial dispute in 1979, resulted in the loss of the equivalent of some 1½

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times the annual output of Rosyth Dockyard. The effects on Fleet availability of action on such a scale would be quickly felt and serious.

8. In the period 1984/85 to 1987, between announcement and earliest vesting day, for each month's disruption in both Dockyards there could be a reduction in weeks of ship operational availability of between 15 and 35 for DD/FF, 3 and 8 for SSN and 1 and 4 for SSBN, depending upon the breadth of the disruption.

LIKELIHOOD OF INDUSTRIAL ACTION

9. Disruptive action of the non-co-operation kind would be almost certain for some periods; this could well be in terms of months rather than weeks, and could be repeated. It is difficult to assess the likely extent of such action, which would only be partially reduced by effective management: this will be hard enough to establish as the Non-Industrials might well believe they have more to lose from commercialisation than the Industrials.

10. The ability to achieve work elsewhere than the Dockyards would be severely limited, as it depends essentially upon specification work much of which can only be done by Dockyard personnel.

11. The incentive for TU and workforce to make their resistance known by industrial action which has a quick and marked effect upon the fighting effectiveness of the Fleet would be strong. Some action would be inevitable from the date of the announcement. As time goes on, however, it is probable that the incentive would diminish with growing resignation about the inevitability of commercialisation; with the innate loyalty of the workforce; with appreciation that the size of redundancy payments for those who would go depends on the level of earnings in the previous 18 months; and with perhaps a desire to maximise efficiency so that as many jobs as possible might be protected once the contractor had taken over.

12. The period most likely to be susceptible to disruptive action would be that between the announcement and autumn 1985, after which the above stabilising factors would begin to take effect. During this period there must be a risk

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of action for half of the time, although this could well be greater at Devonport, where the workforce reduction is likely to be proportionately larger. Acknowledging the subjectivity of this rationale, the assessment is that the likely maximum disruptive action could aggregate a maximum of 6 months, in addition to sporadic short periods of mass demonstration. During that period, a high mean of the effects in paragraph 8 would be likely to be experienced.

EFFECTS OF INDUSTRIAL ACTION ON FLEET AVAILABILITY

13. The loss of availability implied in paragraphs 8 and 12 amounts to 150-180 DD/FF weeks (ie up to one tenth of our operationally available ships), 18-48 SSN weeks (the availability of 1 SSN) and 6-24 SSBN weeks (1 SSBN for 6 months). A severe shortfall of some 200 DD/FF weeks is already anticipated in 1985 and in itself will mean for example a reduction in UK participation in major NATO exercises. An additional degradation in DD/FF and SSN availability would mean that support for NATO exercises would decline further and the possibility of reducing commitment to NATO force levels and declarations would have to be considered along with other important Royal Naval training and trial tasks.

14. Fleet effectiveness and flexibility would suffer because:

- a. The refit and maintenance cycle of ships and submarines through the dockyard would be disrupted, with penalties to both availability and capability. Recovery from this situation would take time and resources with downstream effects on availability.
- b. Breakdowns would increase in ships being run on without maintenance.
- c. It would be harder to find the right ships for the right tasks, eg Type 42s and 22s for ARMILLA, and to meet declared SSN force levels.
- d. Daily movements of ships and submarines in and out of dockyard ports and possibly the Clyde Submarine Base, if there were to be sympathetic action, could be substantially limited and alongside shore to ship services could be affected.

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e. The inevitable uncertainties over ships' programmes would mean that Ships' Companies' conditions of service could be affected significantly with implications for retention of trained men.

f. New weapons systems to meet the Threat would be delayed in the dockyard and thus in reaching the fleet at sea.

15. Provided the SSBN refit programme at Rosyth Dockyard keeps to schedule until October 1984 with RESOLUTION completing and REPULSE starting refit thereafter, an extension of REPULSE's currently planned 2 year refit should be containable. While not affecting the continuity of the deterrent the penalties will be an erosion of 3-SSBN operational availability and disruption to the plan for an SSN refitting stream at Rosyth starting in 1986.

16. Any sympathetic action at RNAD Coulport (of which the risk is assessed as low) leading to the withdrawal of labour could be contained for up to 6 months with minimal effect on the supply of missiles to the running SSBNs due to the policy of Assured Deterrent Time (ADT). However, any enduring action at Coulport, after October 1984, could have a significant impact on the preparation of the tactical outload of missiles for RESOLUTION due for deployment in August 1985, following her 10 month work up.

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