

PRIME MINISTER

cc Bob Young

Agreed - but I assume we wait until the dock strike is over before making any announcement - especially as the strike could adversely affect the P.L.A.'s finances

Port of London Authority

Mr. Ridley minuted you on 14 August on the issues arising from the appeal by private operators against the port rates which the PLA was charging them. An inspector was appointed to consider their appeal and his report argued that the private operators received little or no benefit from the PLA to justify the port rates. Abolishing them would cost around £10 million in revenue foregone.

Mr. Ridley does not accept the inspector's argument. He believes the PLA's operations can be divided into three:

- (i) its conservancy function
- (ii) its role as employer of last resort
- (iii) its commercial operations.

Mr. Ridley accepts that port rates levied on private operators should not be used to subsidise losses made under (iii) but should make a contribution to the other two functions.

He suggests that adoption of these principles would involve cutting port rates by £8 million but in order to give the PLA time to adjust Mr. Ridley proposes, in his response to the inspector's report, to cut rates by 30% for 1985, with the implication that further cuts will be made in subsequent years.

This loss of £3 million next year with more to come highlights the financial difficulties of the PLA. Mr. Ridley suggests that the PLA should be restructured into

three separate subsidiaries:

- (i) the Tilbury Dock
- (ii) the surplus real estate
- (iii) the conservancy function.

The objective should be to privatise the Dock and sell off the surplus real estate leaving the PLA as a conservancy body. To achieve this Mr. Ridley suggests that it may be necessary to improve the redundancy terms in order to accelerate the elimination of surplus manpower.

Mr. Ridley is not seeking decisions at this stage but promises a more detailed paper by the end of the year. Following the statement made during the course of the first dock strike these restructuring proposals would take place within the National Dock Labour Scheme.

Colleagues agree on his proposed response on port rates, look forward to proposals on restructuring, and welcome efforts to accelerate the disposal of surplus land. Both Mr. King and the Chief Secretary point out that applications for redundancy on the present terms have been high and that enhancement of the terms now is premature.

Agree

- (i) Mr. Ridley's proposed response on port rates.
- (ii) To await detailed proposals on the restructuring.
- (iii) That no enhancement to redundancy terms should be made at present.

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FILE DCAAF



cc HMT DOE LPO
 NIO LPSO CO
 D/N DTI
 SO COLT Min/Arts
 WO D/M
 MAFF
 CSO

10 DOWNING STREET

From the Private Secretary

11 September 1984

Dear Dinah,

Port of London Authority

The Prime Minister has seen your Secretary of State's minute of 14 August and the replies from the Secretaries of State for the Environment and Employment and from the Chief Secretary. She agrees with his proposals for the principles by which port rates should be set and for the reduction suggested for 1985.

She looks forward to receiving before the end of the year his detailed proposals on the restructuring of the PLA. She agrees with the Chief Secretary and the Secretary of State for Employment that it would be premature to enhance redundancy terms until it is clear how many acceptances there have been on present terms.

She hopes the timing of any announcement, which will have implications for the PLA's finances, will be considered carefully in relation to the current dispute.

I am copying this letter to Private Secretaries to members of E(A), Janet Lewis-Jones (Lord President's Office), and Richard Hatfield (Cabinet Office).

Yours sincerely
 Andrew Turnbull

Andrew Turnbull

Miss Dinah Nichols,
 Department of Transport.

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FROM: CHIEF SECRETARY
DATE: 7 September 1984

PRIME MINISTER

THE PORT OF LONDON AUTHORITY

I have seen Nicholas Ridley's minute of 14 August and agree with his proposals on port rates and the PLA.

2 This exercise has thrown the financial problems of the PLA into clear relief and we should, as Nicholas proposes, take the opportunity to tackle them resolutely once the current dock strike is settled. I note the suggestion that we may have to bear further costs in buying out London dockers. But the current severance offer is going well and there may be no need of a higher offer in London and Liverpool. Any higher offer will be bound to repercuss on other ports and possibly on other industries. As Tom King says, we would need to look at any suggestion for further improvement with the greatest care.

3 I welcome Nicholas' proposals for reorganising the Authority as a holding company with three wholly owned subsidiaries. I would be grateful if my officials could work with his in drawing up the detailed proposals. We shall need to avoid any premature notice of our intention to sell. The allocation of surplus labour is likely to prove a particularly knotty problem: if Tilbury retains the role of employer of last resort we are likely to have difficulty in finding a purchaser. I would not like to see an open-ended commitment to fund surplus labour through port rates: employers must have an incentive to encourage redundant workers to leave the industry. Although I appreciate the difficulties, I suggest that we should consider the implications and feasibility of reverting to the position in other ports where surplus registered dock workers are shared pro rata between all employers.

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4 I am copying this minute to members of E(A), the Lord President, and to Sir Robert Armstrong.



PETER REES

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IND PA #12

PORTS



ECNO

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET 5422
TELEPHONE DIRECT LINE 01-215
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Secretary of State for Trade and Industry

5 September 1984

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NCPM
AT 6/9

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
LONDON
SW1P 3EB

D Nicholas.

Thank you for copying to me your letter of 14 August to the Prime Minister about your decision on the appeal by the London Wharfingers Association against the port rates levied by the Port of London Authority, and on your outline proposals for the future of the Authority.

2 I am content for you to proceed on the lines you propose in respect of the appeal against the PLA port rates and I look forward to receiving your more detailed proposals on the future of the PLA which will contribute to our policy of restoring a greater commercial self-reliance for the PLA.

3 I am copying this letter to the Prime Minister, colleagues in E(A), the Lord President and to Sir Robert Armstrong.

Norman
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JH5AHN

Ind for points

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AF via Preams re: CC NO

AT 5/9



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The Rt Hon Nicholas Ridley MP
Secretary of State
Department of Transport
2 Marsham Street
LONDON SW1

5th September 1984

Dear Nick,

PORT OF LONDON AUTHORITY

Thank you for sending me a copy of your note of 14 August to the Prime Minister. I would not wish to dissent from your general proposals - though you will presumably be considering the timing of any announcement in the context of the present situation in the docks - I do though have reservations about your comments on severance.

Despite the earlier pessimism of PLA management the recent Special National Voluntary Severance Scheme with its maximum payment of £25,000 was extremely successful in attracting volunteers. Nationally there were more volunteers than the industry is seeking to lose. Only in the case of Liverpool and Hull was there a significant shortage of applicants.

In London, even after allowing for cancellations the number of applications (556) exceeded PLA's much publicised estimated surplus of 500 and substantially exceeds their visible surplus of 350 for which they have National Dock Labour Board authority to sever.

This does not suggest to me an urgent need for an enhanced severance offer. Nor do I think it is for us to set severance terms for the industry. Since we took office the number of registered dock workers has halved. Although the unions oppose severance this has been achieved, and the costs to Government reasonably contained, by leaving it to the employers in the industry to develop their own proposals.

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I expect the employers to approach me in the autumn with their proposals on the financing of severance when present levy arrangements expire and when interest on outstanding loans becomes payable in April 1985. That I think would be the time to seek from them their proposals on future severance requirements and the associated level of severance payments.

I am sending copies of this letter to the Prime Minister, to other members of E(A), to the Lord President and to Sir Robert Armstrong.

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Industrial Policy: Part 1+2

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SEP 1984

BP with the
Ministerial response

AT 4/5

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2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434
My ref:

Your ref:

3 September 1984

Dear Nick,

PORT OF LONDON AUTHORITY

Thank you for sending me a copy of your note of 14 August to the Prime Minister on this subject. I have noted your decision on the appeal against Port rates. I welcome in particular your proposal to set up a real estate subsidiary with the task of disposing of the PLA's remaining non-operational assets, in so far as it will help secure the release of large tracts of development land in Docklands.

I am sending copies of this letter to the Prime Minister, to other members of E(A), to the Lord President and to Sir Robert Armstrong.

PATRICK JENKIN

The Rt Hon Nicholas Ridley MP

IND PST PT 2

INDUSTRIAL ACTION IN THE PORTS