



MO 10/2

LORD PRESIDENT OF THE COUNCIL

THE ROYAL DOCKYARDS

You will recall that when the Cabinet discussed the legislative programme for 1985-86 on 28th February (C(85) 7th Meeting Minute 5) it was agreed that, although a place could not be earmarked for a Royal Dockyards Bill at that stage, it might still find a place if the policy could be settled quickly. E(A) accordingly considered on 21st March my proposals for commercial management of the Royal Dockyards at Devonport and Rosyth and agreed that we should proceed. On the basis of this agreement I was invited by E(A) to submit proposals for a Dockyards Bill to be included in the 1985-86 programme.

2. The Dockyards have been the subject of 5 major reports in the last decade or so. I believe the time for action has arrived and that my proposals for commercial management will make a very important contribution to the government's aim of securing greater value for the money we spend on defence; and will remove the Dockyards, presently employing some 19,500 people, from the Civil Service numbers count. But only with a Bill in the 1985/86 session can we be sure of achieving these gains in the lifetime of the present Parliament. I hope therefore that you and other members of QL can as a matter of urgency agree to support the inclusion of a Dockyards Bill in the 1985/86 programme.

3. It may be helpful to remind you of the relatively limited scope of the proposed Bill. The concept of commercial management is that contractors would tender to complete work in progress in the



Dockyards and to undertake a programme of refit work for a 5 year period (or thereabouts). They would employ the workforce (who would cease to be civil servants) through the mechanism of employing companies and would operate the Dockyards themselves, but the Dockyard assets would remain in Government ownership. The contracting out of the Dockyards in this way does not of itself require legislation, but we would need a Bill to cover certain consequential. The main purposes would be:

- a. to cover, in accordance with convention, the establishment by means of employing companies to employ the Dockyard workforce - these companies would then be transferred to the successful contractors;
- b. to ensure that the Transfer of Undertakings (Protection of Employment) Regulations 1981 applied;
- c. to oust any possible entitlement to redundancy compensation those transferring might otherwise have under the Principal Civil Service Pension Scheme.

The latter two requirements were also covered in the recent Royal Ordnance Factories legislation.

4. On this basis I am advised that the Bill would be short (5-10 clauses) and uncomplicated. Work has been in hand for some while and, if QL supports the Bill, I can confirm that I would be able to provide instructions to Parliamentary Counsel by early May.

5. Meanwhile I intend to make an announcement in the House about my proposals shortly after the Easter recess. That will initiate a period of consultation before a final decision is taken. Since the Bill is essentially an enabling one and its provisions are limited in scope, I would not expect this process

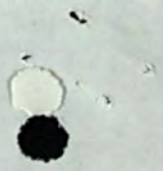


to create major difficulties for the Bill although one of the aims of consultation will of course be to discuss with potential contractors the form of arrangements under which it is envisaged they would be operating.

6. I am copying this to the Prime Minister, members of E(A) and colleagues on QL, to Sir Robert Armstrong and to First Parliamentary Counsel.

A handwritten signature in black ink, appearing to be "M. S. D." or similar, written in a cursive style.

Ministry of Defence
1st April 1985



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CONFIDENTIAL



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MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
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MO 10/2

29th April 1985

NSM

Dear Lord

Thank you for your letter of 15th April. I am sorry that you cannot give a clear guarantee that a Bill on the Royal Dockyards will find its way into the 1985/86 programme. Nevertheless I appreciate your position.

Work has continued on the instructions to Counsel and we are ready to submit them at any time. I understand however that First Parliamentary Counsel has said he would not wish to receive them until a final decision on the place in the legislation programme has been taken by QL. I hope that this can be fairly soon.

As a result of the further work on refining the instructions to Counsel, I am advised that the length of the Bill might possibly stray outside the "short" category (ie 5-12 clauses) into the "medium" bracket (13-25). If it does - and this is not certain - the advice is that it would not be by very much, but I thought you ought to be aware of the possibility. This does not however imply any change in our thinking about the scope of the Bill.

I am copying this letter to the Prime Minister, members of QL and E(A) Committees, to First Parliamentary Counsel and to Sir Robert Armstrong.

Yours ever

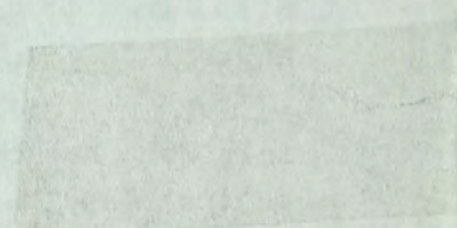
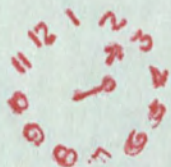
Michael Heseltine

The Rt Hon Viscount Whitelaw CH MC

PARLIAMENT: Legislative Programme

pt 13.

-1 MAY 1985





CG/NO

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

15 April 1985 ^{WJH}

Dear Michael

THE ROYAL DOCKYARDS

Thank you for your letter of 1 April reporting that your proposals for a Bill have now been endorsed by E(A) Committee and seeking agreement to legislation in 1985/86.

I am glad that progress has been made in settling the policy, and note that the instructions could be delivered to Counsel by early May. I think it would be helpful if work could proceed on these, although I am sure that you will understand that there can be no guarantee that the Bill can find a place in next Session's programme. QL will have to look at the programme as a whole when the position on the other candidates - in particular Housing and deregulation of businesses - is clearer. Until then, we can reach no decision on your Bill. Meanwhile, I am content that you should proceed with an announcement of your proposals, but with no commitment as to the timing of legislation to implement them.

I am sending copies of this letter to the Prime Minister, members of QL and E(A) Committees, First Parliamentary Counsel and Sir Robert Armstrong.

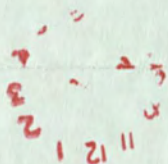
Yours
WJH

The Rt Hon Michael Heseltine MP

Parliament

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Legislation



16 APR 1985



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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

MANAGEMENT - IN CONFIDENCE

The Rt Hon Michael Heseltine MP
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
LONDON
SW1A 2HB

18 April 1985

Dear Michael,

THE ROYAL DOCKYARDS

Your letter of 1 April to the Lord President of the Council asks for support for the inclusion of a Dockyards Bill in the 1985/86 Legislative Programme. I agree that such a Bill should be included.

I am sending copies of this letter to the Prime Minister, members of QL and E(A) Committees, First Parliamentary Counsel and Sir Robert Armstrong.

Yours res,
George

Parliament PT13 5

legislation

18 APR 1985

