



10 DOWNING STREET

Pine Mirets ①

- (i) Agree to Hazeltine moves ahead with contractorisation?
- (ii) Request clarification in the statement of how contractorisation would work?
- (iii) Ask to see a copy of the statement?

AT

18/7

Yes not

MR TURNBULL

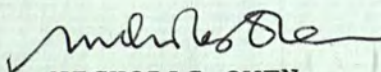
18 July 1985

FUTURE MANAGEMENT OF THE ROYAL DOCKYARDS

Michael Heseltine's note (16 July) is rather cryptic on the important question of who employs the dockyard labour. E(A) considered the employing company concept - a shell which will hold the dockyard labour. Prospective bidders were unclear what this involved, even when it was explained to them.

At paragraph 7, Michael Heseltine now seems to have in mind an alternative - an operating company, which would be a Government-owned plc, to which he could appoint management if he was unsatisfied with the contractors' bids. His concern is that there are only three bidders in prospect for Devonport (Trafalgar House, BAe and Costain) which may reduce to two. MH wants a credible fallback position if he wants to wait for more attractive offers.

The statement ought to make these alternatives clear so that employees know what it is that might employ them. I suggest that you ask for the earliest possible sight of the proposed statement.


NICHOLAS OWEN

SRWAGA

file



be: Nick Owen

10 DOWNING STREET

From the Private Secretary

22 July 1985

Dear Richard,

FUTURE MANAGEMENT OF THE ROYAL DOCKYARDS

The Prime Minister has seen your Secretary of State's minute of 16 July. She agrees that the Government should press on with its proposals for commercial management of the Royal Dockyards. She was unclear, however, about the structure of the managing company. Is it to be a company which employs the dockyard workforce or an operating company to which your Secretary of State would appoint management? She hopes this will be made clear in the statement, a draft of which she would like to see before it is made.

I am copying this letter to Private Secretaries to members of E(A) and to Richard Hatfield (Cabinet Office).

Yours sincerely
Andrew Turnbull

(ANDREW TURNBULL)

Richard Mottram, Esq.,
Ministry of Defence.

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