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DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

JL(OE)

to see

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4/1

The Rt Hon James Prior MP  
Secretary of State for Employment  
Department of Employment  
Caxton House  
Tothill Street  
LONDON  
SW1

December 27 1970

*James Prior*

Thank you for your letter of 13 December. I fully understand your opposition to grant aid to the Mersey Docks and Harbour Company to fund severance of registered dock workers. As I said in my letter of 10 December to Keith Joseph, grants are the last thing in my mind. However, until I have the NPC's report I cannot say what special help, if any, I shall be recommending.

As you say, the National Voluntary Severance Scheme appears to be unsatisfactory and I am glad you consider that the Port Employers' financing arrangements should be re-examined. It is interesting to note that although the ports of London and Liverpool have 52% of the national registered dock labour force they only handle about 15% of Great Britain's non-fuel traffic. It is clear therefore that they have the bulk of the severance



problem but insufficient revenue from which to finance severances. As the port employers have opted out of the application of the Redundancy Payments Act 1965, I am sure it would be right for them to finance properly their own scheme on a national basis.

I should perhaps add that I have recently been getting an increasing volume of representations from various parts of the ports industry, and from others such as shipowners about the need, as they see it, not only to resist any extension of the Dock Labour Scheme but to reduce its financial and administrative burdens on the ports industry. It is also suggested to me that the way in which the Scheme works has adverse effects on port efficiency. I have, of course, explained that the Scheme is your responsibility and not mine, but I undertook to pass these remarks on to you. I am expecting to receive some further views in writing and I will let you have these as soon as I receive them.

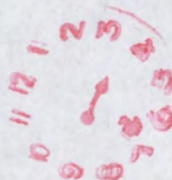
I am sending copies of this letter to the recipients of yours.

*Norman Fowler*  
*Norman Fowler*

NORMAN FOWLER



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Caxton House Tothill Street London SW1H 9NA

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Switchboard 01-213 3000

Rt Hon Norman Fowler MP  
Minister of State  
Ministry of Transport  
2 Marsham Street  
LONDON SW1P 3EB

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13 December 1979

*Norman Fowler*

MERSEY DOCKS AND HARBOUR COMPANY

You sent me a copy of your letter of 10 December to Keith Joseph in which you say that you hope to be putting a paper to E(EA) early in the New Year about the request by the Mersey Docks and Harbour Company for assistance towards severance costs similar to that being given to the Port of London Authority.

I do not want to anticipate the E(EA) discussion. Nevertheless I ought to make clear at this stage that if there were to be any question of assisting the MDHC I would be opposed this being given in the form of grants to fund severances of registered dock workers.

We have carried on the assistance given to London port employers for this purpose, which was initiated by the last Government, because we have not wished to prejudice the progress of the PLA's second target plan. I understand that our predecessors accepted that PLA was a "special case" and that assistance for severance purposes was justified as a means of preserving the port from bankruptcy. We need to recognise, however, that if we were now to extend assistance in this way to Liverpool, and were unable to disengage from London, we should on past form find ourselves financing about two-thirds of all severances of registered dock workers. In these circumstances, it would be extremely difficult to resist pressures for similar assistance from other ports in financial difficulty. You will of course be aware of the attempts at the beginning of this year to secure financial assistance from Government towards the cost of severances at Fleetwood. Other ports such as Preston are also likely to be in the queue.

I am not of course directly concerned with assistance towards the severance costs of unregistered staff (which account for by far the greater part of the £35 million plus promised to London, despite highly misleading press reports last weekend). But severance of registered dock workers is a matter for the industry's own National Voluntary Severance Scheme. Registered dock workers were excluded from the application of the Redundancy Payments Act 1965 on the understanding that the industry would finance its own severance needs.



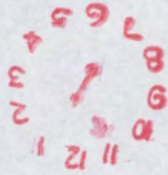


The NVSS in its present form seems very unsatisfactory and I think that the National Association of Port Employers may now need to re-examine the financing arrangements underlying the Scheme. If we give them any cause to believe we are seriously considering severance assistance for registered dock workers in Liverpool, this will only strengthen their reluctance to face up to their responsibilities.

I am copying this letter to recipients of yours.

Yours  
Truly





13 DEC 1979





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DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

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The Rt Hon Sir Keith Joseph MP  
Secretary of State  
Department of Industry  
123 Victoria Street  
LONDON SW1

12  
10 December 1979

*Keith*

MERSEY DOCKS AND HARBOUR COMPANY

As you will have seen from my Private Secretary's letter of 4 December to the Prime Minister's Private Secretary, the Mersey Docks and Harbour Company have told me that they are facing severe financial difficulties and are pressing for similar assistance to that which I am giving to the Port of London Authority.

The position is that the Chairman of the Mersey Docks and Harbour Company wrote to me on 23 November informing me that the financial position of the Company had seriously worsened since he saw me in August. This was the first indication he had given me that the Company were taking a radically different view of their traffic and financial forecasts for 1979 and 1980 from the forecasts they had previously put forward to me in the summer. He went on to ask me to reconsider my decision not to make grants available to the Company for voluntary severances.

I should explain by way of background that in August of this year I had offered, subject to certain conditions, to make available to the Mersey Docks & Harbour Company over the next few years, various loans to assist them while they were engaged in the restructuring and modernisation of the port, but said that I could not agree to their request for grants for

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severance payments. In September the Company agreed to proceed with the various loan applications, but have not so far provided me with all the relevant information.

The letter of 23 November did not contain any detailed information about the Company's forecasts and their underlying assumptions. I saw the Chairman on Wednesday together with two other members of his Board and they left with me copies of the latest Company budget for 1980. On the face of it this suggests that their trading position has in fact deteriorated, at least so far as this year's expected results and next year's forecasts are concerned, and that in addition they need to spend much more than they had planned on severance payments to reduce their manpower in the light of the lower trade figures. The budget does however contain a great deal of detail about their expected trading and cash position which requires very careful analysis before I can draw any firm conclusions. I have asked the National Ports Council to carry out a rapid examination of this material and in addition, in conjunction with the Company, to review the trading and financial forecasts over the next few years in the light of the gloomier current results.

I hope to put a paper to my colleagues in the E(EA) Committee early in the New Year. I shall not be in a position to know whether I should recommend any kind of special help for the Company until I have received and considered the NPC's report - though I do not need to tell you that grant is the last thing in my mind.

In the meantime I have, as you know, postponed presentation of the Port of London (Financial Assistance) Bill so as to give time to consider whether any special financial assistance for the Mersey may be justified and if so whether we should aim to cover it in the same Bill.



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

*You ever*



*Norman*

NORMAN FOWLER

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I am sending copies of this letter to the Prime Minister,  
other members of the E(RA) Committee and to Mr. R. B. Ro  
Armstrong.

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Industrial Policy



Top copy filed on Industrial Policy (June 1979) Port of London Authority etc.  
10 DOWNING STREET

From the Private Secretary

5 December, 1979.

This is to confirm that the Prime Minister is content, subject to other Minister's views, with the draft Written Answer on the Port of London Authority which you enclosed with your letter of 4 December.

The Prime Minister has also noted that your Minister will be circulating a paper on the Mersey Docks and Harbour Company in the light of representations received from Sir Arthur Peterson.

I am sending copies of this letter to the Private Secretaries to members of E(EA), the Chancellor of the Duchy of Lancaster, the Paymaster General, and the Chief Whip and also to Martin Vile (Cabinet Office), together with a copy of your letter.

T. P. LANKESTER

Mrs. E.C. Flanagan,  
Department of Transport.

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DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB



Top copy filed on Ind. Pd  
(June 1979) 'Port of London  
Authority.'

Prime Minister

Tim Lankester Esq  
Private Secretary  
No 10 Downing Street

The attached statement,  
which is in line with  
E(EA) conclusions which you  
agreed, seems alright.

4 December 1979

Dear Tim

Yes no

Content subject to  
other colleagues views?

My Minister has asked me to send you the attached copy of a statement he is making tomorrow, in answer to a Written PQ, about Government assistance to the Port of London Authority. This is in accordance with the decisions taken at E(EA) a couple of weeks ago and subsequently approved by the Prime Minister in the light of the minute to her from Sir Keith Joseph, as Chairman of that Committee.

Mr Fowler thinks the Prime Minister will wish to be aware that the Mersey Docks and Harbour Company are pressing for similar assistance. Mr Fowler saw the Chairman and other Board Members in August, and agreed then that he would make loans available for capital development. The Chairman, Sir Arthur Peterson, has now just written to say that there has been a severe fall in port traffic that the Port has no reserves (which Mr Fowler of course already knew), the Company has found that they needed considerably larger sums than they had expected to cover the cost of additional severances, and that they were facing severe financial difficulties. Mr Fowler has now written to Sir Arthur Peterson asking for more detailed figures as quickly as possible.

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Mr Fowler will be putting a paper to his colleagues as soon as he has these figures, and has been able to have them examined. This is bound to take a few weeks. In the meantime, the Prime Minister may have seen that Sir Arthur Peterson has written to The Times, following yesterday's speculative article by Michael Bailey in the business section, asking for similar treatment to that given to the PLA. The Minister will not be in a position to know whether he should recommend any special help for the Mersey Docks and Harbour Company until he has been able to look at the details of the Company's finances.

The Minister had agreed with L Committee that he would introduce, later this week, the Port of London Financial Assistance Bill, designed to cover the agreed assistance for the PLA. He is writing to the Chancellor of the Duchy to explain that he will postpone presentation of this Bill for the time being, mainly in order to avoid giving any immediate cause for further public complaints by the Mersey Docks and Harbour Company, but also to give time to consider whether any special financial assistance for the Mersey may be justified and, if so, whether we should aim to cover it in the same Bill.

Copies go to the Private Secretaries of members of E(EA), and of the Leader of the House, the Paymaster General and the Chief Whip.

Yours  
Benie

MRS E C FLANAGAN  
Private Secretary

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**DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB**

*to the Minister  
Mr Lyden*

*Prime Minister*

Tim Lankester Esq  
Private Secretary to  
the Prime Minister  
10 Downing Street  
LONDON  
SW1

*T  
19/10*

*18* October 1979

*ml*

*Dear Tim*

Mr Fowler thought that the Prime Minister should be aware of the possibility of industrial action in the ports if, as we expect, Preston Borough Council decide in the next few weeks to close the Port of Preston. The Council's relevant Committee meets on Monday and a final decision is expected to be taken by the Council on 8 November.

Preston's decision follows the completion of a two year test of the port's viability which was assisted by a once-for-all £2m government grant under section 7 of the Industry Act 1972. The test, which ended on 30 September, showed that, although the port is now more efficient as a result of improved productivity and capital works undertaken during the test, it is still short of traffic and its losses are expected to continue.

After consulting his colleagues in E(EA) Committee Mr Fowler saw the Borough Council in July and told them that the future of the port was for them to decide and that after the test ended no further government aid would be available to help the port to stay open. He also saw a deputation of Preston dockworkers led by Tom Cronin of the TGWU to discuss the future of the port. The deputation told him that they would consider industrial action if they were faced with a decision to close this National Dock Labour Scheme port employing 345 people. Moss Evans has also said that he may wish to see the Minister.

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An earlier decision by Preston Council to close their port similarly provoked threats of industrial action in the ports and in 1977 there was a one day unofficial strike by dockers in the major National Dock Labour Scheme ports. The then Government subsequently decided to support the two year test at the port. The possibility of industrial action over a renewed decision to close the port cannot be ruled out and, while prolonged stoppages are perhaps unlikely, it is not yet clear how extensive or serious such action might be. The main risk perhaps is that the dockers may link the Preston issue with another issue such as the declining opportunities for registered dock workers in the ports industry and their wish to see the National Dock Labour Scheme extended.

We will keep you in touch with developments.

I am copying this letter to the Private Secretaries of other members of Cabinet and to Martin Vile.

*Yours*

*Genie*

MRS E C FLANAGAN  
Private Secretary

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