

TOP COPY WITH PM

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PRIME MINISTER

Handling of Work on Nationalised Industries Following
Disbandment of the Central Policy Review Staff

We need to consider how to handle such work on the nationalised industries as falls to be dealt with at the centre following the disbandment of the Central Policy Review Staff (CPRS).

2. One of the recommendations in the CPRS Report on the nationalised industries which was accepted by the Government was that there should be a Nationalised Industry Review Staff with business experience located within the CPRS to assist the members of the Ministerial Sub-Committee on Nationalised Industries (E(NI)). Mr David Green was brought in specially to lead this work, and most of the other CPRS members with business experience, including Robin Ibbs and John Sparrow themselves, spent a good deal of their time on nationalised industry matters.

3. The main elements in the work have been:

- i. setting up a new policy framework and procedures with agreed objectives for each industry, considerations of strategic options and regular reviews of performance and corporate plans;
- ii. assisting the Treasury and sponsoring Departments to apply the new arrangements at i. to particular nationalised industries;
- iii. advising Ministers on nationalised industry problems by the circulation of collective briefs to E(NI) drawing attention to the main issues and by contributions to E(NI) discussions and ad hoc Ministerial meetings.

4. The new policy framework and procedures have now been established, although a good deal remains to be done to ensure that they are effectively implemented by Departments. There will be a continuing need to ensure that Ministerial discussions in E(NI) are directed to the key issues. Ministers may also want from time

to time advice available to them collectively from a senior businessman on business issues which arise in connection with the nationalised industries. These are functions which, if they are to be continued, have to be carried out at the centre; they would not be appropriate for the Treasury and sponsoring Departments, and the Treasury themselves would like to see them confirmed from the Cabinet Office.

5. I do not think we need to retain a separate Nationalised Industry Review Staff as such to carry on this work. Some of it does not require business expertise (for example progress chasing and ensuring that papers submitted to E(NI) present the issues in a way conducive to effective discussion) and can be taken over by the Economic Secretariat as a natural extension of its normal work. If however we wish to have a source of business advice available to Ministers collectively on nationalised industries' matters (and I see considerable advantage in this, particularly given the fact that Departments have not gone in for adding businessmen to their own teams), we shall need to consider how best to provide for it.

6. In my view the right solution for us to aim at ultimately would be on the following lines. The business advice, if it is to be of value to Ministers, must carry the authority of a very senior and experienced businessman, preferably with extensive private sector industrial rather than purely financial experience. The advice will be needed not on a continuing basis but as occasion arises, although there would be advantage in keeping the person concerned in touch with the general development of the nationalised industry work, so that when the need for advice arose he would be familiar with the context. I envisage that he might be asked to prepare papers and also, in appropriate cases, to attend Ministerial meetings. He would work with and be supported by the Economic Secretariat under Mr Gregson.

7. This specification would point to a recently retired Chairman of a large private sector company of the calibre of, say, Sir Maurice Hodgson or Sir David Orr. We might offer him an arrangement based on one or two days a week, to be interpreted flexibly on either side, with an office in the Cabinet Office and a suitable title.

8. If you would like to proceed on these lines, it will probably take us until near the end of this year to find the right man and get him on board. This will leave a gap of some months following the disbandment of the CPRS at the end of July. I should like to bridge this gap by retaining the services of David Green. I think that he would be prepared to stay for a few months, but not more than that. He could be attached to the Economic Secretariat to assist them in carrying on the nationalised industry work until the new adviser arrived or he himself wished to leave, whichever was the sooner.

Conclusion

9. This minute proposes:

- i. that the nationalised industry work previously carried out by the CPRS which does not require business expertise should be taken over by the Economic Secretariat under Mr Gregson;
- ii. that we should continue to have available for Ministers a source of collective advice on business issues which arise in relation to the nationalised industries, and that this might be provided ultimately by a retired senior businessman as a part-time adviser on the lines set out in paragraphs 6 and 7;
- iii. that we should retain the services of David Green, attached to the Economic Secretariat, on a temporary basis on the lines envisaged in paragraph 8.

ROBERT ARMSTRONG

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21 July 1983



PRIME MINISTER

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File No

HANDLING OF WORK ON NATIONALISED INDUSTRIES FOLLOWING
DISBANDMENT OF THE CENTRAL POLICY REVIEW STAFF

I have not been able to discuss with Ferdie Mount the attached submission from Sir Robert Armstrong since Ferdie has now gone on holiday. But I suspect that if we appoint a retired senior businessman as part-time adviser in the Cabinet Office on Nationalised Industries, we will have too many fingers in this pie. You already have Lord Cockfield, who is an experienced businessman, to look at these matters; and in the Policy Unit you will have a strengthened team including David Hobson and John Redwood as well as Nick Owen. Do you need yet another consultant in the Cabinet Office?

Agree that:-

- (i) the Nationalised Industry work previously carried out by the CPRS which does not require expertise should be taken over by the Economic Secretariat under Peter Gregson;
- (ii) that we retain the services of David Green for a few months; but
- (iii) we should not engage a retired senior businessman as a part-time adviser in the Cabinet Office?

FEAS

22 July 1983