

APPOINTMENTS IN CONFIDENCE

NOTE FOR THE RECORD

c.c. David Wolfson

*Clive Whitmore  
Master Sec  
Appointments*

The Secretary of State for Energy called on the Prime Minister at 1730 hours on Tuesday, 4 September, to discuss the Chairmanship of BNOC and related matters. They had before them Mr. Howell's letter of 30 August to David Wolfson. Mr. Howell said that the choice of a new Chairman for BNOC was inseparable from the type of organisation which the Government intended BNOC to be. Before discussing possible candidates, he wanted the Prime Minister to know that it would be very difficult to achieve the net £400 million sale of assets which E Committee had asked him to arrange before the end of 1979/80. Moreover, he had grave doubts about the political wisdom of pursuing this course. The Prime Minister said that she was not prepared to reopen the decisions taken by E Committee on asset disposals, but she thought there might be some scope for allowing the £400 million sales programme to slip two or three months into 1980/81. (This part of the discussion is further summarised in my letter of today's date to Mr. Burroughs.)

They then discussed various candidates for the succession to Lord Kearton. The Prime Minister said that it was essential to appoint someone with oil experience; but he would also need to be capable of managing the rationalisation and reorganisation of BNOC. Mr. Howell said that of the names he had suggested in his letter of 30 August, Mr. Ashley Rayburn of Rolls Royce was his first preference. He intended to see him the following day. If Mr. Rayburn were not available for the job, then he would try Sir Francis Tombs and Mr. Michael Pocock - the latter would be quite excellent if he were willing to serve after his retirement from Shell next year. The Prime Minister said that she agreed that Mr. Howell should proceed on this basis; of the other names he mentioned in his letter, she was unimpressed by Sir Ronald McIntosh as a possible candidate.

/Mr. Howell

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- 2 -

Mr. Howell explained further his ideas for reorganising BNOG. He had in mind an oil trading organisation, and an oil company, with the BNOG main board presiding over both wings. The oil company would have a 49 per cent private shareholding. If this approach were pursued, it would be essential to recruit a strong man for the chairmanship of the oil company. But the first priority was to find a new Chairman for the main company, one of whose tasks would be to find suitable personnel for the two subsidiaries.

Finally, there was some discussion of possible candidates for a strengthened BNOG board. Mr. Howell and the Prime Minister agreed that the following would make good candidates: Mr. Phillip Shelbourne, Mr. Matt Linning, Mr. Ronald Grierson and Mr. Alcon Copisarow. Mr. Howell said that he would consider these and other possibilities further. The Prime Minister said that she was not keen on appointing Sir John Greenborough, nor did she think that Lord Rothschild would make a particularly good candidate; Mr. Howell, however, said that he would like to keep open the option [redacted] of appointing Lord Rothschild.

12.

5 September 1979



FILE

Energy

cc HMT

cc CG

cc FCO

10 DOWNING STREET

From the Private Secretary

5 September 1979

Dear Bill,

The Prime Minister had a meeting with your Secretary of State yesterday afternoon to discuss various matters relating to BNOC.

In the course of this discussion, Mr. Howell referred to the remit which he had been given at E Committee on 24 July - namely, that he should arrange for sales of assets by BNOC and BGC to yield a net £400 million in 1979/80. He said that it would be very difficult to achieve sales on this scale by the close of this financial year. As he had repeatedly explained, this was going to be an extremely complex operation; and as long as BNOC's top management continued, their opposition to the sales would make them all the more difficult to achieve. Moreover, if the sale of assets was rushed, there was a real risk that it would have to take place at knock-down prices. Mr. Howell went on to say that he continued to have grave doubts about the political wisdom of selling off BNOC's assets, even though he fully accepted that the revenue somehow had to be found to meet the Chancellor's PSBR target.

The Prime Minister said that she was not prepared to reopen the decisions which Ministers had already taken on asset disposals. As regards timing, however, she recognised that there might be problems in achieving the full £400 million of ENOC and BGC sales by the end of March 1980. Provided that the sales programme was under way by then, and subject to the Chancellor's views, she thought that it might be acceptable from the point of view of market confidence and the Government's monetary objectives, if the completion of the £400 million programme slipped two or three months into 1980/81.

I am sending copies of this letter to Tony Battishill (HM Treasury) and Martin Vile (Cabinet Office).

W. Burroughs  
 Tim Latham

W. Burroughs, Esq.,  
 Department of Energy.



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CONFIDENTIAL

David Wolfson Esq  
10 Downing Street

30 August 1979

Dear David

We spoke on the telephone about the chairmanship of BNOC and related matters and I said I would let you have a note as a possible basis for a discussion with the Prime Minister.

My thinking is as follows:

- (i) We are not going to get anybody in situ until we have settled firmly the future shape of BNOC, so the sooner we do that the better.
- (ii) My own view is that the future BNOC will in effect be two bodies - an oil trading organisation, /predominantly existing to carry out Government purposes, /and a North Sea oil company which there is no reason for the State to own totally.

I would see the BNOC chairman and main Board as presiding over both wings, with the Deputy Chairman on the main Board being the boss of the North Sea company, in which BNOC would have a 51% shareholding. The remainder of the shares would be spread amongst as wide a range of the public as possible, thus making renationalisation impossible and allowing genuine "public" participation in our North Sea assets.

Against this background I have been looking for two types of person - a figure to chair the BNOC who, while fully equipped for business enterprise would also be very experienced in dealing with Whitehall and Departments and other Governments; and a second figure who would be a top oil man to head the North Sea company.

My suggested candidates for the first role are Sir Francis Tombs or Sir Ronald McIntosh or Ashley Rayburn of Rolls Royce. Sir Francis now chairs the Electricity Council but might be persuaded to move over. Sir Ronald was a Civil Servant and a Director General of the NEDC, and is now with Warburg's. Both are experienced business-like figures who know their way round Whitehall but have a healthy contempt for bureaucracy. I have not met Ashley Rayburn, but he was in Shell and before that the Treasury and Frank McPadden speaks highly of him. Alternatively I could try and keep on the present Deputy-Chairman Lord Croham (Douglas Allen) as interim Chairman for a year and then try Michael Pocock, who steps down next June, and who would of course be quite excellent.



My first candidate for the North Sea company would be Matt Linning. Mr Linning was responsible at BP for developing the Forties field and is now retired and lives in Aberdeen. He is a first class oil man and widely respected in the industry. Another possibility is Desmond Watkins of Shell.

To support these two posts I would like to change and strengthen the BNOB Board and bring in some people who understand our view point and can give us good advice without maintaining BNOB as the State monstrosity it was becoming. The names I have in mind are Victor Rothschild, Phillip Shelbourne, Tom Boardman, Jeremy Leonard (formely BP), Ronald Grierson (not in any executive role but simply in the same ideas capacity as Arnold Weinstock uses him), and Sir John Greenborough (who will be free next May).

I believe with this sort of group the Government's access to oil policy advice will be greatly strengthened. Naturally I would also dearly like to have Frank MacFadzean on the Board as well, if he would serve.

Of those mentioned so far in this note McIntosh and Linning would, I know, be interested, depending on the precise nature of the posts offered. Grierson has volunteered help. None of the others have been sounded out.

I will be happy to talk to the Prime Minister on these tentative ideas and in particular to know who amongst these she would rule out completely, which would save a great deal of further trouble.

D A R HOWELL

Your an  
David  
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Original in  
Apts filing

FRIDAY. 2

Prime Minister

TO: PRIME MINISTER.

FROM: DAVID WOLFSON.

we have fixed a  
meeting with the  
Hans for Tuesday  
afternoon.

→ TL

WHILE IT ISN'T "URGENT", THESE "118"  
DECISIONS WON'T GET ANY EASIER!

DAVID HOWELL WOULD LIKE TO SEE

YOU NEXT TUESDAY TO CLEAR A COURSE  
OF ACTION. *ans*

[IT MIGHT ALSO BE USEFUL, IF  
TIME PERMITTED, TO RECONSIDER THE  
PRESENT SITUATION ON DISPOSALS?]