

*MacGregor set*

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*cc AD* *for RB*

10 DOWNING STREET

From the Private Secretary

25 November 1980

BSC Board Responsibilities

As you know, the Prime Minister had a discussion this morning with your Secretary of State and Robin Ibbs to discuss the latter's minute of 26 September and the CPRS study on the duties and responsibilities of BSC Board members; they also had before them Sir Keith's minute of 28 October.

Mr. Ibbs described the general conclusions of the CPRS study: one of these was that the relationship between the Secretary of State and nationalised industry boards was not dissimilar to that between a holding company and its subsidiaries in the private sector. He proposed that the CPRS should now look at a sample of successful UK groups who operate as holding companies with diversified interests; by looking at their experience, he believed that it might be possible to make sponsor Departments' intervention in their industries more effective. Departments' objective ought to be to intervene as little as possible, but when they did intervene they ought to be encouraging good management and efficiency to the maximum. There was never likely to be an exact analogy between the private and public sector, but he felt sure that some of the lessons of the private sector could prove helpful. In addition, he proposed that the CPRS should look at the relationship between other European governments and their public sector companies.

The Prime Minister and Sir Keith Joseph both said that they did not think the analogy with the private sector could be taken too far; but they agreed that some further work on the lines proposed would be useful.

As regards the Prime Minister's comment (recorded in my note of 3 November) that BSC should have an effective management structure when Mr. MacGregor retires, Sir Keith said that he had this point very much in mind, and would be seeing MacGregor before long to discuss it.

I am sending copies of this letter to John Wiggins (H.M. Treasury), John Craig (Welsh Office), Godfrey Robson (Scottish Office) and David Wright (Cabinet Office).

I. K. C. Ellison, Esq.,  
Department of Industry.

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