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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

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Prime Minister

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1979

CPRS REPORT ON THE RELATIONSHIP BETWEEN GOVERNMENT AND THE NATIONALISED INDUSTRIES

In your personal minute M11/81 of 4 August to the Secretary of State for Trade you asked sponsoring Ministers to put forward proposals for improving the expertise and understanding of their Departments in dealing with their nationalised industries.

2. The Scottish Office is the sponsoring Department for three nationalised industries - the North of Scotland Hydro-Electric Board, the South of Scotland Electricity Board and the Scottish Transport Group. Each of these I regard as being in the category of smaller nationalised industries which were not explicitly considered by the CPRS study. I think it important to make this point for, in my view, a number of the problems which the study identified have not arisen, or are less serious, in the case of the industries' sponsored by me. I have not, for instance, been confronted with unexpected demands for additional finance and I do not regard the lack of mutual trust and understanding described by the CPRS as a fair reflection of attitudes in Scotland.

3. On the particular objectives set out in your minute, I agree that a greater degree of business expertise will improve the ability of staff in my Departments to probe and weigh up the arguments put forward by the industries. The industries with which I am concerned are however engaged in highly specialised fields and therefore differ greatly from the typical private concern. To monitor and control their activities with greater authority would, therefore, require highly specialised rather than general business expertise. Where, through direct entry schemes or otherwise, we recruit staff with some general business experience, we try to place them within the Scottish Office where that experience will be of greatest use. We could, in theory, go further and train a small number of staff to equip them with the specific expertise for nationalised industry work by selecting those with suitable backgrounds and by arranging for their secondment to nationalised industries, private sector companies and relevant businesses or consulting firms. But it would not be possible to offer the staff selected a satisfactory career structure within the Scottish Office in posts dealing full-time with nationalised industry affairs for there are only five such posts within the Office. Additionally, if a net increase in staff were to be avoided, it would be necessary for the secondees, on their return to my Departments, to spend a considerable proportion of their time, as the existing staff do, on day-to-day duties which would not draw on their experience. I am very much aware, however, of the need to strengthen our expertise in dealing with the nationalised industries. Arrangements already exist for the exchange of staff on secondment between outside employers and the Scottish Office and some

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successful links with the nationalised industries have already been made through this scheme. The present manpower cuts in the Civil Service necessarily impose some constraint on how quickly we can develop the secondment programme but, we hope to make increasing use of secondment to place Scottish Office staff in suitable posts in the nationalised industries and to offer reciprocal Central Government experience to nationalised industry employees, to enable both sides to draw upon the experience gained in the future.

4. As regards the decision that staff dealing with nationalised industry matters should remain longer in post, the need to ensure that staff stay in post long enough to gain necessary depth of knowledge and experience and that their careers are developed along sensible lines applies to every aspect of my Departments' operations, not only nationalised industries. In the Scottish Office it has been the aim for some time to achieve longer posting periods and there has been a fair measure of success in this area. But this desirable objective has to be balanced against the need to give the most promising officers as wide a range of jobs as is reasonable to ensure the proper development of their careers. The Scottish Office posts which deal with nationalised industries are frequently filled by staff with previous experience of dealing with those industries.

5. I am conscious of the need to build up our expertise in dealing with nationalised industries. With this in mind, steps will be taken to strengthen the links between the administrators in the nationalised industry field and their economic and accounting advisers and the importance of previous experience in the financial or business area will be borne in mind in future postings. I will also consider the possibility of drawing where necessary on any more specialised expertise introduced into the relevant parts of the Department of Transport and the Department of Energy.

6. I am sending a copy of this minute to the recipients of yours.

W. J. W. W.
(Approved by the Secretary of State
and signed in his absence.)

18 September 1981

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