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Dini Minutes

cc Mr Dymally  
R. W. Ibbotson



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Robin Ibbotson has concluded -  
for good reasons, I think - that  
using Arnold Weinstock won't  
be any good. As a fall-back,

Qa 05688

To: Mr Lankester ✓  
From: J R Ibbotson

Yes and if Robin  
can do the job I think  
industries ministry  
it will be  
wonderful

he suggests that CPAs should  
help brief sponsor Ministers  
24 September 1981  
for their meetings with  
(para 7). I think that's  
the best we can do  
until Dept is strengthened.

Nationalised Industries: 1981 Investment  
and Financing Review

1. At E Committee yesterday I was asked to consider urgently the possibility of finding an adviser, with suitable industrial and financial experience, who could attend the most important meetings which Ministers are to have in the next week with Chairmen of industries. Agree?

2. I have considered what such an adviser might be able to contribute in the time available, and also who might be suitable to act in this role; in particular I have discussed the problem with Lord Weinstock. My conclusions are as follows. R.

3. The time constraint of having to complete the round of meetings within one week seems to rule out the possibility of enabling an adviser to be brought in to review the situation in each industry at all systematically. To be effective most potential advisers would need a chance to obtain a 'feel' for the industry and a single meeting is unlikely to be sufficient to reveal substantial scope for improving the EFL figures. 24/9

4. Lord Weinstock if asked to help believes that he (accompanied by Sir Kenneth Bond) might be able to make some immediate impact though, on commenting on what might be achieved, he was careful to put it no higher than 'it could do no harm'. His proposition would be that he should question the Chairman of the industry as he would a subsidiary of GEC, with the Secretary of State being present as 'umpire'. Lord Weinstock would not want to be briefed or to see any figures in advance. He stressed that he would want the occasion to be described to the Chairman as an experiment and to be kept strictly confidential. I have serious doubts whether a meeting could be set up in this way even as an experiment without the Chairman regarding it as an insult; and I believe there would be a serious risk of damaging leaks. Alternatively, Lord Weinstock would be willing, I think, to be present merely as an adviser asking an occasional question but

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he has no conviction that he (or anybody else) would be able to reveal anything worthwhile in this role. (In either case a subsidiary problem is that some industries with the largest EFL 'gaps' pose severe conflict of interest difficulties with GEC.)

5. I conclude that although a more practical businesslike approach by Government to the nationalised industries is the only satisfactory fundamental way of improving the relationship and performance, to try and introduce an external adviser from business for the meetings in the coming week is unlikely to achieve anything worthwhile and might actually damage the relationship between the newly appointed Secretaries of State and their Chairmen.

6. As I said yesterday, the task is to convince each Chairman of the necessity, as in the private sector, for efficiency and cash economy; i.e. the calculation of EFLs for 1982/83 has just got to be done against more stringent standards. If Chairmen can be convinced of this they will go away and produce better figures; if they are not convinced they are likely, at least at a single meeting, to be able to defend much of the detail against attack. However, it should be possible to back up a strong argument on the need for greater efficiency and economy with a systematic demonstration of the main points at which savings have to be found - e.g. investment, disposals, working capital, pay, other costs, etc. In particular, the points made yesterday on pay can be driven home and I believe emphasis could be put in some instances on the likely scope for improvement on working capital particularly stocks.

7. Although I do not believe that direct involvement of external advisers in the forthcoming meetings is likely to be a good way of making progress, the problem is far too serious merely to be left at that point. I suggest that I with other colleagues in the CPRS with business experience might be used, for the largest industries, alongside the resources in the Treasury to contribute to briefing sponsor Ministers for their meetings with Chairmen and in any bilaterals which the Chief Secretary has with sponsor Ministers. Although I cannot guarantee that our involvement





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will produce substantial savings, if the Prime Minister thought this was worth pursuing further I should be happy to do so.

8. Finally, I believe that the lack of conviction by sponsor Ministers yesterday in the figures that had been sent in by their Departments is further evidence of the need for changes of the kind envisaged by the CPRS in their proposals on 'Business Groups'. Even though external advisers do not appear to be a way of solving the immediate problem, they may have an important contribution to make in the longer term as part of the process of bringing a more businesslike approach on nationalised industries into Government.

9. I am sending a copy of this minute to Sir Robert Armstrong.

This will  
be considered  
further in  
the light  
of Depts'  
responses.

T.L.

✓R/

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*Pol*

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10 DOWNING STREET

*From the Private Secretary*

Mr. Ibbs

Nationalised Industries

The Prime Minister was grateful for your minute of 24 September. As I told you, she agreed with your conclusion that it would not be appropriate to ask Lord Weinstock to help sponsor Ministers at their meetings with nationalised industry chairmen; and she is grateful for your suggestion that the CPRS should provide whatever help they can. She said it would be "wonderful" if you yourself could help out on the big EFL industries.

I have now written to Departments accordingly.

I am sending a copy of this minute to David Wright.

T. P. LANKESTER

25 September, 1981.

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*B*





10 DOWNING STREET

MOD      DOE      JD  
 cc SO      MAFF      DOT  
   WO      D/M      HMT  
   DHSS      LPO      FLO  
   CWO      Trade (Prices)      HO  
   DOT           D/N  
                                  CO

From the Private Secretary

25 September, 1981.

Dear Terry.


Nationalised Industries: 1981 Investment and Financing Review

As you know, at their meeting on 23 September, E Committee discussed a memorandum by the Chief Secretary on the 1981 Investment and Financing Review of the Nationalised Industries. In her summing up, the Prime Minister invited the Head of the Central Policy Review Staff to advise urgently on the possibilities of appointing an assessor to assist sponsoring Ministers in their further discussions with their industries and on the practicability of his making an effective contribution within the time-scale envisaged.

Robin Ibbs has now advised the Prime Minister that it will not be possible, in the time available, to find a suitable assessor who would make an effective contribution in assisting sponsor Ministers. But he has suggested that he and other members of the CPRS with business experience might be used, for the largest industries, alongside the resources in the Treasury to contribute to briefing sponsor Ministers for their meetings with Chairmen. The precise form of assistance that the CPRS would provide, including whether Robin Ibbs should be present at meetings with Chairmen, would of course be for discussion with the particular Departments concerned.

The Prime Minister has accepted this advice, and has asked that sponsor Ministers should take advantage of the CPRS offer of assistance on the lines Robin Ibbs has proposed.

I am sending copies of this letter to the Private Secretaries to the Members of E, Godfrey Robson (Scottish Office), John Craig (Welsh Office), Don Brereton (Department of Health and Social Security), Murdo Maclean (Chief Whip's Office), Peter McCarthy (Department of Trade), David Wright (Cabinet Office).

  
 The Secretary

Terry Mathews, Esq.,  
HM Treasury.