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Private - We all rather carefully refrained from saying what we thought of the detail of these suggestions. If we pursue the course of action proposed below we shall

Ref. A07798

PRIME MINISTER

credit - a lot more paper work  
virtually no improvement in the matter  
To solve the latter - all we need are  
good Ministers - good permanent Secs.

- 1 Mr Sheldon - to see Mr Whitmore
- 2 Prime Minister

Content that we should write to the Offices of Ministers with nationalised industry responsibilities on the lines of the draft at A?

Nationalised Industry Board Appointments

When the E(NI) Sub-Committee discussed nationalised industry board

appointments on 10th February (E(NI)(82) 1st Meeting, Item 3), they thought that it would be undesirable to lay down arrangements as precise and standardised as those proposed in E(NI)(82) 4, but they agreed that it was desirable for sponsor Ministers to give early consideration to the succession arrangements for Chairmen and board members and that nationalised industry Chairmen should themselves each year consider the succession arrangements for members of their boards and senior managers. You undertook to consider how best Ministers might be reminded regularly of the need for sensible succession planning in the nationalised industries.

2. There are two issues - first how to ensure that each sponsor Minister and Chairman has adequate succession planning arrangements on a continuing basis and secondly how to ensure that Ministers and Departments apply their minds to the filling of appointments of Chairmen in good time.

3. So far as the first issue is concerned, I suggest that the right approach is to ask each sponsor Minister to report to you within three months or so - say, by the end of June - on the succession planning arrangements which have been established for his industries. This will enable account to be taken of the circumstances of particular industries, as E(NI) wished, but we shall have the opportunity to judge whether the arrangements are adequate.

4. So far as the second issue is concerned, the Public Appointments Unit in the Management and Personnel Office could without difficulty put itself in a position to remind Departments at official level of the need to decide on reappointing a Chairman or begin the process of finding a successor, and I suggest that the Unit should be given this responsibility. In addition, however, it would be useful to reinforce the pressures on sponsoring Ministers themselves to think about appointments of Chairmen in good time. I suggest that the best way

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of doing this would be for them to be asked to write to you indicating their preliminary thinking about the handling of such appointments at least nine months before the existing appointments expire.

5. If you agree with these suggestions your Private Secretary might write to the Private Secretaries of Ministers with nationalised industry responsibilities on the lines of the draft attached. The draft makes no reference to the long-stop reminder role envisaged for the Public Appointments Unit, since it seems best to emphasise the prime responsibility of sponsor Ministers themselves for dealing with these appointments in good time.

6. I am sending copies of this minute to the Chancellor of the Duchy of Lancaster and Mr. Ibbs.

RA

ROBERT ARMSTRONG

15th March, 1982

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DRAFT LETTER FROM PRIME MINISTER'S  
PRIVATE SECRETARY TO PRIVATE SECRETARIES  
OF MINISTERS WITH NATIONALISED INDUSTRY  
RESPONSIBILITIES

Nationalised Industry Board Appointments

The report by the Central Policy Review Staff on the relationship between Government and the nationalised industries drew attention to the importance of settling appointments and reappointments of Chairmen and board members of industries as expeditiously as possible, and carrying out succession planning well in advance. At their meeting on 10th February 1982 (E(NI)(82) 1st Meeting, Item 3) the Ministerial Sub-Committee on the Nationalised Industries agreed that sponsor Ministers ought to give early consideration to the succession arrangements for Chairmen and board members and also that the nationalised industry Chairmen should themselves each year consider the succession arrangements for members of their boards and senior managers. The Prime Minister undertook to consider how these proposals might best be implemented.

The existing requirements about appointments of nationalised industry Chairmen and board members are set out in Questions of Procedure for Ministers and, in more detail, in the Guide on Public Appointments Procedures. In order to ensure that forward planning takes place in good time, the Prime Minister has asked that in future the relevant sponsor Minister should write to her not later than nine months before the appointment of a nationalised

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industry Chairman expires, indicating his preliminary thinking about the handling of the appointment. It is recognised that the Minister is unlikely at that stage to have a firm proposal for approval, but he should be able to indicate his views on the likelihood of the incumbent's being reappointed, the needs of the job and hence the kind of candidate who might be sought, the means employed for finding suitable candidates, and any special considerations such as the need for payment by results. Copies of the letter should be sent to the Joint Head of the Civil Service (Sir Robert Armstrong) and others who, in accordance with the ~~existing~~ procedures, would receive a copy of a submission to the Prime Minister about the filling of such an appointment.

Notes on Questions of Procedure will be amended to this effect in due course.

The Prime Minister would also be grateful if each sponsor Minister could report to her by the <sup>end</sup>~~beginning~~ of June on the arrangements being made for succession planning for nationalised industry board appointments both within his Department and by the Chairmen of his industries.

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10 DOWNING STREET

*File 116  
National*

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

NATIONALISED INDUSTRY BOARD APPOINTMENTS

The Prime Minister has considered your minute A07796 of 15 March 1982 about Nationalised Industry Board appointments. As she mentioned when she saw you and Sir Derek Rayner this afternoon on another matter, she is not disposed to authorise the circulation of the letter which was attached in draft to your minute. She has minuted that if we pursue the course of action proposed, we shall create a lot more paper work but virtually no improvement in the problem.


I am sending a copy of this minute to Mr. Buckley and Mr. Ibbs.

G. A. WHITMORE

18 March 1982

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PRIME MINISTER  
\_\_\_\_\_

NATIONALISED INDUSTRIES : BOARD  
APPOINTMENTS

E(NI)(82)4

BACKGROUND

In E(NI)(82)4 the Chancellor of the Duchy of Lancaster seeks views on her officials' recommendations for improvements in the arrangements within sponsoring departments for dealing with appointments and re-appointments of Nationalised Industry Board Members.

2. The proposals are summarised in paragraph 24 of the paper by officials attached to E(NI)(82)4. They recommend the introduction of a more formal process of succession planning by departments with procedures laid down for originating proposals and for consultation; the aim of starting the process at least nine months before the end of a board member's term of office; and ensuring that all board members concerned are given at least six months notice of the sponsoring Minister's intentions for them.

HANDLING

3. After the Chancellor of the Duchy of Lancaster has introduced her paper you might ask Mr Ibbs whether he has any comments from the stand-point of the Central Policy Review Staff's recent report and work on relationships between the nationalised industries and the Government.

4. The proposals do not seem contentious and, unless any of the sponsoring Ministers wish to comment on them, it may not be necessary to discuss them.

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CONCLUSIONS

5. In the light of the discussion you will wish to record conclusions on whether the proposals in paragraph 24 of the paper attached to E(NI)(82)4 are approved and, if so, inviting sponsoring Ministers to implement them.

*PLG*

P L GREGSON

8 February 1982

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