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Local Gov
cc ✓

2 MARSHAM STREET
LONDON SW1P 3EB

NBPM

My ref: H/PSO/15001/82

mus 23/7

Your ref:

23 July 1982

for for

below

Thank you for your letter of 12 July about the British Waterways Board, our objectives for it and the Inbucon report.

I had not forgotten our earlier correspondence. Events are proceeding more slowly than I had hoped. I have just had a preliminary discussion with the whole Board about Inbucon's recommendations and a range of policy issues, some of which arise from what Inbucon had to say and others which arise from our own thinking about what sort of role BWB should have in future, and I shall give them an opportunity formally to let me have their views in response to a consultation document I shall put to them. I think that will probably prove to be a more fruitful way of proceeding, though rather longer drawn out, than simply putting to them our own views. I am, nevertheless, fully aware of, and wholly in sympathy with, the need to improve BWB's efficiency, formulate its objectives and cut out loss making activities.

I shall keep you informed of events.

I am copying this to members of E(NI), John Sparrow and Sir Robert Armstrong.

for for

MICHAEL HESELTINE



cc PS/Chancellor
 Financial Secretary
 Economic Secretary
 Minister of State (C)
 Minister of State (R)
 Sir D Wass
 Sir W Rylie
 Mr Quinlan
 Mr Burgner
 Mr Kitcatt
 Mr Broadbent
 Mrs Case
 Mr Ridley

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP
 Secretary of State
 Department of the Environment
 2 Marsham Street
 London SW1P 3EB

12 July 1982

2 Michael,

BRITISH WATERWAYS BOARD

We agreed in April (my letter of 1 April and your reply of 30 April) that when the Inbucon report was available we should take a radical look at BWB and our objectives for it. Moreover, although we have not been able to implement fully the new system of Performance and Corporate Plan Reviews for nationalised industries this year, the recommendations in the report and the issues which Inbucon were considering seem likely to provide a valuable input to the IFR now under way.

I understand that you have been considering Inbucon's report and I think it would be useful, in the context both of the IFR and of longer term work, if we could discuss the conclusions you have reached even if only on a preliminary basis, before the Recess.

I am copying this letter to members of E(NI), John Sparrow and Sir Robert Armstrong.

Leon
Brittan

LEON BRITTAN

23 JUL 1962

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Local Govt

2 MARSHAM STREET
LONDON SW1P 3EB

NBPM

My ref: H/PSO/12697/82

MUS 5/5

Your ref:

30 April 1982

cc JW

[Handwritten signature]

BRITISH WATERWAYS BOARD

Thank you for your letter of 1 April about the BWB and our objectives for it.

I agree that the, by my reckoning, four important issues you have raised need to be fully examined. As you know, your officials and mine have kept, and will continue to keep, in close touch with each other. The consultants' report will be with us by the end of this month, rather later than we had hoped, and we shall circulate proposals for colleagues' consideration before any approach is made to the Board.

I am copying this letter to members of E(NI), Sir Robert Armstrong and John Sparrow.

yes evr
[Handwritten signature]

MICHAEL HESELTINE

The Rt Hon Leon Brittan QC MP

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NBPM

MCS 5/4

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1P 3EB

1 April 1982

Michael

BRITISH WATERWAYS BOARD

PM's Box

I have seen a copy of your minute of 22 March to the Prime Minister. I agree with you that it is worth waiting for the consultant's report before work on applying the CPRS recommendations is taken further. But once that report is available I think we must take a radical look at the BWB and our objectives for it, before moving on to business plans, performance indicators etc.

I have in mind three areas in particular. First, in view of the Board's past performance and current financial straits, we must have some assessment of the prospects for the commercial waterways as a whole. We can then decide whether any part of the network could be managed on commercial principles. We can also examine our policy for the non-commercial network, its future size and shape and the costs of maintaining different sizes of network.

Second, we will need to consider what the Board's role should be in relation to it. The Board is under no statutory obligation to carry out commercial functions and it is by no means clear to me that they are well equipped to do so. Some of the Board's commercial activities are persistently loss making; others might better be undertaken by the private sector.

Finally we cannot ignore the possibility of a fundamental restructuring of the Board, including a change in its current status as a nationalised industry. That status is already something of an anomaly and would become more of one were the Board's already limited commercial activities to be further reduced. Whatever the outcome of the review, we shall need to consider what is the appropriate institutional and financial structure for the Board before we can set about preparing business plans.

I am copying this letter to the recipients of yours.

Law
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LEON BRITTAN

2 APR 1982

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