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Prime Minister 2

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STRUCTURE AND MEMBERSHIP OF BOARDS OF NATIONALISED INDUSTRIES

At E(NI)'s meeting of 11[✓] May, it was agreed that Ministers would report back to the Committee on the scope for reduction in the size of Boards of Nationalised Industries and on steps which could be taken to increase the proportion of non-executive part-time members, with particular emphasis on their role in increasing the efficiency of the industries in which they serve. Here is the position on the Transport Nationalized Industries.

I am no longer concerned with the Board of the National Freight Company and I do not propose to suggest any changes on the British Transport Docks Board because I believe that the less disturbance there is in the months running up to flotation, which I am now expecting in January, the better.

As to the British Railways Board, I am sure that we must leave the size and structure of the Board until we have cleared our minds on the fundamental questions of future railway policy which we shall have to address when we have Sir David Serpell's Report. It would also be desirable to discuss our ideas with whoever is to succeed Sir Peter Parker in September of next year. Meanwhile, I shall look very carefully at the individual performance of members whose appointments come up for review. There are already two vacant places on the Board and the future of a third one is also before me now - the one which has been held for the past three years by Simon Jenkins. In one way or another I am sure that I must reinforce the Board in controlling the engineering side of British Rail.

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There is no Serpell Review to wait for in the case of the National Bus Company and so I can report exactly how I see this one developing. The Board has thinned out the top executive ranks below Board level and made a saving of around £150,000 a year by doing so. They run with a very small headquarters office which depends heavily on three full time members, Mr Robert Brook the Deputy Chairman and Chief Executive and two former managers from the field, Mr Rawlinson and Mr Dalton. There is at present another full time member, Mr Carruthers who is due to retire at the end of this year. I have already agreed with the Chairman, Lord Shepherd, that Mr Carruthers will not be replaced by a full time executive but by Sir Robert Lawrence on a part-time term not exceeding two years to get moving with the introduction of private capital into developing NBC property. This will give us a part-time Chairman, three full time executives and seven part-time non-executives. I have considered whether I could cut down the non-executives further, but since the Chairman, very sensibly in my opinion, makes the non-executives share out between them membership of the Boards of the 39 subsidiary companies I think that it would not really make sense to cut their number down.

Among them there are two very good young members whom I intend to reappoint at the end of this year - Geoffrey Parker from European Ferries (aged 44) and Kate Mortimer of Rothchilds (aged 34). The appointments of three of the other four are due to expire at the end of 1983, and on grounds of age or effectiveness I expect to be looking for new names. There will also have to be a replacement for Mr Rawlinson as a full time executive at the end of 1983. I shall need to be careful not to

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cut too deeply into the continuity of a Board which in recent times has been performing well, to testing financial targets in conditions of depressed trading.

I am sending copies of this minute to the Members of E(NI).

JG.
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DAVID HOWELL

4 August 1982

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5 August 1982

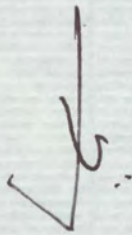
MR RICKETT

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STRUCTURE AND MEMBERSHIP OF NATIONALISED INDUSTRY BOARDS: BRITISH RAIL

In his note of 4 August, Mr Howell proposes that we leave the size and structure of the British Railways Board unchanged until the Government has taken decisions on the basis of the Serpell report, which is due in early November.

There are two points here to which I should like to draw the Prime Minister's attention. First, it would be at least as logical to make the changes before decisions have to be taken about the long-term future of the railways, to ensure that we are dealing with as sympathetic a Board as possible. Second, the Prime Minister will recall her wish, which she expressed openly a few weeks ago, that one of the vacancies be filled by Sir John Hoskyns.



JOHN VEREKER