

APPOINTMENTS IN CONFIDENCEPRIME MINISTERSIR ROBIN NICHOLSON AND THE FUTURE OF UKAEA

Mr. Walker has been in discussion with Sir Robin Nicholson over the terms on which Sir Robin would be prepared to take over the chairmanship of UKAEA. Flag A sets out Sir Robin's objectives and Flag B provides the Department of Energy's comments. The issues are:

- (i) Sir Robin wants to use these discussions to tie CEGB more tightly into financing UKAEA research by widening the definition of what research it is that CEGB will buy from UKAEA. The Department are worried that the delicate negotiations with the CEGB could be upset.
- (ii) Sir Robin wishes also to increase the commitment of BNFL towards UKAEA.
- (iii) Sir Robin wishes to establish the right of UKAEA to undertake manufacturing, normally in joint ventures, to exploit its non-nuclear expertise. Ministers will need to consider whether they are prepared to concede an expansion in the scope of a public sector body. Mr. Walker supports allowing UKAEA to take minority equity stakes in non-nuclear manufacturing ventures.

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You will want to ask Mr. Walker how far he thinks Ministers should go to meeting Sir Robin's demands. It should be borne in mind that there is a process of negotiation going on here and Mr. Walker will need to leave the meeting with a clear idea of what he can offer and how much latitude he has. In part this will depend on how badly he wants Sir Robin to take on the job.

HT

(Andrew Turnbull)

15 May, 1985

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