



NEW ST. ANDREWS HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

CONFIDENTIAL

30 August 1983

Prime Minister

Yes and

Prime Minister:

Agree to Mr

Stevenson

reappointment

JA 31/8.

CHAIRMANSHIP OF THE SCOTTISH TRANSPORT GROUP

1. The current appointment of the Chairman of the Scottish Transport Group (STG) comes to an end on 31 December 1983. He is Mr William Stevenson. I appointed him in 1980, with your agreement, for an initial three year period, and his performance in the post has been more than satisfactory. He is 62 years old and is willing to continue. I propose to re-appoint him for a further three years and I seek your agreement to this.

2. The Scottish Transport Group is a nationalised industry constituted under the Transport Act 1968. Its main activities are the provision of bus services throughout Scotland (except in the four cities) through its subsidiary the Scottish Bus Group, and the provision through Caledonian MacBrayne of the main West Coast shipping services. The Group has some ancillary interests, the most significant of which is the road haulage company, MacBrayne Haulage. The Chairmanship is part-time with a commitment of 2½ days per week and attracts a salary of £18,700. The Group has a full time Deputy Chairman and Managing Director and nine part-time non-executive Board Members.

3. In the period ahead there will be a continuing need to sharpen up the business orientation and performance of STG whose thinking is inevitably still characterised to some extent by conventional public sector attitudes. The Chairman must also show a good understanding of the Government's general policy towards nationalised industry and particularly be willing to countenance the possible privatisation of some of the Group's activities. He needs also to maintain good relations with the local authorities on whose support many otherwise uneconomic rural bus services depend and he must be able to present the Group's activities well in public. A particular requirement will be a commitment to putting right the deficiencies in Caledonian MacBrayne's ferry services which were recently identified by the Monopolies and Mergers Commission: a good start has already been made on this.

4. Mr Stevenson trained as a design engineer and worked initially in his family milling business becoming eventually Scottish Director of Rank Hovis MacDougall. He was in recent years Master of the Merchant Company of Edinburgh, and spokesman on transport for the Scottish Council (Development and Industry). He was also, until very recently, Chairman of Gleneagles Hotels which took over three major Scottish Hotels from British Rail. He remains Chairman of a major Edinburgh retailing business and a Board Member of Mackintosh, the furniture manufacturers and has a number of other manufacturing commercial interests in the UK and overseas. He has a very good private sector business record. Mr Stevenson was first choice from among the candidates available for appointment in 1980.

5. Since 1981 STG has performed reasonably well. It has consistently met its financial targets and economies and greater efficiencies have been achieved within the Bus Group with the implementation of SCOTMAP (a procedure for analysing bus networks and devising the most cost-effective way of meeting consumer preferences). Improvements in ferry services have been less conspicuous, but in any case the way is now open for improvements here by following through the recommendations of the Monopolies and Mergers Commission. Mr Stevenson's own performance so far has been good. He has represented the Group well in public, and internally he appears to have provided the required leadership within the Board. He seems to have been particularly effective in making the organisation more customer-orientated and in improving staff planning. In general he has shown a good awareness and understanding of Government policy and, in response to specific soundings, he has confirmed that he is generally in tune with our policy on privatisation.

6. I think Mr Stevenson is a sound Chairman who merits a second term and his experiences so far should allow him to cope well with the issues ahead. I propose to invite him to serve for a further period of three years from 1 January 1984. I would be very grateful to have your agreement. Sir Robert Armstrong and Mr Middleton have indicated that they are content.

7. I am sending copies of this minute for information to Nigel Lawson, Tom King, the Chief Whip and Sir Robert Armstrong.

C.Y.

CONFIDENTIAL

file



10 DOWNING STREET

From the Private Secretary

5 September 1983

The Prime Minister has now seen your Secretary of State's minute of 30 August about the Chairmanship of the Scottish Transport Group.

Mrs Thatcher has agreed that Mr. William Stevenson may be re-appointed as proposed by Mr. Younger.

I am copying this letter to Margaret O'Mara (HM Treasury), Dinah Nichols (Department of Transport), Murdo Maclean (Chief Whip's Office) and Richard Hatfield (Cabinet Office).

(TIM FLESHER)

Muir Russell, Esq.,
Scottish Office.

CONFIDENTIAL