



10 DOWNING STREET

24 July 1985

From the Private Secretary

Dear Geoff

PERSONNEL AT NCB

Your Secretary of State discussed with the Prime Minister forthcoming changes in Board members and management at NCB. The Prime Minister expressed reservations about increasing Mr. Cowan's salary to £62,500, but recognised that an increase might be necessary as part of the agreement under which he would retire and be replaced by Sir Kenneth Couzens.

Your Secretary of State said he would like to be able to put together a package of changes for announcement in September. these would encompass:

- (i) The appointment of Sir Kenneth Couzens as Deputy Chairman responsible for financial, administrative, legal and secretarial functions.
- (ii) A second Deputy Chairman who would be the Chairman designate.
- (iii) Three or so new outside Directors.
- (iv) Three or four changes in senior management.

The main difficulty was in identifying the Deputy Chairman who might eventually succeed as Chairman. He had considered Sir Robert Haslam but doubted whether he could take on the chairmanship of the NCB which would be much more onerous than the chairmanship of BSC. The unions in the coal industry were much tougher to deal with and with NCB a difficult task lay ahead; at BSC he had come in when much of the reorganisation had been completed. It was doubtful whether he could cope with the chairmanship of Tate & Lyle as well.

Your Secretary of State said he would like to find someone young and personable, possibly younger even than Mr. Scargill. The coal industry was becoming one for young men as most of the older men took early retirement. One possibility was Mr. David Davies who worked under Sir Robert Haslam at Tate & Lyle. He had carried through successfully the rationalisation of Tate & Lyle's interests in the United Kingdom and Canada. He came from a Welsh working class

family, which might prove a suitable background for the coal industry.

He had also seen Mr. Dennis Morgan from Dowty, Mr. Roy Roberts from GKN and Sir Peter Baxendell, but did not consider any of these suitable.

The Prime Minister suggested Sir Kenneth Durham had many of the qualities necessary; he was a scientist and a northerner. It was doubtful, however, whether he could be attracted away from Unilever. Mr. David Plastow was also mentioned but not thought suitable.

It was agreed that your Secretary of State would talk to Sir Robert Haslam about Mr. Davies and would perhaps see him subsequently before reporting back to the Prime Minister.

Your sincerely

Andrew Turnbull

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