



10 DOWNING STREET

25 November 1985

*From the Private Secretary**Dear Richard,***NATIONALISED INDUSTRIES CHAIRMENS GROUP DINNER**

The Prime Minister was most grateful for all the briefing you provided for the dinner she gave on Friday to the Nationalised Industries Chairmen.

The discussion was fairly brief and no doubt ran along lines which are very familiar to you. The atmosphere was friendly and the discussion amicable, except perhaps on the discussion of Board appointments led by Mr Dent. The tone at that point became a little sharper.

Sir Robert Haslam led a discussion of privatisation and Government-nationalised industry relations. He said the National Industry Chairmen did not see it as their role to express a view about the merits of privatisation itself, but they had noted the success of the companies which had been privatised. Some companies however could not be privatised for a while, if ever. There was a need to improve the relationship between Government and the nationalised industries for those that would remain. He pointed to the high proportion of his time he spent as Chairman of the British Steel Corporation discussing its affairs with MPs, Ministers, Civil Servants and the Government machine generally. This could on occasions rise to 80 per cent. He recognised that the relationship could not be wholly like that between the Government and private companies, but he hoped that more could be done to move towards that. A joint memorandum was under discussion with the Treasury.

The discussion which followed amounted to a recitation by some of the Chairmen of what they were doing to prepare themselves for privatisation. However Mr Graham Day said how helpful he had found it to have agreed with the Government objectives and constraints before he had been appointed as Chairman of British Shipbuilders. This had helped his relationship with his Managers and given him greater ability to push changes through.

Mr John Dent gave a long exposition of the changes the Chairmen wanted to see in their terms and conditions, along the lines set out in your briefing. This drew a firm response from the Chancellor, and the Prime Minister said she disliked the proposal for "evergreen" or rolling contracts. Mr. Jones drew attention to the disincentive to

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Managers to join the Boards of nationalised industries: they enjoyed lower security for little increase in pay.

Sir Robert Reid welcomed the Government's trade union legislation. This had helped the nationalised industries in their efforts to achieve higher productivity. The nationalised industries recognised the need for pay restraint. They were concerned about the size of increases in the private sector: these were making it increasingly difficult for the nationalised industries to constrain basic pay. The Prime Minister agreed strongly that pay in the private sector was rising too fast for the health of the economy. She had not agreed to the removal of National Insurance Surcharge in the expectation that the money would be used to increase pay.

Mr Jones expressed great concern about increasing delays in planning inquiries. The Prime Minister and other Ministers agreed, and Mr Baker drew attention to the efforts the Government had been making in this area as well as the constraints on what it could do. It was recognised that there would be no need for any future enquiries into nuclear power stations to repeat the "policy" aspects of the Sizewell inquiry.

Sir Norman Payne spoke on business rates as in the notes attached. The Secretary of State for the Environment outlined in broad terms the proposals the Government had in mind to make in the coming Green Paper.

I am copying this letter to Michael Gilbertson (Trade and Industry), Tony Kuczys (HM Treasury), Robert Gordon (Scottish Office), Chris Snell (Employment), Malcolm McHardy (Trade and Industry), Sarah Straight (Transport), Judith Bennington (Energy) and to Sue Vandervord (Department of Environment).

*Yours ever,
David*

(David Norgrove)

Richard Broadbent, Esq.,
HM Treasury.

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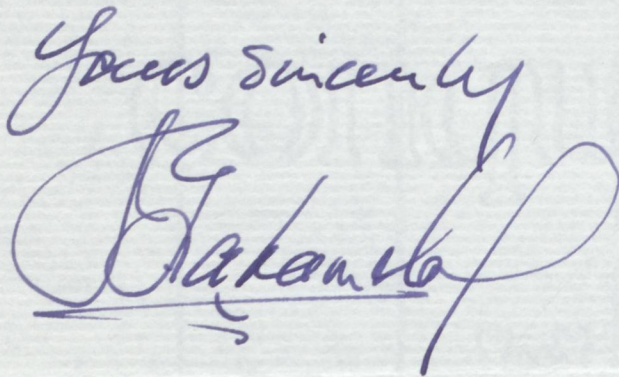
The Secretary (Invitations),
10 Downing Street,
Whitehall,
London SW1.

Nabhaohood
Industries
Dinner
22 NOV

Dear Sir/Mada

Mr. Norgrove

I would be grateful if you would pass on to the Prime Minister my thanks for a most enjoyable dinner last Friday evening. For my part, I thought it was very pleasant to be able to have such useful and interesting exchanges in a relaxed atmosphere.

Yours sincerely


J. GRAHAM DAY

British Railways Board

Sir Robert Reid, CBE, FCIT
Chairman



NRBM


25.11.85.

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Dear Prime Minister,

I just wanted to thank you very much for inviting me to such a delightful and stimulating dinner party at No 10 on Friday evening.

It was a most enjoyable occasion, as well as being privileged. I am so glad to be at the Head of a State's Dinner under such a



Primo Miller.

Thank you very much for a very
pleasant evening.

Yours sincerely

Bob Lewis.

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Nationalised Industries' Chairmen's Group

Chairman
Sir Robert Haslam

Hobart House
Grosvenor Place
London SW1X 7AE
01-235 2020

25th November 1985

The Rt. Hon. Margaret Thatcher, MP
Prime Minister,
10 Downing Street,
London SW1.

*Prime Minister 2
(DT may like to see?)*

*DS
25/11. mt*

Dear Prime Minister,

Just a note to thank you and your Ministers most sincerely on behalf of the whole NICG team for a very pleasant and rewarding dinner on Friday evening. We were most appreciative of your willingness to entertain us at such an abnormally busy time, when you clearly must have been pre-occupied with so many immediate weighty problems.

All my colleagues felt we had a very good hearing and were most appreciative of the way you and your Ministers listened and responded to our views. We were very pleased that Mr. Thatcher was able to join us and we welcomed his understanding and helpful reactions to our discussions.

Finally, I hope you were reassured that we are all very supportive of the policies you and your Ministers are pursuing and that any observations we made were only designed to improve further the effectiveness and contributions of our respective industries.

Yours sincerely,

Bob Haslam
