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APPOINTMENTS IN CONFIDENCE



PRIME MINISTER

CHAIRMANSHIP OF THE NATIONAL ENTERPRISE BOARD (NEB):
RELATIONS BETWEEN THE NEB AND THE NATIONAL RESEARCH
DEVELOPMENT CORPORATION (NRDC)

1 As you know I have been thinking for some time about the scope for bringing together the work of the NEB and the NRDC. The suggestion made by Sir Arthur Knight when you lunched with the NEB on 26 November (see your Private Secretary's letter of 27 November) reflected some comments previously made to him by Sir Peter Carey. You yourself have questioned the need for the NEB to duplicate part of the work of the NRDC and have urged that we should do nothing to perpetuate the NEB and NRDC as separate entities (your Private Secretary's letters of 22 December and 8 January).

2 The imminent departure of Sir John King, the acting Chairman of the NEB, and the coincidental resignation of a number of members of the NEB Board, provides us with an opportunity for action.

3 I consider the best course would be to invite Sir Frederick Wood, who is currently part-time Chairman of the NRDC, to be part-time Chairman of the NEB as well. I also favour cross postings between the NEB and NRDC Boards; for example, someone from the NEB Board might join the NRDC Board and Mr Laurence Tindale of the ICFC who serves with Sir Frederick on the NRDC Board

/might ...

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might join the NEB Board to strengthen the links between the two organisations (and between them both and the ICFC, itself an important source of private sector venture capital).

4 If you agree to this I propose to link the announcement of Sir Frederick's appointment to a clear indication that I expect him to explore ways and means of bringing together the work of the two organisations. I would invite him to explore all the options including a full merger. But there are important differences between the two organisations to be taken into account; the NRDC has a well established role in relation to university and government inventions which is quite distinct from financing innovations in partnership with the private sector where its activities overlap with those of the NEB. Also the skills of the staffs of the two organisations are quite different; the NEB is staffed to carry out its entrepreneurial role and to create new companies, whilst the NRDC concentrates on the legal and technical aspects of patent licensing. I would expect Sir Frederick to consider such things as housing the two organisations in the same building and under a common Chief Executive. A formal merger would require legislation and would probably take two to three years to achieve.

5 We need not take decisions now on the future shape of the NRDC and NEB. The appointment of Sir Frederick to head both

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organisations is a useful first step. A common Chairman would avoid the natural tendency of the two bodies to go their separate ways. Sir Frederick also seems to have the right skills for the job. He has been Chairman of Croda International since 1960. He was a successful part-time Chairman of the National Bus Company from 1972 to 1978. Since becoming Chairman of the NRDC in 1979 he has progressively improved the NRDC's management. He is strengthening the NRDC's entrepreneurial activities, which are those most similar to the new activities we have given the NEB. He is 54.

6 Sir Frederick is willing to take on both jobs and, if he is appointed, would plan to devote about $2\frac{1}{2}$ days a week in total to them both. I believe a part-time arrangement of this kind is best but the NEB would need a strong Chief Executive. Sir Ian Bancroft and Sir Douglass Wass have both been consulted and have no objection to the proposed appointment.

7 We need to act quickly. Sir John King leaves at the end of the month to take over as Chairman of British Airways and I shall need to make an announcement before then.

8 I am copying this minute to the Chancellor of the Exchequer,

/the ...



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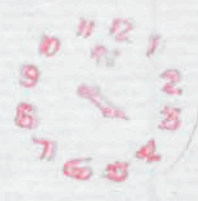
the Secretaries of State for Employment and Trade, to the
Chief Whip and to Sir Robert Armstrong and Sir Ian Bancroft.

KJ

Department of Industry
Ashdown House
123 Victoria Street

K J
19 January 1981

179 JAN 1981



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10 DOWNING STREET

From the Private Secretary

cc: HMT
DEmp
DTrade
CWO
Co

21 January 1981

CD

+ Mr. Ingham
Mr. Duguid

The Prime Minister has considered the Secretary of State for Industry's minute of 19 January about relations between the National Enterprise Board and the National Research Development Corporation, and related appointments matters.

She is content with the direction in which your Secretary of State intends to proceed, and she has therefore approved the proposal to invite Sir Frederick Wood to add the part-time Chairmanship of the NEB to his current role as part-time Chairman of the NRDC. She is also content with the flavour of the announcement of this appointment proposed by your Secretary of State.

I am sending copies of this letter to John Wiggins (HM Treasury), Richard Dykes (Department of Employment), Stuart Hampson (Department of Trade), Murdo Maclean (Chief Whip's Office), David Wright (Cabinet Office) and Jeremy Colman (Civil Service Department).

M. A. PATTISON

Mrs. Catherine Bell,
Department of Industry.

Copy in Appointments.

Handwritten initials

B.P. /

PRIME MINISTER

Keith Joseph is looking at the possibilities of merging NEB and NRDC activities. As a first step, he would like Sir Frederick Wood to take on the part-time Chairmanship of the NEB in addition to his similar role at NRDC.

He would like, in announcing this appointment, to make it clear that he expects him to look at ways of bringing together the work of the two organisations, and not to exclude the full merger option.

Content with this appointment, and with the direction in which Sir Keith intends it to lead?

Yes
over

MAJ

20 January 1981

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To Joan Porter
to go with
NEB C' Mon
Papers



10 DOWNING STREET

Mike.

This seems to
be the best solution. ~~But~~
NEB staff morale will
not be ignored because
it will look like an
NRDC take-over; but
if there is to be a
movement towards merger -
which seems sensible - a
common chairman seems to
be the right thing. J.C.



Mr. Wallen
Mr. Dwyer

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ASHDOWN HOUSE
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TELEPHONE DIRECT LINE 01-212 3301
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PS/ Secretary of State for Industry

8 July 1981

T P Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Ann: Minister

Consult with
proposed arrangements?

Yes

Dear Tim

RELATIONS BETWEEN THE NEB AND THE NRDC

In his minute to the Prime Minister of 19 January my Secretary of State outlined his plans for bringing together the work of the NEB and the NRDC under the common Chairmanship of Sir Frederick Wood. Sir Keith thought that the Prime Minister and colleagues would welcome a report on the progress which has been made since then.

2 On his appointment Sir Frederick undertook a study of the two organisations. He concluded that a full merger was feasible and represented the best way of removing a growing area of overlap in the operations of the two bodies. He also believed that their complementary skills, if combined, would be more successful in translating exploitable discoveries into commercial products. This view was endorsed unanimously by both Boards. Sir Frederick recognised that a full merger would require legislation. In the meantime, therefore, he has recommended an interim structure to integrate the operations of the two organisations under their existing statutes. My Secretary of State has accepted these recommendations. They will help foster a joint management approach by the NEB and the NRDC and will enable Ministers to take decisions on legislation in the light of experience of their operation.

3 The arrangements which Sir Frederick proposes for the interim structure cover much the same ground as my Secretary of State identified in his minute of 19 January. They involve identical Board membership, comprising all the existing non-Executive Board members of the two bodies together with the Chief Executive of the NEB and the Managing Director of the NRDC. This will represent a saving in Board time, which will be reflected in the level of remuneration for combined membership. My Secretary of State has already appointed Mr Larry Tindale and Sir George MacFarlane to both Boards. The other cross postings will be made over the next few weeks. Both organisations will also come under a single Chief Executive. Whilst appointment will not

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have any formal standing as long as the two bodies are statutorily independent, my Secretary of State has accepted Sir Frederick's proposal that the two organisations should regard the present acting Chief Executive of the NEB, Mr Brian Willott, as Chief Executive of the combined operations and Dr Jim Cain, the present Managing Director of the NRDC, as his Deputy. Mr Willott, who is 41 and has a doctorate in physics, is an Under Secretary of this Department who went on secondment to the NEB as its Secretary in May 1980. When the previous Chief Executive, Mr Ian Halliday, resigned last December the NEB Board appointed Mr Willott as acting Chief Executive. He has won the confidence of Sir John King and Sir Frederick Wood as being well fitted to run the organisation. My Secretary of State therefore proposes to appoint him as a member of both Boards for a period of two years; his formal position will be that of Chief Executive of the NEB. Dr Cain will also be appointed to both Boards. The NRDC's senior staff are understood to give these arrangements their full support. Finally, once the NRDC's new offices are finished next year, the two organisations will work under a single roof. Sir Frederick is satisfied that this and the other changes should lead to significant savings in overheads.

I know
him -
he is
good.

R.

4 My Secretary of State hopes that the Prime Minister will approve of these new arrangements. There has been a great deal of comment about these plans for the NEB and the NRDC, all of which has been broadly favourable. To keep the House informed, my Secretary of State proposes to answer an arranged PQ before the Recess.

Answer
MS

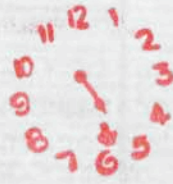
5 I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Secretaries of State for Employment and Trade, the Chancellor of the Duchy, the Chief Whip and to Sir Robert Armstrong and Sir Ian Bancroft.

Yours ever

Ian Ellison

I K C ELLISON
Private Secretary

- 8 JUL 1981



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10 DOWNING STREET

From the Private Secretary

10 July 1981

Relations Between the NEB and the NRDC

The Prime Minister has read your letter of 8 July on the above subject, and she has approved all of the proposals contained therein.

I am sending a copy of this letter to John Wiggins (HM Treasury), Richard Dykes (Department of Employment), John Rhodes (Department of Trade), David Heyhoe (Chancellor of the Duchy of Lancaster's Office), Murdo Maclean (Chief Whip's Office), Jeremy Colman (Civil Service Department) and David Wright (Cabinet Office).

T. P. LANKESTER

Ian Ellison, Esq.,
Department of Industry.

Handwritten initials or signature.