

3 November 1983

MR MOUNT

MR TURNBULL

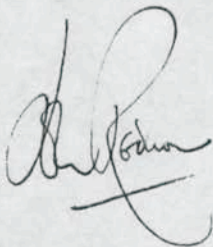
I spoke today to Jim Driscoll, the Director of the Nationalised Industries Chairmen's Group.

He said that they were close to agreeing a paper which would tackle the problem of what moves the industries were making to improve their driver for greater efficiency. Their proposals are likely to centre around the appointment of an audit committee with a majority of non-executive directors on it, specifically charged with the task of

- (a) seeing a general VFM audit is conducted as well as the financial regulatory audit; and
- (b) commissioning individual studies of areas that arouse concern.

Meanwhile, the progress of implementing such a system voluntarily is gathering momentum. British Gas have set up their Efficiency Studies Unit; British Rail have an audit committee under Posner, charged with value-for-money duties; and Ian MacGregor has introduced such a system not only at British Steel, but also at the National Coal Board.

We should welcome these proposals and give every encouragement to the development of a proper efficiency audit capacity within the nationalised industries themselves.



JOHN REDWOOD



3 NOV 1983

