

15 May 1981

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MR LANKESTER

attached.

1. I have discussed with John Hoskyns the reply from David Howell's office to the Prime Minister's request for a study on how to break up the NCB.
2. We do not think that David Howell's proposal to ask the NCB to undertake a study of the possibilities of decentralisation is the best approach. For practical purposes, the NCB is in the hands of the NUM. This may be an exaggeration, but it is close enough to the truth to run the risk that the NUM will rapidly be alerted to the need to head off any moves towards regionalisation. We could, for example, soon find ourselves faced with a demand to publicly commit ourselves to denying any interest in moving this way.
3. Quite apart from the dangers of asking the NCB for their views, we doubt very much whether this would be effective. We entirely agree with David Howell's views that this needs to be achieved over a long period of time. Devising a strategy for achieving it is about as difficult a task as one could specify. We think its difficulty and importance means that it should not be placed in the hands of those whose motivation is probably half-hearted.
4. Instead, we think the Prime Minister should tactfully suggest that David Howell might consider setting up a small group of his own to advise him on how to achieve the longer-term objective of regionalisation. This group might include an official from the Department of Energy, one or two trusted outsiders and perhaps the CPRS and the Policy Unit.
5. Finally, we think that a deadline should be given to whoever is asked to undertake this work.

Forget the whole matter until further notice. Do not mention to the NCB.

ANDREW DUGUID

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Prime Minister

Do you agree with N Howell's advice as set out in the attached letter? Or shall we reply on the basis of the Policy Unit's approach above?

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15.5.