

THE ECONOMIC LEAGUE
POLICY & FINANCE COMMITTEE
Minutes of a Meeting held at the
Engineering Employers' Federation
Tothill Street, London, S.W.1.
on Tuesday, 17th November, 1987

PRESENT:

Mr J Lawrence Mills (in the Chair)

Mr P G Edwards
Mr D Fahey
Sir Maxwell Harper Gow
Mr A B Hampton
Mr H Jakeman
Mr R Rowles
Mr D A Tate
Sir Gerald Thorley
Mr B J Whitehouse
Mr R M Willan

IN ATTENDANCE

	Mr Michael Noar	- Director General
	Mr Thom Robinson	- Company Secretary
From Minute 498	Mr Michael Hatchard	- Theodore Goddard
From Minute 503	Mr John Udal	- Liaison Director Central Council.

Minute 495 APOLOGIES

The Chairman tabled a list of apologies for absence and welcomed Mr David Tate to his first meeting of the Committee.

The Chairman read a letter from Dr Robertson expressing the hope that the League had no computer records which would prove embarrassing, and also expressing his reservations about direct involvement in education.

Minute 496 PRESIDENT

The Chairman reported that the President, Sir Gerald Thorley, had expressed the wish to retire although he was prepared to remain until the next Annual General Meeting.

The Chairman said he had approached Lord Pennock but had made no formal invitation. It was agreed that the Chairman formally seek Lord Pennock's agreement to become President. While it was noted that they were subject to annual election it was felt that the term of office for the President should normally be three or four years, and that the office of Chairman three years. It was noted that the proposed new Constitution would provide for a Vice-Chairman and so would ease the problem of succession.

The Chairman stated that a partner from Theodore Goddard would attend the meeting at 2.30 to advise on the proposed constitutional changes and he proposed to take the item on investments next, so that the meeting could proceed to consider the constitution at 2.30 sharp.

Minute 497 INVESTMENTS

The Secretary tabled a list of League investments which were valued on the 16th November at £215,000. The Chairman reported that the Secretary had approached him at the beginning of the stock market collapse and had advised him not to sell any of the League's investments. The Secretary reminded the Committee that it had been decided to review investments every six months and to investigate the possibility of professional management.

Warburg's had been approached but had declined to handle the League's investments because the fund was too small. There was, however, the possibility of asking a senior director of one of the League's subscribing bankers for assistance.

It was agreed that Mr Orchard should be invited to continue to advise on League investments; that the Committee should review investments twice yearly to coincide with Central Council meetings when Mr Orchard would be available to answer questions, and that any significant changes should be reported to the Committee as they occurred.

Minute 498 CONSTITUTION

Mr Michael Hatchard of Theodore Goddard joined the meeting. The Director General explained the background to the current revision stressing in particular the need for equality of rights for all subscribers and for greater involvement by the Regions in policy formation. The present Constitution had the advantages that being a mutual body the Inland Revenue treated the League as exempt from paying Corporation Tax, although subscriptions were not chargeable against subscribers' tax; mutuality was believed to provide qualified privilege as regards defamation; and Associate Members had complete confidentiality. The aim was to preserve these advantages in any change.

The proposed changes to the Constitution, whereby subscribers would have to choose between either full membership for Companies Act purposes or subscriber-only status with no rights to participate in management, could prejudice these advantages and the lawyers had proposed an alternative structure.

Mr Hatchard reported that the status of Associate Member could remain, but the Members of the League for Companies Act purposes would consist purely of nominees appointed by the Regions. These could be as few as the statutory minimum of seven and only they would be identifiable in the publicly-available Register of Members. These nominees would

act only for statutory purposes and would appoint the Members of the new National Council in accordance with instructions from the Regional Councils elected by the relevant Associate Members. Central Area Associate Members would be allocated to a geographical region and would have the same rights as other Associate Members. These proposals should not alter the advantages of the existing constitution but would remove the anomalous privilege enjoyed by present Central Area subscribers. There could be any number of nominees and Regions could have the same number of nominees each or proportionally to their financial or numerical size. The only radical change would be to provide for Regions to meet collectively to despatch business at General Meetings. There could be a National Annual Meeting of all Associate Members as well as Regional Annual Meetings. The names of both the nominees and the members of the National Council would appear on public records.

It was reported that the North West Region was opposed to change for its own sake and did not see the advantage of changing the Constitution before the League's objectives had been completely clarified. The North West Region placed on record that it would oppose constitutional change at this time, and reference was made to the letter from Theodore Goddard which stated that all Regions would need to approve the change. Mr Hatchard explained that that letter had related to the previously proposed changes and that the changes recommended by himself were less far-reaching and probably would not need approval by the Regions since the changes would not detract from the rights of Associate Members but enhance them.

It was suggested that the present constitution was silent with regard to disputes between the centre and regions. The North West Region did not believe the centre should dictate to a region and that the League was excessively anxious to be democratic. The role of Central Council was to advise not to dictate.

There was a full discussion on the merits of Mr Hatchard's proposals. It was pointed out that the League's Constitution was anachronistic; there was need for a uniform Constitution; regions which disagreed with national policy should withdraw; it was thought desirable for the League to change its image so that more subscribers would be willing publicly to acknowledge their membership, but always recognising that some subscribers had special needs which required confidentiality. There had been a change in attitudes towards greater openness. It was necessary to change the Constitution to attract younger Members to the committee. It was not a question of the Centre dictating to the Regions. The Regions would be better represented on the Committee and able to put their case.

It was argued that the League should first decide its objectives and then change its Constitution to best attain those objectives. The committee was reminded that it had

been discussing constitutional changes for some eighteen months and some members had complained that nothing had been achieved.

It was agreed that Mr Hatchard should prepare a paper explaining in detail what his proposals would involve; a special meeting of the committee would be held before February to consider objectives; and the constitutional changes would proceed on the basis that they would be implemented at the next Annual General Meeting.

Minute 499 MINUTES

It was agreed that the Minutes of the meeting of 22nd September be taken as read, that they were a correct record and be signed by the Chairman.

Minute 500 MATTERS ARISING

It was stated that the North West Region regretted that matters were discussed and decided at the previous meeting in the absence of a representative from that Region at that meeting. The Chairman replied that long notice had been given and the Region had specifically been invited to send a Representative.

It was pointed out that the meeting scheduled for the 5th April, 1988, would be on the day after bank holiday and it was agreed to re-schedule this meeting for the 12th April, 1988.

Minute 501 BUDGET 1988

The Secretary reported that the Budget which had been circulated had been prepared on a different basis from the previous year in that expenditure had not been split into the somewhat arbitrary divisions of administration, liaison, research etc. but had been shown under cost headings such as salaries, entertainment, rent etc. He reported a reduction in Scottish income for the current year as shown on table (2) by £12,000 and a reduction of some £4,000 in the budgeted expenditure for the North Eastern Region for 1988, shown on table (3). These adjustments meant that on present figures the League anticipated a budget deficit of some £9,000 for 1988. No salary increases had been included in the budgeted figures. It was reported that North Western Region depreciation might be less than the £4,500 indicated by that Region and the Secretary agreed to check this figure with the Regional Director.

Scottish Region indicated its hope that it would not be asked to reduce expenditure for the coming year. Wales and the Western Region drew attention to the special needs of their areas. It was pointed out that an increase in salaries of 4.5% would amount to some £26,000 and after discussion it was agreed to allocate 5% overall for salary increases to be

awarded as the Director General thought fit, subject to the additional cost being clawed back by expenditure cuts so as to achieve a balanced budget for 1988. The Director General would discuss this with Regional Directors.

The Chairman drew attention to the final paragraph of the Director General's paper.

Minute 502 PUBLICATIONS The Secretary reported the successful launch of the British Manufacturing Report. There had been a well-attended press meeting in London with representatives from the Prime Minister's Policy Unit, the Treasury, the CBI and Institute of Directors' as well as trade associations and the media. The publication had been reported in the Financial Times and the Telegraph and was an excellent example of the non-subversive educational work of the League. Copies of the book were to be distributive to members of the Economic Research Council.

League Brochure - After brief discussion it was agreed that the brochure proceed on the basis of the proposals indicated by Cleaverlandor which had been circulated.

European Reports - The updated version of the report on France was being checked for accuracy and would be produced in the near future.

Revolutionaries Today - This series had been updated to cover the post-election situation and was to be published early next year. In addition publication would be accompanied by a chart detailing the history of subversive groups from the 1880's to the present day.

Economic Report - It was envisaged that a report on pay bargaining would be the next publication in this series.

Annual Review - It was reported that the Annual Review had now been printed and distributed.

Minute 503 STAFF PENSIONS - Mr Brian Whitehouse and Mr Robin Fremantle had examined the League's current pension scheme and reported that in their opinion the scheme did not meet present standards. They believed the scheme therefore could be demotivating. They recommended:

- a) that life cover for death in service be increased to three times salary for those employees with less than 10 years' service in order to standardise cover for all employees;
- b) a 50% death-in-service pension for both widows and widowers be instituted; and
- c) that a 50% widowers' pension be instituted in respect of female staff who died in retirement.

They further recommended that the cost to the League of providing these benefits was too high consideration should be given to winding up the present pension scheme and assisting employees to make individual pension arrangements.

It was agreed that recommendation a) be implemented and that the Secretary ask the actuary to calculate the costs of providing benefits b) and c).

It was resolved to replace Mr Clive Hunting with Mr Brian Whitehouse as a Trustee of the scheme.

Minute 504 REGIONAL REPORT.

Mr John Udal, Liaison Director for Central Council, reported about the area. Subscribers were principally of two kinds, City financial institutions (20% of Central Area revenue); and group head offices, not necessarily in London, of large industrial conglomerates (80% of Central Area revenue). He was responsible for maintaining personal contact with some 150 Subscribers, including some London-based subsidiaries, and for co-ordinating visits to 150 subsidiaries in the Regions.

Central Area provided some £400,000 of the League's revenue. His responsibilities were not simply fund raising but to ensure that the League's services were being properly performed to Subscribers, as well as new recruitment. In 1980 there had been three people and two secretaries responsible for this work which had now been reduced to himself and a secretary. He regretted not having a Central Area Council to consult, although presently four members of Policy & Finance Committee came from Member companies of Central Area.

He believed that Central Council revenue had been eroded because of failure to match inflation, especially in the 1970s; the growth in mergers and takeovers; the contraction in manufacturing industry; and over-confidence by employers as a result of the new industrial relations legislation. 'Big Bang' had brought about major changes in City company groupings, and overseas parent businesses showed little interest in involving themselves in the internal British political situation.

In the past year there had been a further reduction in League educational publications but this was now being reversed. Adverse publicity had been very damaging in terms of lost members of Central Area.

The remaining items on the agenda were not reached. The meeting ended at 5 pm.