

## “Lord Tombs and Power Politics”

By **Chris Buck**

The supplement to the March 2009 edition of Histelec News covered the history of the Electricity Council (EC), the central co-ordinating organisation for the Electricity Supply Industry (ESI) during the period 1958 – 1989. Francis Tombs (now Lord Tombs) was Chairman of the EC from April 1977 to November 1980, a relatively short tenure of office, although during a period when politics were playing a significant part in the future of the ESI. In fact, Tombs did not serve his full 5 year term but left, somewhat abruptly, when he realized that the ESI was not to be re-structured, thereby no longer giving him the opportunity to head up the new organisation envisaged under the 1976 Plowden Report. The publication of a new book in 2011, “Power Politics” by Lord Tombs provides interesting background to this period in the history of the ESI, as well giving an insight into his views relating to current issues affecting the industry, e.g. wind power and solar energy. His short tenure of office came about because of exasperation at the failure of the government of the day to implement a re-organisation of the ESI, for which he had been persuaded to move from his previous role as Chairman of the South of Scotland Electricity Board (SSEB).



Lord Tombs

“Power Politics” is a mixture of autobiography, describing Lord Tombs wide-ranging career in

industry, and the frustrations of trying to persuade government to re-organise the ESI along more efficient lines. His commentary spans the period from the 1940s to the present day. In reading this book, those who worked in the ESI will establish a real empathy with many of the views expressed and the lack of government understanding concerning long term planning of generation mix and capacity to meet the demand for electricity into the future. His autobiographical details reveal that he had acquired a wealth of experience, in depth as well as in breadth, relating to power generation both within and external to the UK ESI. He paints a very bleak scenario of the country sleep-walking into power shortages in years to come through a failure of central government to develop a coherent long term generation policy and the undue influence of the environmental lobby, currently being exercised through the use of questionable climate change data.

Francis Tombs started his career at the GEC Witton (Birmingham) works having studied at night school during the war period. He then moved to the City of Birmingham Electricity Supply Department, at that time involved with the building of Hams Hall B Power Station as part of the post-war expansion of generating capacity. Post-nationalisation he worked as the System Liaison Engineer for the Merseyside and North Wales Division of the British Electricity Authority (BEA) and then as an engineer during the commissioning of Ince Power Station. When the BEA was established at nationalisation (to replace the Central Electricity Board) there was a certain amount of conflict with the other then existing BEA – British European Airways, who said they had greater claim to the acronym. Tombs recounts that at the time he dryly commented to colleagues that he believed the ESI BEA had the best claim because it carried more passengers! Subsequently, he accepted an offer to return to GEC to set up a new operational services department based at their Erith works in Kent. This provided an opportunity to gain overseas experience. During this period, working for a manufacturer of power station plant, he had first hand experience of problems created by the monopolistic CEGB which, being the dominant player in the UK market, tended to over-specify power generation plant requirements irrespective of cost. This made it difficult for UK manufacturers to compete in the world market and resulted in over

dependence on home orders, with the result that a decline set in. He was still at GEC when it was taken over by Arnold Weinstock and describes the changed management policy and style which resulted – not necessarily for the best. Another job move to Howden-Parsons provided the opportunity to gain further overseas experience, this time in the Canadian electricity generation market. In 1969 he returned to the ESI, joining the SSEB as Director of Engineering, later progressing to become Chairman.

He recalls that not long after arriving at the SSEB he was awoken by an early morning telephone call to be told that the whole of Scotland had lost its electricity supply. On arrival at the Kirkintilloch grid control centre he was told that there was a theoretical risk of damage occurring to the alternators at the Cockenzie power station when being re-started from the shut down situation. Nevertheless, he took the decision to get the station back on load and fortunately no subsequent problems developed, providing the lesson that in a service industry it was sometimes necessary for quick decisions to be made, accepting that complete information was not always available. His eight years at the SSEB brought him into further dealings with the CEGB and debate and disagreement relating to the choice of reactors for future nuclear generation.

It may be recalled that, under nationalisation, the ESI was organised differently in Scotland and Northern Ireland to that in England and Wales. The former operated as all-purpose Boards whilst in the case of the latter electricity generation and sales activities were the separate responsibilities of the Central Electricity Generating Board (CEGB) and Area Distribution Boards. Francis Tombs was very much in favour of the former arrangement, contending that it did not make sense when marketing a product for its design and manufacture to be in one organisation divorced from its sale by another!

The inherent weakness of this ‘divided structure’ in England and Wales was recognised almost from day one of nationalisation in 1948. The subsequent creation of the EC and CEGB in 1957/8, arising from the Herbert Committee Report, did little to rectify the situation. In practice, the CEGB had control of most of the manpower as well as the financial resources. Apart from a few large power consumers, the CEGB’s customers were the twelve Area Electricity Boards, among them SWEB, and therefore they were effectively insulated from the real customers at the sharp end. Although nominally

there to co-ordinate the two parts of the England and Wales structure, the EC were effectively doing this with tied hands for, as well as being members of the EC, the chairmen of the constituent parts were appointed by and directly accountable to the Secretary of State for Energy. This led to the EC being known as ‘the toothless wonder’ and Lord Tomb’s view was that the 1957/8 reorganisation had been a disaster.

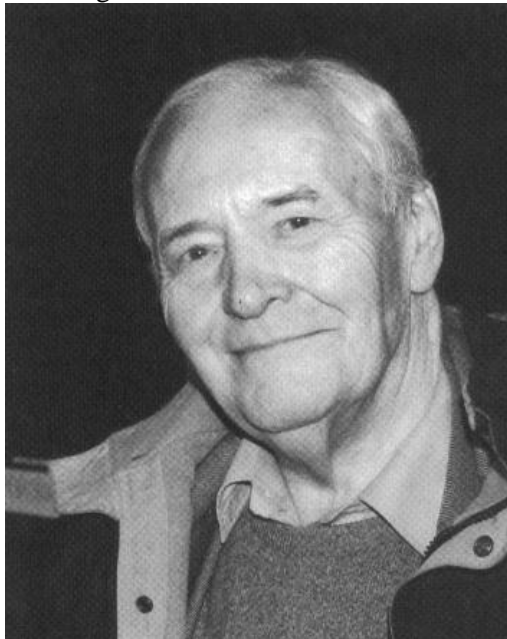
In December 1974 the then Secretary of State for Energy, Eric Varley, set up a committee, this time under the chairmanship of Lord Plowden, chairman of Tube Investments Ltd, to take yet another look at the ESI structure in England and Wales. The membership of the Plowden Committee, interesting in itself, is given in Appendix 1. In the course of its work the Committee visited a number of locations, including five of the Area Boards, to see at first hand how the Industry worked and to talk to some of the staff. SWEB was not included but, along with many other parties, did make a written submission. Intriguingly, the Tamar Protection Society also appears in the list of those who made written submissions.

During this period, Lord Tombs was approached by the Secretary of State for Energy to become Chairman of the EC, with a view to becoming Chairman of the new Electricity Corporation to be established as a result of the Plowden Committee recommendations. This he agreed to do but things did not turn out as planned! Tombs also records that Glyn England (one of our current members and at the time, Chairman of the CEGB and a past Chairman of SWEB) was to have been appointed Deputy Chairman of the new organisation. This was a politically astute move to get the CEGB ‘on-side’.

A draft Bill was prepared to implement the Plowden Report but by this time Tony Benn had replaced Eric Varley as Minister. Benn wasn’t enthusiastic about implementation, dragged his feet and, in Tomb’s words “sought to sabotage its provisions”. Added to this, progress was not helped by a Lib-Lab pact in force at that time to prop up the Labour administration, which only had a slim majority.

As well as Tony Benn’s aversion to the potential loss of direct ministerial control, the Liberals were against any re-organisation on the basis that all previous attempts at re-organising the ESI had been a disaster, added to which they did not consider it important enough to justify parliamentary time. In his book Lord Tombs recalls a meeting with David Steel, the then Liberal Party leader, to try to

convince him of the merits for change. Having spent a couple of hours going through the proposed Bill and answering questions, David Steel's response was that they had already made up their minds not to give support. To this Tombs replied that he did not mind Steel wasting his time but strongly objected to his own being wasted!



Tony Benn

Before the necessary legislation could be brought into effect a change of government from Labour to Conservative took place. The new Tory energy minister, David Howells, said that they could not possibly implement a re-structuring initiated by the previous Labour administration! With that, Tombs resigned to spend his time doing more rewarding things elsewhere. He comments that, shortly after handing in his resignation, he was approached by the merchant bankers N M Rothschilds to join their board as a non-executive director. Concerning his departure from the ESI, one of the Rothschild brothers praised him for having had the courage to tell the government effectively to get stuffed.

Re-reading the Plowden Report leaves one with the thought that its implementation may not have been the cure-all for the ESI's woes. The draft Bill provided for the EC to be transformed into a new 'all-encompassing' Electricity Corporation, with the powers of the CEBG and Area Boards dissolved and all their property, rights, liabilities and obligations vested in the new corporation. The principal duties of the new Corporation would have been to develop and maintain an efficient, co-ordinated and economical system of electricity supply for England and Wales. In doing so, it was to have regard to such requirement of national energy policy as specified

by the Secretary of State for Energy. The Corporation would also have had a duty to devolve maximum managerial responsibility to its operating units. However, the implementing Act of Parliament (primary legislation) would have established and prescribed the role only of the 'over-arching new Electricity Corporation and would not have specified the internal organisation That would have been covered, as necessary, by subordinate (secondary) legislation made by the Secretary of State after consultation with the Corporation. At the same time a proposed 'Electricity Corporation (Managerial Organisational Scheme) Order' would have come into being to continue the functions of a generating board and 12 area distribution boards. Thus as a geographic unit, SWEB would have continued much as before, the only significant difference being that the chairman would have been accountable to the Corporation main board rather than directly to the Secretary of State for Energy.

In his book, Lord Tombs states that whilst government procrastination was continuing he was starting to develop ideas for a change in the ESI management structure to form five all-purpose boards, combining generation and distribution and each with its own profit and loss account and balance sheet, i.e. along the lines of the existing arrangements in Scotland and Northern Ireland. So, if the Plowden Report had been implemented, that would not necessarily have been the end of the story. It would have provided a convenient mechanism for taking things a step further, possibly enabling Tombs to bring his aspiration for the ESI to fruition, assuming of course that the Energy Secretary at the time did not throw another spanner in the works! As things turned out, the failure of the Tory government to implement Plowden left them with a dysfunctional organisation, in later years making it harder for them to privatise the ESI. A consequence of this has been that some of the inherent weaknesses have been carried through into the privatised industry.

The prospect of a unified management resulting from the likely implementation of the Plowden Report did start to bring about better co-operation between the different parts of the industry. One example was the construction of a new tariff (economy 7) related to low night-time production costs rather than simply being derived from the CEBG bulk supply tariff. This was intended to benefit new marketing opportunities in the sales of electricity e.g. through increasing the domestic night-time load. However, one recalls that this was not without its problems and in locations with a

significant proportion of domestic consumers the night time load grew rapidly to exceed the previous maximum demand, which resulted in the need for much reinforcement of the LV distribution system. This problem had first come to the fore in the 1960s with the advent of electric storage heaters which, for the first time provided a convenient means for homeowners to achieve central heating in their homes – something that we take for granted to-day.

Having ‘retired’ from the ESI Francis Tombs embarked on pastures new and was called upon to ‘rescue’ several ailing companies, in particular Rolls Royce, which had been saved from bankruptcy by being nationalised in 1971. Tombs was invited to become Deputy Chairman with a view to succeeding as Chairman. Under his leadership the company was brought back into a state suitable for privatisation, which was achieved in 1987. He spent 10 years with Rolls Royce before retiring in 1992 and recalls one occasion, when wandering around the Derby plant, of coming across a meeting where he counted 37 people present. His comment was that this was more like a public meeting and thereafter decreed that, in future, meeting rooms should be provided with no more than 10 chairs!

One of the later chapters in his book provides comment on electricity privatisation. In spite of his previous fall-out with government his views were sought on the future privatisation and, in particular the choice of regulator. Tombs was of the view that no one in the industry had sufficient relevant experience for this role and therefore suggested Professor Stephen Littlechild in view of his significant involvement in advising government in the run up to privatisation. Francis Tombs expresses the view that privatisation has done nothing to achieve any strategic direction for our industry and that we face tremendous challenges in trying to overcome the decision making vacuum of the last twenty or so years. He also notes that none of the countries whose companies now dominate our industry would allow us to make similar investments in their power industries, despite the so-called free market promoted by the EU! There are many other areas also where we might think that privatisation has been a big let down, for example with regard to keeping electricity prices at a reasonable level. For whatever reasons, the dramatic price rises of recent times resulting in the driving of ever increasing numbers of customers into fuel poverty, is nothing for the government to be proud of in to-day’s ESI.

He contests that successive governments were far too hide bound by their own political mantras to act

sensibly in re-structuring the ESI, with privatisation being yet one more lost opportunity to get things right. As an example of the continuing ineptitude of government he quotes the introduction of a new tariff governing trading arrangements between the generators and distributors (NETA) which suddenly and arbitrarily reduced the price of generated electricity by 40%. This achieved the not too clever result of putting a number of generation companies into liquidation before the folly of that policy change was appreciated. Shades of the recent sudden reduction in the feed-in tariff for consumers wishing to embark on the so-called solar energy revolution?

On the question of subsidies Tombs is scathing about the tens of billions of pounds poured by the previous Labour administration (and appearing to be continued by the present coalition government) into wind power, thus saddling consumers with extra costs for years to come. This all because of an out of hand rejection of the case for nuclear power and a refusal to accept that an intermittent source of wind generated energy could not meet the need for a reliable electricity supply. Interestingly, he maintains that half the money spent on subsidies up to 2020 would have covered the expenditure requirement for new replacement nuclear stations.

We shall have to wait to see to what extent Francis Tombs’s forebodings become true in the years to come (if we survive that long!). In the meantime, a copy of his book has been added to our library at Cairns Road and is available for members to read for themselves. For those wishing to borrow a copy from their local library the details are Power Politics – Political Encounters in Industry and Business, written by Francis Tombs and published by I.B.Taurus (ISBN 978-1-84885-506-9).

## **Appendix 1 - The Plowden Committee**

**Lord Plowden**, KCB, KBE (Chairman), Chairman of Tube Investments Ltd.

**Professor R J Ball**, MA, PhD, Principal of the London Graduate School of Business Studies.

**Mr F J Chapple**, General Secretary of the EETPU.

**Lord Kearton**, OBE, FRS, Chairman of Courtaulds Ltd (until 23 July 1975), Chairman designate of the British National Oil Corporation (from 29 July 1975), Part-time member of the CEGB and Chairman of the Electricity Supply Research Council.

**Baroness Seear**, Reader in Personnel Management, London School of Economics and Political Science.

**Sir Alan Wilson**, FRS Part-time Deputy Chairman of the Electricity Council.