

PRIME MINISTER

I showed you last night the attached proposal from Mr. Heseltine to appoint an expert adviser. You agreed.

Sir Ian Bancroft's office have drawn my attention to two potential problems. First, Mr. Baron's pay is likely to be arranged by reimbursement of his present employers. The rates involved may well be higher than those of Civil Service Permanent Secretaries. This could give rise to some adverse comment on that point. My own view is that if the Government wants the best expert advice in specific fields, it must pay the rate which the candidate can command. That is much more justifiable in the case of a short-term engagement such as is proposed here than it might be for a longer contract, where it might be asked whether the candidate can genuinely still command a high rate in the outside employment market.

There is also a problem that the guidance on employing special advisers suggests that they should neither have access to the kind of information (e.g. about individual companies) nor be involved in the kind of business (e.g. contracts) which underlies the needs for the rules applicable to career Civil Servants. Mr. Baron's appointment will put him very close to Government policy directly relevant to his business field. But once again, I think that you will wish to allow your Ministers to employ advisers who are successful in private business in fields where it is your policy to place emphasis on a switch from public sector to private sector activity. At the same time, we should ask Mr. Heseltine to be particularly careful to avoid putting Mr. Baron in a compromising position in respect of specific information made available to him for his job.

I thought that you should be aware of both these points. I do not consider that they make it necessary for you to reconsider your approval. Agree?

5 July 1979

MAD JLT