

*Not another advisory committee*

CONFIDENTIAL



Prime Minister

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PRIME MINISTER

I did not put the Lord President's paper at Flag A to you earlier because I wanted to get E Committee comments first. There is broad agreement on Ld. Soames' proposals except that the Chancellor has suggested an "advisory committee". Other Ministers think - rightly in my view -

*Yes*

NATIONALISED INDUSTRY BOARD SALARIES

that this would soon become a replica of the TSRB. Agree to Ld Soames proposals on the basis set out below?

Flag A

I have now received replies from most of the recipients of my minute to you of 1 July enclosing my officials' proposals for the new arrangements for determining nationalised industry board salaries.

Flag B

There has been broad agreement to our proposals. The only alternative suggestion has come from Geoffrey Howe, who suggests that an advisory committee should be set up to offer guidance on particular decisions. Our aim in taking these salaries out of TSRB is to allow ourselves greater flexibility so as to get the right man for a particular job, while at the same time moving away from any rigid principle of comparability, either between different boards or with the private sector. In my view, and that of several colleagues, to replace TSRB with such a committee would be no improvement on the present arrangements. In particular the Government would still be in the position of having to accept or reject specific recommendations from an outside body and it is this which is one of the most unsatisfactory features of the present arrangements. I doubt if we could avoid making the committee's advice public if we were asked.

*T.L.*

*22/7*

Flag C

*opened*

*?*

In his letter of 18 July Mr Ibbs has suggested that it would help to keep order if we had some informal basis for assessing relativities between industries, perhaps using points. I would be reluctant to do anything which might reinstate comparability. But if as we gain experience of the new arrangements we felt the need to have guidelines of the kind he suggests we could probably produce some ourselves without great difficulty. If we did, this should be for the confidential guidance of Ministers and officials and very much a secondary factor in our decisions.

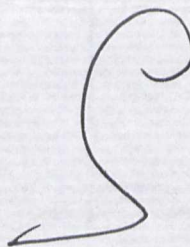
Subject to your own views therefore, I hope we can regard these proposals as agreed. However it would of course be possible to discuss this at Wednesday's meeting of E Committee if you prefer.

Once we have settled the broad outline of the new arrangements I would suggest that we put them to the Nationalised Industries Chairmen's Group. The Chairmen are anxious for early consultation on this and since we intend in future to give more weight to the advice of the Chairmen and non-executive Directors it would be right to seek to carry them along with us now.



Of course, as we agreed at Cabinet on 3 July these new arrangements will not be put into practice until next April, at least for Chairmen and board members currently in post.

I am sending copies of this minute to members of E Committee, to the Secretary of State for Scotland, Grey Gowrie (Employment), Hamish Gray (Energy), Kenneth Clarke (Transport), Mr Ibbs in CPRS and Sir Robert Armstrong.



SOAMES

21 July 1980