



*C.O. admin -  
M. BF 11/2  
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PRIME MINISTER

NATIONALISED INDUSTRY BOARD MEMBERS' SALARIES

Christopher Soames copied to me his minute of 23 January to you with proposed new arrangements for settling increases in nationalised industry board salaries now that they are excluded from the remit of the Top Salaries Review Body.

The point of taking the Board salaries out of the scope of the TSRB was, I thought, to allow the Government, and sponsoring Ministers in particular, greater freedom to fix salaries in response to free market conditions. I fear that Christopher Soames' paragraph 4 foreshadows a continuing tight degree of centralised control. If that was what we had intended it would surely have been better to stick with the TSRB. At least then we should have been able to justify our refusals of Boards' proposals against the background of an independent, objective and published review. As it is, our (inevitably adverse) decisions will be seen as quite arbitrary and will cause disproportionate criticism and friction.

With this reservation I support the recommendations in paragraph 7 of his minute. I think it would be a wasteful duplication to require consultants to go over the ground the TSRB have already covered, but we should be going against our own decision if we now acknowledged as a "starting point" (whatever that may mean) recommended levels of salary which we rejected last summer.

No doubt, as soon as the main issue is settled, Christopher Soames or his officials will be giving us guidance on the details of the new regime (for instance, the criteria for authorising changes in





settlement dates, retention of fees from outside directorships etc, and how far CSD will wish to approve such matters). I hope that we sponsoring Ministers can be given as much discretion as possible.

I am copying this minute to members of E, and to George Younger, Nicholas Edwards, Norman Fowler and Sir Robert Armstrong.

Department of Trade  
1 Victoria Street  
London, SW1H 0ET

February 1981

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