Ard Lillie

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PS/ *From the Minister of State*

8 July 1981

Tim Lankester Esq
Private Secretary to the
Prime Minister
No 10 Downing Street
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Dear Tim

SIR MICHAEL EDWARDES' SALARY

The Prime Minister recently asked Mr Tebbit to establish the facts about Sir Michael Edwardes' salary following speculation in the Press on this question.

As you will know (Mike Pattison's letter of 5 March 1980 to Ian Ellison) the terms of Edwardes' appointment have always been publicly stated to be a matter for the BL Board. Indeed, until quite recently when the Department took over from the NEB the responsibility for the shareholding, any discussions of his salary that took place were between BL and the NEB. The facts that we have elicited, however, are set out below.

Until March 1981 Edwardes was technically on secondment from Chloride. The acutal remuneration paid to him in the three calendar years 1978, 1979 and 1980 is shown in the Company's annual report and accounts as follows:

1978	£52,000
1979	£57,200
1980	£65,400

These figures are different from the sums BL actually paid to Chloride, which average out at £90,000 per year over the three years. This figure include's BL's repayment to Chloride of the latter's contribution to Edwardes' pension and a management fee. The proper comparison, in public relations terms, lies in the actual pay Edwardes received in 1978, 1979 and 1980 and the terms agreed by BL for 1981 and 1982.

In February 1980 the NEB had agreed to a proposal that Edwardes' salary from the period after his secondment from Chloride should be £100,000. This proposal was reviewed in February 1981 by the BL Board, which proposed that his salary should in fact be £105,000, to run for the 21 months to the end of December 1982, this being the period for which he accepted reappointment. BL have not, however, released publicly any information about his current salary level. He himself has given the press to understand that his salary is now of the order of £100,000, but has declined to be more specific. This is not, of course, the total cost to BL who are now making direct (instead via Chloride) some provision for Edwardes' pension. But it is the figure directly comparable with the salary figures set out above.

Yours ever

Peter Mason

PETER MASON
Private Secretary