

APPOINTMENTS IN CONFIDENCE

ms (PA) Nat Ltd

Nat Ltd board salary with the

Prime Minister

cc Mr. Vereker

MR. RICKETT

I asked Mr Duguid to see whether there was any room for manoeuvre. But it is clear Sir Michael's salary is now fixed to end 1982.

SIR MICHAEL EDWARDES' SALARY

1. Edwardes' salary is now fixed at £105,000 until December 1982. This contract was signed before the Government took over complete responsibility from the NEB. But then as now, the salary is a matter between Edwardes and the BL Board. As a Companies Act company, BL are required to disclose it in their annual accounts in due course.
2. I understand there is some correspondence between Sir Keith and Lord Soames on the future arrangements - whether BL should be brought within the framework of the Government's arrangements for nationalised industry board members' pay. Personally, I think Sir Keith is right to argue that it is far better to keep this issue - which should be determined by the market - beyond the reach and responsibility of Government.
3. I am afraid there is no escaping the fact that Edwardes is able to command a high salary in the market place. (We have questioned before whether he is the right man, because there has not always been complete accord between the Government's objectives for BL and his objectives - though there is more accord now that he recognises that BL cannot have an independent future.) But so far his advantages - and the difficulty of replacing him - have been judged to outweigh any disadvantages, including his cost.

10/7

ADG

10 July 1981

ANDREW DUGUID