



CONFIDENTIAL

Prime Minister

Ref. A09487

PRIME MINISTER

Do you agree that Lord Soames should continue to accept his salary? *Yes*
14/5

Lord Soames has sought my advice on a point of propriety.

Former EEC Commissioners continue to be paid a proportion of their salaries, taxed at Community rates, for three years after they give up the job. On the face of it this seems a generous arrangement but Commissioners, unlike Commission officials, do not get pensions; if they serve for a number of years they may have a "re-entry" problem and if they retire they may have no other pension provision. The arrangement is therefore a curious half-way house between severance pay and a half-baked pension scheme.

In Lord Soames' case he would in the normal way continue to be paid his Commission salary until the end of this year i. e. three years after he left the Commission. If he were to decline the outstanding money because he has become a Minister it would mean that he would be out of pocket to the tune of about £15,000. Naturally he would prefer not to have to do this. At the same time he wishes to behave correctly, and for this reason sought guidance.

You will need to consider whether such an arrangement, if it becomes known, would be open to criticism. I do not see that any conflict of interest arises. Lord Soames has completely detached himself from the Commission: and the money is, as I say, rather akin to severance pay. It may also be relevant that Ministers who have to leave partnerships, etc., on taking up Ministerial appointment are allowed to receive profits which accrue after they become Ministers but which were earned before.

I think therefore that Lord Soames could be allowed to continue to receive this money: but I felt that you ought to know about it: and he asked me to put the matter to you. I have also ascertained very discreetly that all recent Commissioners returning to politics, with one exception, have continued to draw their EEC salaries. Those doing so include Hillary (when he became President of Ireland), Deniau, Simonet and Malfatti. The sole exception, at his personal request, is Barre.

Do you agree that Lord Soames can continue to accept his EEC salary until the end of this year?

Yes Sir.
J.H.
(John Hunt)

14th May, 1979



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10 DOWNING STREET

From the Private Secretary

21 May, 1979.

The Prime Minister has seen Sir John Hunt's minute (A09487) of 14 May about the Lord President's EEC salary.

Having considered the background to this question, the Prime Minister agrees that Lord Soames may continue to accept his EEC salary until the end of 1979.

B. G. CARTLEDGE

Martin Vile, Esq.,
Cabinet Office.

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