

IN CONFIDENCE

B. F on 9/2



10 DOWNING STREET

From the Private Secretary

4 February, 1983.

Dear Richard,

The Prime Minister had a discussion with your Minister yesterday evening about Sir Frank Price's salary. The Chancellor of the Exchequer and Mr. Peter Harrop were also present.

The Prime Minister said that this matter had been badly handled. She very much hoped that there would never be a repetition.

After discussion, it was agreed that Sir Frank Price's salary might be increased to £25,000 a year of which, at his present level of activity, he would receive 75%. The Prime Minister said that because Sir Frank had not been treated well by the Government, she hoped that the detailed arrangements about his salary would be worked out in a generous manner. She asked your Minister to consider the possibility of extending Sir Frank's pay beyond the date when his contract ends, to take account of the fact that he had received only some 6 months notice of his departure; or to back-date the increase to 1 April 1982 or earlier. The Prime Minister expressed particular concern that Sir Frank's pension arrangements might also be dealt with in a similar way.

I should be grateful if you could let me have a draft reply for the Prime Minister's signature to Sir Frank's letter as soon as possible.

Yours sincerely,

Michael Scholar

Richard Neville-Carle, Esq.,
Department of the Environment.

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