



✓CCNO

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

NBOM

ms 22/4

CONFIDENTIAL

The Rt Hon Leon Brittan QC MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
London
SW1

22nd April 1983

Dear Chief Secretary

Following E(NI) on 14 March, I take it that you will be looking at possible statutory changes to strengthen Ministerial powers to dismiss board members.

I mentioned the problem in my letter of 3 March. The present position seems to be that a board member - including, of course, a Chairman - could seek a declaration in the Courts that he remained entitled to the office. It would however, be possible - and probably desirable - in future to frame instruments of appointment so that an appointment could be terminated by giving a specified period of notice. Primary legislation would then be required to allow the circumstances in which compensation would be payable, and the basis on which it would be calculated, to be determined when appointments were made.

An alternative approach may be needed if board members are to get the bulk of their pay as executive salaries - it may then be necessary to think in terms of formal contracts of service. But, in either case, I suggest that we will need a representative picture of private sector arrangements as a starting point for considering how to tackle the question of compensation in the public sector.

I am copying this to the recipients of my earlier letter.

Yours sincerely
Nigel Lawson

NIGEL LAWSON
(Approved by the Secretary of State
and signed in his absence)

Nat Ind Policy Pt 8



22 APR 1983

MBPM

2 PPS

cgsv

MUS3/3

THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01-211-6402

The Rt Hon Leon Brittan QC MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON SW1

3rd March 1983

REVIEW OF DESIRABLE CHANGES IN NATIONALISED INDUSTRY STATUTES

Thank you for your letter of 24 January and its attached checklist. I am not yet convinced of the case for some of these provisions and doubt, in particular, the desirability of counting market borrowings by partly-owned subsidiaries against an industry's statutory borrowing limit.

The checklist also omits, because it was outside the scope of your review, a further change in nationalised industry statutes which may prove to be necessary, namely to make it possible for the Government to remove a Board Member before his period of appointment expires. I am looking into this, as it concerns my industries, and may write to you again shortly in more detail. However, if there is to be such a change it does seem to me that it would best be made in a piece of 'omnibus' legislation which, together with the reasons given by Arthur Cockfield in his letter of 4 February, suggests that all these changes should be dealt with in that way. I would certainly be opposed to including any in my Department's next piece of nationalised industry legislation - the coming Session's Coal Industry (Finance) Bill which must reach the Statute Book by March 1984 and so must be confined strictly to essentials.

I agree with you that it would be right to consult the Chaimen's Group at this stage.

I am copying this letter to the recipients of yours.

NIGEL LAWSON

next find
Bl. Pt 8

1985

