

SECRET



Prime Minister 2
To note that the Chancellor is prepared to see £150,000 for Haslam's salary. *25*

Treasury Chambers, Parliament Street, SW1P 3AG
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DLN
12/9.

Rt Hon Peter Walker MBE MP
Secretary of State for Energy
Thames House South
Millbank
SW1P 4QJ

11 September 1985

DLN *Peter Walker*

NATIONAL COAL BOARD: SIR ROBERT HASLAM'S SALARY

Further to my letter of 10 September, I have now considered fully your salary proposals for Bob Haslam.

You say that Haslam is not prepared to see his income reduced. But a salary of £150,000 would be far above any other nationalised industry Chairman and is bound to be criticised and quoted against us in negotiations on other nationalised industry appointments. Haslam has, to my certain knowledge, long been interested in the NCB Chairmanship and he does have a sense of public duty. I would therefore be grateful if you would try to negotiate a lower figure although, in the last resort and to secure the appointment, I would accept the need for you to go up to £150,000.

Whatever the outcome I would not wish to see his salary further reviewed until 1 November 1987, the effective date of the 1987 NCB Board pay review. Subject to that, I am also prepared to agree that, exceptionally, from the time he becomes a full-time NCB Deputy Chairman Haslam may be paid at the rate to be agreed for his NBC chairmanship.

You mention that Haslam's pension arrangements seem unlikely to create problems. Our officials will need to discuss this and his NCB pay will need to be abated by any pension that he might draw based upon his service with the British Steel Corporation.

I presume that while Haslam is a part-time NCB Deputy Chairman he will not receive any pay from NCB.

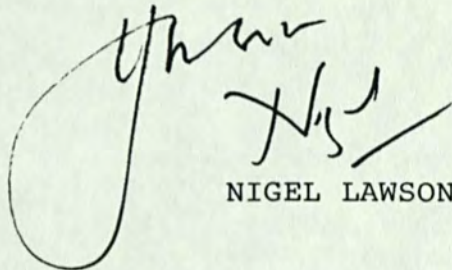
I see no objection in principle to taking account of the loss of his Tate & Lyle share option when agreeing his remuneration provided the terms are acceptable. We cannot relate his NCB pay to the future performance of Tate & Lyle and we cannot use his own guesses when determining the value of the option.

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I would be content with buying out his option at whatever market price applies when he leaves Tate & Lyle and I suggest our officials agree the details of this.

Taken together, I think this results in a satisfactory package, although clearly a salary well below £150,000 is greatly to be desired. Whatever the outcome, we will have to defend the salary, and to prevent any repercussions on the pay of other NCB Board members and other nationalised industry Chairmen.

I am copying this letter to the Prime Minister, Leon Brittan, and to Sir Robert Armstrong.



NIGEL LAWSON

NAT IND : Coal : Pt 18

