

SECRET

3 JUL 1980

Prime Minister

TOP SALARIES

I need to clear with you two points which came up in the Cabinet's discussion this morning.

The first relates to the British Transport Docks Board. The reason why the Review Body suggested large increases for this Board is that they accepted evidence that they had under-rated it in relation to other nationalised industries and the rest of the ports industry itself. So their figures did two things - to put this industry into a higher category in their own scale, and to include the allowance for 12 month's movement in pay at that level. These underlying increases are so large that even when reduced on the general principle we were following this morning, the Chairman would have been due for 17.1% and his Members for 23.2%. I accept at once that the Chairman must have an increase confined to single figures. I also accept that the Members cannot have as much as 14%, which has been our effective limit. But it seems to me necessary to recognise the Review Body's judgement on the rating of this Board to the extent of making these increases as large as we can within our limits, and this would mean an increase of 9.9% for the Chairman and 13.9% for the Members. I hope very much that you can accept this - in particular as I shall be introducing legislation next Session to privatise this Board, which has a sustained record of profitability and is rapidly repaying its debt.

My other point relates to the National Freight Corporation. The legislation for privatising this undertaking has now received Royal Assent. The next move is to turn the Corporation into a Company. I must have it in a form which will impress the City. For this purpose the Board must contain one or more full time Executive Members, whereas at present it consists entirely of part-time Members. It has been the limits on pay for Board Members which has

made it impossible to bring any executives onto the Board and keep them there. I must, therefore, set the Board free of this restriction so that I can make the right appointments as soon as possible. I have my eyes on flotation of the Company next Spring, and there is therefore no time to lose. I very much hope, therefore, that you can accept that the NFC should be taken out of TSRB now and thus distinguished from other nationalised industries.

I am copying this to the Chancellor of the Exchequer, the Lord President of the Council and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'Norman Fowler', with a horizontal line underneath the name.

NORMAN FOWLER

3 July 1980

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Example

10 DOWNING STREET

*From the Private Secretary*

15 July, 1980.

Top Salaries

We spoke about your Minister's minute of 3 July about the British Transport Docks Board and the National Freight Corporation. Clive Whitmore's note of 10 July to Sir Robert Armstrong dealt with the former. This letter is simply to confirm that the Prime Minister has agreed that the pay of Board Members of the National Freight Corporation should be taken out of the responsibility of the Top Salaries Review Body.

I am sending copies of this letter to Jim Buckley (Civil Service Department), Martin Hall (HM Treasury), and David Wright (Cabinet Office).

I. P. LANKESTER

Anthony Mayer, Esq.,  
Department of Transport.

Rd

Ref: A02616



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MR. LANKESTER

B. 14/7

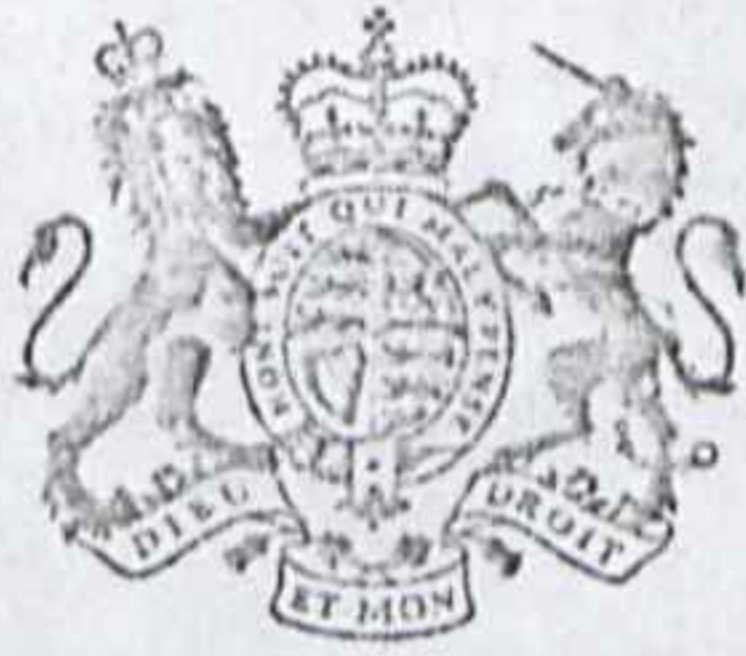
National Freight Corporation

In his minute of 3rd July to the Prime Minister the Minister of Transport suggested that the pay of Board Members of the National Freight Corporation should be taken out of the responsibility of the Top Salaries Review Body. I can confirm that in the discussions of the TSRB recommendations before the Prime Minister's statement in the House, it was decided that this should be done and the National Freight Corporation salaries were therefore deleted from the tables of new salaries which were made available in the House after the Prime Minister's statement on Monday, 7th July. There would, therefore, be no objection to you advising the Department of Transport that Mr. Fowler's proposal had been accepted.

(D.J. Wright)

14th July 1980

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Sum Pal

10 DOWNING STREET

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

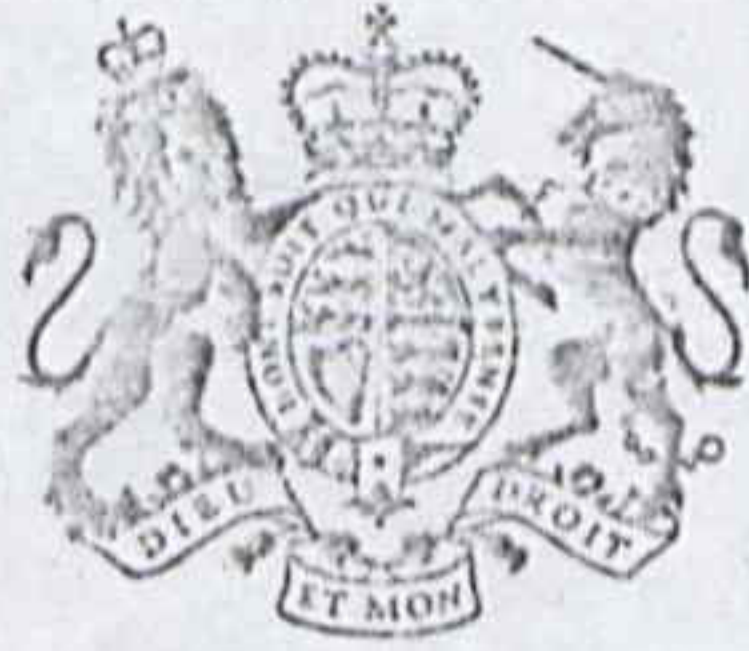
This is to record, for the sake of the files, that in the course of preparing her statement on MPs' and Ministers' pay last Monday the Prime Minister accepted the proposal in your minute AO2531 of 4 July 1980 that Senior and Chief Masters and Registrars of the Supreme Court, the Master of the Court of Protection and the Registrar of the Court of Criminal Appeal should be upgraded to the same salary level as the Circuit Judge.

I am sending a copy of this minute to Mr. Maxwell (LCO).

AWW.

10 July 1980

KRB



10 DOWNING STREET

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

British Transport Docks Board and  
National Water Council

This is to record, for the benefit of posterity, that when the Prime Minister was preparing her statement on MPs' and Ministers' pay on Monday she agreed to the proposal contained in your minute A02534 of 4 July 1980 that the British Transport Docks Board and the National Water Council should be kept together and should not be upgraded and linked with the group of nationalised industries which includes the Civil Aviation Authority and the British Airports Authority.

I am sending copies of this minute to Mr. Buckley (CSD), Mr. Edmonds (DOE) and Mr. Mayer (D/Transport).

*GC HMT*

*AWW*

*KRP*

10 July 1980

SECRET



Prime Minister

4A

Agree x/ Minister?

Ref. A02534

PRIME MINISTER

Yes not

MU  
Sra

British Transport Docks Board and National Water Council

You will remember that the Top Salaries Review Body proposed that, for salaried purposes, these two nationalised industries should be upgraded and brigaded with bodies like the British Airports Authority and the Civil Aviation Authority.

2. The Minister of Transport has explained in his minute of 3rd July why he would like to go as far as he can in upgrading the British Transport Docks Board. The Secretary of State for the Environment made it clear in Cabinet on Thursday that he did not wish to see the National Water Council upgraded.

3. It was agreed, however, and the Minister of Transport has again confirmed his agreement, that the Chairman of the Docks Board must have an increase confined to single figures, and that the members must have an increase of less than 14 per cent. Unless we are actually to discriminate against the National Water Council and give them substantially smaller percentage increases than other Chairmen and Board members are getting, this will mean that the differences between the two bodies in the detailed tables placed in the Library of the House will be trifling: £100 between the two Chairmen, and £250 between the members. There would be no obvious reason for this tiny degree of discrimination in favour of the British Transport Docks Board. I think, and have provisionally agreed with the two Departments concerned, that the right course is to keep the British Transport Docks Board and the National Water Council together, not to upgrade them, and to hold our fire against the National Water Council until the time comes for more drastic action.

4. The detailed tables placed in the Library of the House will accordingly show salaries of £30,500 (9.9 per cent) for the Chairmen of both bodies and a range of £18,000 to £22,500 (13.9 per cent) for the members of both bodies.

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5. I am sending copies of this minute to the Lord President of the Council, the Secretary of State for the Environment and the Minister of Transport.

*RA*

ROBERT ARMSTRONG

4th July, 1980

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