

To say that I
am angry is to put
it mildly.



Please Surge
like I have

Lee-Dr. [unclear] [unclear]

10 DOWNING STREET

for the [unclear] [unclear] [unclear]
D.O. [unclear] [unclear] [unclear]

Prime Minister to give an
explanation of what

Sir Frank Price
has happened. We

This is one of the sorriest stories
I have seen. Sidney [unclear] [unclear]
[unclear] [unclear] [unclear].

Sir F Price wrote to you on
22 December - a personal letter.

on 23 December
We asked [Michael Heseltine's office
for a draft reply, pointing out that
it was a personal letter.

Now they provide a totally
unsatisfactory draft - more than
one month later. They blame me
Treasury. To cap it all they

have, it seems, circulated copies of
his letter round the DoE —
and that a DoE official read
it out to a member of the
Waterways Board (see Sir F Price's
letter to Caroline).

May we discuss what action
to take?

MCS 31/1

SALARIES IN CONFIDENCE



2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref: H/PSO/19069/83

Your ref:

26 January 1983

Dear Michael,

You and Timothy Flesher wrote to David Edmonds on 23 and 24 December respectively about the letter of 22 December to the Prime Minister from Sir Frank Price about his salary as chairman of the British Waterways Board. The view Mr King has taken about how Sir Frank should be treated is the same as the Prime Minister's. I attach a suitable draft reply for the Prime Minister to send.

Sir Frank's salary, and those of other BWB members, were due for review in July 1982. In March 1982 we received a recommendation from the Board, meeting without Sir Frank but acting upon advice from consultants about market factors, that his notional salary should be increased from £21,135 to £35,100. Such an increase - 66% - would be well outside the E(NI) guidelines. No decision was then taken because Mr King wanted to be able to take account of BWB's response to proposals made by Inbucon Management Consultants about the Board's affairs and on the kind of job Sir Frank's successor would have to tackle from July this year onwards. Mr King also wanted to decide who he would want as the new chairman. On 9 December Mr King wrote to the Chancellor seeking agreement in principle to the propositions that the new chairman's notional salary should be increased by around 20% to £25,000. He also proposed that Sir Frank's salary in the last year of his long term of public service (he has been chairman since 1968) should be increased to the same amount and backdated to 1 April 1982 to maximise his pension entitlement. Mr King also sought agreement in principle to an increase in the new vice chairman's notional salary, to be paid to Sir Frederick Corfield's successor from April 1983 onwards, from £17,388 to £20,000.

The Chancellor replied on 22 December suggests that the increases proposed for Sir Frank and Sir Frederick seemed considerably too high, that their performance did not justify an uplift of that amount, and that he could not accept that it should be given simply as a reward for long term of public service. He suggested the increase should be near the lower end of the 5-15% range.

SALARIES IN CONFIDENCE

However, the reasoning behind Mr King's original submission is confirmed by the points Sir Frank has now made to the Prime Minister about the sacrifice entailed in his long term of public service in respect of Telford New Town and the Board. Therefore, in accordance with the Prime Minister's views Mr King wishes to maintain the proposal to increase Sir Frank's and Sir Frederick's salaries as proposed in his letter of 9 December. I attach a possible draft reply for the Prime Minister to send to Sir Frank. I am also copying this letter to the Chancellor's office, as you will no doubt wish to take account of the Chancellor's further comments before responding to Sir Frank. It is copied for information to the Private Secretaries of Mr Edwards, Mr Jenkin, Mr Tebbit, Lady Young, Lord Cockfield, Mr Sparrow and Sir Robert Armstrong.

Yours sincerely
Helen Ghosh

HELEN GHOSH
Private Secretary

DRAFT REPLY FROM THE PRIME MINISTER TO SIR FRANK PRICE DL FSVA FCIT
CHAIRMAN, BRITISH WATERWAYS BOARD, MELBURY HOUSE, MELBURY TERRACE,
LONDON NW1 6JX

PERSONAL

Thank you for your letter of 22 December about your salary.
I quite understand your point of view. I have consulted my
colleagues of my views on this matter and you should be hearing
from them shortly.



**British
Waterways
Board**

Chairman Sir Frank Price DL FSA FCIT

To put under papers
T.F.

Melbury House, Melbury Terrace
London, NW1 6JX

Telephone: 01-262 6711

Telex: 263605 BWBLDN G

13. Jan 83

Dear Mr. Stephens,

Thank you for taking my call I hope
you didn't mind too much.

Minutes. Giles I have been worried to me
a couple of days before about this, that
although he had no one in mind to
succeed me he never the less had
decided against asking me to continue
in the Chair. Similarly he is asking
Sir Frederick Corfield - the Vice Chairman -
to step down. As most of the remaining
members have had such a short experience
it seems terribly ill conceived to me,
but there you are.

However - my letter to the P.M. was
a cry for help. The Board and members
have recognised that my "good will" is

Aspect of my Salary level has been
abused and numerous provisions - 00
in order to protect my pension
rights - to do something about it so
long ago as early last year.

I was mortified when I heard that
a copy of my private hand written
note to the P.M. was floating around
the Department of the Environment &
that one of the officials indeed said
it was to an official of the Board.
It is absolutely outrageous.

I trust that the P.M. will be informed
& that she will look into my position
- I believe that this is an imposition.

Thank you again

Sincerely

James H. ...

PS

I thought you might like to see my
(draft) note handed to my former members.
Gives you an idea what we are about. FH.

Draft of note to Board members

MANAGEMENT OF THE WATERWAYS - REPORT BY THE CHAIRMAN OF THE BOARD

The Board are the navigation authority for about 2,000 miles of inland waterways most of which are 150 to 200 years old, and showing their age. It is our duty to develop the appropriate uses for these waterways. The Board are the only national body responsible to Parliament for the overall promotion and protection of interests of investors in, and users of inland waterways of the United Kingdom. The waterways industry is a unique institution.

The waterways tread their way through varied environments through farmland, past derelict land, by housing and industrial estates, by schools and offices and through older inner city areas. They touch the lives of millions of people and thus every decision taken - whether by the Board, their Chairman, or the man on the canal bank - will affect people for years hence either as individuals or collectively through their local councillor, their Member of Parliament, or direct with Ministers.

In the sensitive and flexible promotion and implementation of our established policies, the foundations are being laid for the industry for the next half century. Our strategy is long term. Short term options are not available and there are no "trick" answers. We are in effect Trustees for a time, of assets which Parliament has recognised as a National Heritage.

Since I have been Chairman, we have exploited every possible source of revenue to the point where we are sometimes accused of over-charging, and yet at the same time there has never been any possibility that our statutory duties could be met without a growing demand on public funds. Nevertheless, we have by an aggressive approach on the commercial side been able to make considerable financial contribution to the cost of maintaining the system.

The Board must always be mindful of the statutory duties laid upon them by Parliament and by far the greater financial burden imposed upon them, results from the necessity to maintain the waterways, locks, aqueducts, tunnels, bridges and other structures in a state that secures public safety and permits navigation. Persistent failure to maintain a waterway in accordance with the provisions of the Act upon ^{which} we operate, leaves the Board open to proceedings

in the High Court by any person. It is incumbent upon us therefore to ensure that the long term financial stability of the waterways is secure.

I recognised from the beginning that the Commercial Waterways would cost the community more to maintain without traffic than with. It is important therefore that we continue to pioneer and develop the further use of these waterways in the public interest, and at the same time to provide a supportive role for the private sector..

The demand for transport will continue to grow and the waterways can absorb some of this growth without further encroachment on the environment. Moreover, waterways transport is energy-efficient and in the years ahead energy considerations will be paramount. I am sure that H.M. Government will become increasingly more concerned to see Commercial Waterways fulfil their proper role.

The craft which use the Commercial Waterways are long-term assets, almost wholly owned and operated by private enterprise. Companies investing in water transport, both in craft and landside facilities, must be confident that routes will continue to be available. I have spent a considerable amount of my time protecting these interests by every means possible and thereby demonstrating that the Board have faith in the future role of these waterways.

In the promotion of recreation on the waterways, we have and will continue to have the task of cooperating with commercial enterprise, voluntary organisations and public bodies to carry out development. In short, we have encouraged investment in waterway recreation always conscious of the need for such investment to be viable to make a contribution towards the maintenance of this essential asset.

The inland waterways have something really positive to offer in terms of improving the basic quality of life to the citizens of this country. We have actively stimulated and encouraged well disposed and enlightened waterside planning and development. In this way, not just the users, but the community as a whole, can benefit. Although we obtain revenue from boat-users either directly or indirectly through the operators of hire-cruisers, many people who enjoy the canals cannot be made to pay. We cannot charge for looking at the view or for walking the public highway, which is what many of the towing paths are used for to-day. We combine our recreation/amenity role with a

commercial function which we pursue with vigour.

Unlike other Nationalised Industries, the Board are not a monopoly. We are both a commercial corporation designed to run a public utility according to economic and social principles; we are a social service corporation designed to carry out a particular social service. There is no doubt that we have been successful in combining this commercial and social role to a unique degree. Indeed, as recently as the 1st July, I received a letter from the Minister the purport of which was that given the Board's statutory duties, the success of their efforts to encourage and promote their work in so many ways, was evidence by the results of increasing use in popularity, and spoke for itself.

Having been Chairman of the Board during the difficult years following Parliament's approval of the Transport Act 1968, I am encouraged by recent statements by Government about the security of the future of the organisation. We have achieved much in spite of the unfortunate dissipation of time and energy of Board Members and staff occasioned by the protracted arguments and discussions of the last ten years. Working as a team without such diversions, we in the years ahead can, I am confident, make considerable progress. I say this realising that there are many difficult problems to be overcome. The decisions of the Board will invariably affect the lives, interests and businesses of very many people.

Through all this the Board must be seen to have faith in what they are about, to be approachable and to be sensitive to the needs of others. As I have said, we are laying the foundations for a revitalised waterways industry for the next half century. Parliament and the public will judge us by our success or otherwise.

MFJ

6 January 1983

The Prime Minister has asked me to thank you for your letter of 22 December and to apologise for the delay in acknowledging it. Mrs. Thatcher hopes to reply as soon as possible.

TIM FLESHER

Sir Frank Price, DL.





10 DOWNING STREET

From the Private Secretary

24 December 1982

Dear Dad

Michael Scholar wrote to you on 23 December about a letter the Prime Minister has received from Sir Frank Price. The Prime Minister has now seen Sir Frank's letter and has commented that we must seek to meet his grievances. She understands that your Secretary of State is about to propose changes to the British Waterways Board, and she would not wish to intervene in this process. She nevertheless believes that Sir Frank Price incurred considerable financial sacrifice to serve on the Board, and that this ought to be reflected in his treatment now.

Tim Flesher
Timothy Flesher

David Edmonds, Esq.,
Department of the Environment.

PERSONAL AND CONFIDENTIAL

dc



cup

10 DOWNING STREET

From the Private Secretary

23 December 1982

The Prime Minister has received a copy of the attached personal letter from Sir Frank Price, Chairman of the British Waterways Board.

S/F/

I would be grateful if you would let me have a draft reply for the Prime Minister's signature by Tuesday 4 January.

M.C. 100 100

D.A. Edmonds, Esq.,
Department of the Environment.

CONFIDENTIAL

Prime Minister (2)

No act saw 25/12



British Waterways Board

I will let you have a draft

Melbury House, Melbury Terrace
London, NW1 6JX
Telephone: 01-262 6711
Telex: 263605 BWB LDN G

reply. Mes 23/12

Chairman Sir Frank Price DL FSVA FCIT

Personal.

We must deal with this - mt

22 Dec. 82.

Dear Prime Minister,

Today I was informed by the Minister, Mr Giles Stew, that my term as Chairman of this Board will be terminated on the 31 June next. This is quite acceptable to me.

However, whilst the Ministers of State Tom King and Giles Stew have long recognised that my salary has been outrageously low and have promised to have it corrected they tell me that this has been blocked by the Treasury.

Some time ago my Board at their own volition instructed Consultants to study & report on the level of salary which should be paid. This report was forwarded to Ministers but still nothing has been forthcoming.

Having resigned from the Managing Director's Chair at the Mumpfield Real Estate Company — at considerable financial loss — to help

Two

Government to put to right Dewley
has Tom, has known as Telford, and this
boards affairs, in 1968 it comes hard
when no recognition for this service
is given. Indeed the only reason
why I have been informed of my
imminent departure is because I pressed
for a decision (6 months notice, even so,
is short enough), this kind of treatment
does not reflect well on Government.

May I ask you to look into this
situation in respect of my salary as
in time it reflects on the pension,
small as it is, which will be forthcoming.

I am truly sorry that I must
burden you with this.

Sincerely

Frank Kinn