

cc AD ✓
JV ✓ A.

PRIME MINISTER

BRITISH SHIPBUILDERS: BOARD SALARIES 1981/82

This year salary increases for Board Members of British Shipbuilders will, with one possible exception, all be kept within 7%.

2 The non-executive members recommend a salary for the Chairman of £55,000 (an increase of 14.6%) having taken into account his double function as Chairman and Chief Executive. Mr Atkinson has made determined efforts to improve the Corporation's performance over the past 18 months and I have some sympathy with this recommendation, but since other Nationalised Industry Chairmen are being kept to 7% I have decided to keep his increase to this figure.

3 I believe, however, there is a case for making an exception of the Finance Director, Mr Hares. A 16.7% rise is proposed for him from £27,000 to £ 31,500. Financial ability has a high market value and without a substantial increase there would be little headroom to offer the sort of salaries needed to attract high calibre staff to other positions in the Finance Directorate. For these reasons I think it is important that the salary of the Finance Member should be in the upper half of the Board salary structure - the proposed new range would be £27,500 to £34,500. Even with the proposed increase for Mr Hares the average increase for the BS Board would be only 6.3%.



4 I have consulted Barney Hayhoe about Mr Hares' salary. He accepts that financial ability has a high market value and recognises the problems involved in establishing the need for a satisfactory salary structure for the Finance Directorate of BS. He does not wish to object to my proposal.

5 In the light of these arguments, I hope colleagues will agree to the salary of £31,500 proposed for Mr Hares.

6 I am copying this to the members of E Committee, Barney Hayhoe and Sir Robert Armstrong.

P.J.

P J

17 November 1981

Department of Industry
Ashdown House
123 Victoria Street