



B/E.

JD

10 DOWNING STREET

From the Private Secretary

5 April 1983

Dear Tony,

BBC PAY

The Prime Minister read over the Easter weekend the Home Secretary's minute of 30 March on this matter. She would be grateful for further information on a number of points.

Mrs. Thatcher has asked why an increase in London Weighting is contributing as much as an 0.8 per cent increase in pay. This would appear to imply a very significant increase in London Weighting. The question perhaps also arises of whether London Weighting is not tantamount to a bonus since most BBC staff work in London and, presumably, their basic levels of pay are established in relation to London levels.

Mr. Whitelaw referred to the differentials between BBC and ITV pay. The Prime Minister has asked whether conditions of service (e.g. job security) in the BBC do not to some extent compensate for these differentials. Further, although the BBC may risk losing some staff to ITV, is it necessary to pay all of its 27,000 staff an increase above the rate of inflation?

Mrs. Thatcher notes that the ITV settlement for the year from July 1983 is linked to the RPI (less than 5 per cent). If this is the case, why should the BBC settlement not similarly be linked to the RPI?

Finally, with regard to the BBC's desire to recruit and retain creative staff, is it perhaps the case that really creative people employed by the BBC are working on free-lance contracts, outside the regular pay scales?

I should be most grateful if you could let me have answers to these points, for the Prime Minister's consideration.

I am copying this letter to the Private Secretaries to members of E(PSP), the Secretary of State for Scotland, and Sir Robert Armstrong.

Yours ever
 BH Wls.

Tony Rawthorne, Esq.,
 Home Office.

GF

Prime MinisterMR SCHOLAR

cc Mr Mount

Please see Mr Whitelaw's response

Yes in handwriting (attached) to your concern about BBC pay.
Agree I write, enquiring as at X?BBC PAY

MS 31/3

Mr Whitelaw's response to the request for more information about the BBC's pay negotiations emphasises the BBC's special position - its exposure in the job market and the need to retain creative and technical staff.

The vagueness of this defensive letter is not as reassuring as it might be, neither are the arguments contained in it:

(i) We learned that BBC management's "initial view" was 5% plus 0.8% London Weighting. What is their view now?

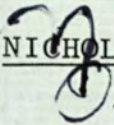
(ii) Why is an increased LW contributing as much as a 0.8% increase in pay? This must imply a very significant increase in LW. And isn't the LW something of a bonus anyway? Most BBC staff work in London and presumably their basic levels of pay are established in relation to London levels.

(iii) One would like to know more about the differentials with respect to ITV. Do the conditions of service, eg job security, in BBC compensate for these? But if BBC is in danger of losing such staff, why is it necessary to pay all of its 27,000 staff an increase above the rate of inflation?

(iv) If the ITV settlement for the year from July 1983 is linked to the RPI (less than 5%) why not the BBC?

(v) The reference to "creative staff" may be misleading: the really creative people are probably on freelance contracts, outside the regular pay scales.

If the Prime Minister agrees, you might invite clarification of some or all of these questions as a prelude to inviting Mr Whitelaw to stiffen the management's resolve. The BBC is certainly special, but not as special as is being maintained.


NICHOLAS OWEN