



Prime Minister (2)

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BI

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

For discussion with
the Chancellor
on Tuesday evening?

Yes
M

Thurs 30/7

PRIME MINISTER

NATIONALISED INDUSTRY BOARD PAY

As you had agreed (Mr Scholar's letter of 6 May), I held a meeting on 27 July with colleagues from nationalised industry sponsor Departments, and also Janet Young, Norman Tebbit and John Sparrow, to discuss the management of Board appointments. I shall report on this when further work we set in hand has made progress.

2. We took the opportunity of having a word about how to move forward from yesterday's E(NI) discussion on Board pay. The heart of the matter remains the problem of public presentation. It is inescapable that we must have some reasonably common judgement, in broad and of course unannounced terms, of what general run of increase is politically tolerable, even though a "norm" would be wrong and some individual awards must be expected, for cogent particular reasons, to fall outside (either above or below) the general spread. We shall need flexibility and indeed ingenuity. And we must be constantly ready, when new appointments (especially of Chairmen) arise, to take the chance of setting pay at realistic up-to-date levels.

attached



3. Where the general spread of increases for existing incumbents might reasonably lie raises awkward issues, with considerations like TSRB and NHS pay pointing different ways. A bracket of 5-15 per cent was tentatively suggested at my meeting. I would not disagree, though we should recognise that many Chairmen would view this as harsh in relation both to their "market" research and to the TSRB outcome.

4. Some co-ordination is essential to minimise the risk that action by one industry or Department might magnify the problems of another. I propose that where the bids from industries are already in, sponsor Ministers should send their considered proposals to me, with copies to colleagues, within the next three weeks - after further discussion with Chairmen, if they judge that useful - so that we can take a view on individual bids within the context of a sizeable batch. I could then if necessary hold further discussion, but it might prove possible to reach conclusions without this.

5. I intend to take an early opportunity of seeing the NICG Chairman, Mr Norman Payne, both to tell him of our general line and to set up the initial arrangements for further work on a performance-related approach. There seems no need to delay this until we are ready to settle particular cases.

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MANAGEMENT IN CONFIDENCE



6. I am sending copies of this minute to Patrick Jenkin, Norman Tebbit, David Howell, Nigel Lawson, Janet Young, Arthur Cockfield and Tom King, and also to John Sparrow and Sir Robert Armstrong.

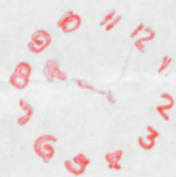
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(G.H.)
28 July 1982



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10 DOWNING STREET

From the Private Secretary

6 May 1982

The Chancellor of the Exchequer had a word with the Prime Minister this afternoon on several nationalised industries matters. The Chancellor said that he was concerned about the way in which the Government approached making new appointments to the Chairmanship and Boards of nationalised industries. It was often an unco-ordinated process, and there was a risk that the soundings of one sponsoring Minister might overlap, or be inconsistent with, those of another. He proposed that he should convene a meeting of the sponsoring Ministers in order to discuss how to improve co-ordination and how to identify more effectively promising potential candidates for these posts. The Prime Minister said that it would be important not to set up a new piece of administrative bureaucracy. But she generally agreed with this approach, and hoped that some good would come of it.

The Chancellor also raised the Chairmanship, and the frequency of meetings of E(NI) Sub-Committee. The Sub-Committee had a good deal of detailed work ahead of it, and it was important, in order to keep up the momentum, to have fairly frequent meetings. The Prime Minister agreed, and said that she would like to chair the Sub-Committee when matters of particular moment were before it; otherwise, she was content for the Chancellor to chair its meetings.

I am sending copies of this letter to David Edmonds (Department of the Environment), Jonathan Spencer (Department of Industry), Anthony Mayer (Department of Transport), Julian West (Department of Energy), Muir Russell (Scottish Office), John Rhodes (Department of Trade), Terry Mathews (Chief Secretary's Office, HM Treasury), Barnaby Shaw (Department of Employment) and David Wright (Cabinet Office). A copy also goes to Gerry Spence (CPRS).

Peter Jenkins, Esq.,
H.M. Treasury.

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