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MR INGHAM

cc Mr Scholar ✓
Mr Rickett
Mr Mount
Miss ChristophersonNATIONALISED INDUSTRY BOARD PAY

Yesterday's article in the Sunday Times, and today's splash in the Daily Mirror confirm that we were right to worry about the presentation of increases in pay for NI Board members. Our objective must be to avoid being pressed (either in the Lobby or at Question Time) into an umbrella statement about our policy on NI Board Pay, or about the increases coming through in this pay round.

The Facts

(i) E(NI) on 26 July concluded that the pay increases for NI Board Chairmen and Members would have to be determined by the Government on a case by case basis. The Chancellor and the Prime Minister subsequently agreed that there should be a 5-15% bracket. An annual White Paper is published giving members and salaries as at 1 February.

(ii) You and I agreed (my letter of 20 September confirms it) with the Treasury proposal to let the increases drift out one at a time, rather than to make one big announcement. We stressed to the Treasury the need to avoid any increases being made public knowledge in a way that would adversely affect the NHS negotiations - but at the time, of course, we did not know how they would linger on.

(iii) As far as I am aware, no proposals for the Chairmen of BTDB or the NCB have come to the Prime Minister (they could be agreed by the Chancellor anyway), but the increases mentioned by the Daily Mirror are considerably less than

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those industries proposed last July.

Line To Take

(i) The Daily Mirror itself, in today's leader, acknowledges that: "the State Chairmen have some catching-up to do because of ungenerous increases in past years".

(ii) It is entirely consistent with the Government's approach to pay for people to earn what is necessary in order to recruit and retain them. Partly for this reason, the increases for Chairmen are often higher than those for Board Members.

(iii) And it is entirely consistent with the Government's policy towards NI's to ensure the recruitment and retention of top class management, in order to continue the process of making the public sector more efficient.

(iv) The increases mentioned by the Daily Mirror are the exception rather than the rule. Many NI Board Members will receive increases well below 10%. [Not for use: BNOB Chairman, 3.8%; Post Office Chairman, 6½%; BAA Board Members, 7.3%; NCB and BT Board Members, 10% average].

22 November 1982