

ETSU



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

16 December 1982

The Rt. Hon. Nigel Lawson, MP
Secretary of State for Energy

NBPM

MUS 17/12

Dear Nigel

ELECTRICITY : BOARD REMUNERATION

Thank you for your letter of 14 December about increases in the salary ranges of board members in the electricity supply industry.

I agree that even the revised recommendations of the Electricity Council Chairman and his Salaries Panel are excessive in the present circumstances. And I also agree that there should be a general increase of 9 per cent in salary ranges with the five exceptions mentioned in your third paragraph.

I am copying this letter to the Prime Minister, to other members of E(NI) and to Sir Robert Armstrong.

[Handwritten signature]

GEOFFREY HOWE

Nat Ind: Board Salaries

Pr2



DEC 1982

11 12 1 2 3 4
10 9 8 7 6 5

Nat Industries
G. J. V.

Nat Ind Board

(2)

Prime Minister

9.2% increase on

average for ESI Board

Members' salaries

MUS 4/12

4/12 December 1982

01-211 6402

The Rt Hon Sir Geoffrey Howe OC MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London SW1

Stan Hoff

mf

ELECTRICITY: BOARD REMUNERATION

I am now in a position to let you have my proposals for Board Members' salaries in the electricity supply industry (England and Wales) for the year beginning 1 April 1982.

I have taken into account:-

- (i) recommendations made to me earlier this year by the Chairman of the Electricity Council. This followed advice from his Salaries Panel, including five senior part-time Board Members, which commissioned a report from outside management consultants;
- (ii) Austin Bunch's separate recommendations for incremental progression in 1982/83, which were discussed with part-time members of all Boards, and which reflect judgements on individual merit.

The initial salary recommendations ranged from a scale increase of 29% for Area Board Deputy Chairmen to 52% for the Deputy Chairman of the CEGB. On further consideration, these were scaled down to a range of 14-44%. This is excessive. I propose a general increase of 9%, with two exceptions. The management consultants recommended - in my view correctly:-



(i) that the job weight of the CEGB Deputy Chairman and the three Full-time CEGB Members is no less than that of the Deputy Chairman and Full-time Members of the Electricity Council, to which their scales should be assimilated (this restructuring involves an increase of 12.8-14.5% at the mid-point of the relevant CEGB scales)

and

(ii) that one Full-time Member post on the Electricity Council should be assimilated to the Area Board Chairman scale (this effectively involves no scale increase).

The overall average increase on Board Members' pay scales this year would thus be 9.2%.

I should be glad to have your agreement to these proposals, which I should if possible like to communicate before the next Council meeting, on 16 December.

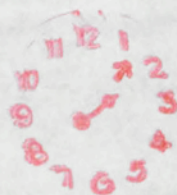
I am copying this letter to the Prime Minister, to other members of E(NI) and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read 'Nigel Lawson', with a large, stylized initial 'N'.

NIGEL LAWSON

NIGEL LAWSON

174 DEC 1982



cf no

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01-211 6402

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1P 3AG

22nd November 1982

Alan Gelfand

CHAIRMANSHIP OF THE ELECTRICITY COUNCIL

Thank you for your letter of 3 November.

First, you asked about salary. I am quite clear that, given the nature of the post and the performance we will require of the new Chairman, there should be no question of him getting less than the present Chairman. As for the relationship with the Chairman of the CEGB, I shall be reviewing the future salaries for these two key posts next year and will make a recommendation which will reflect the contribution which I expect Walter Marshall and Philip Jones to make to the efficient performance and development of the whole industry.

On the policy letter, I of course intend that a letter should be agreed and sent well before the new Chairman takes up his appointment. I am confident, on the basis of my earlier conversations with Philip Jones, that I shall have no difficulty in doing so. I note what you say about the need to strengthen his hand. My officials will be in touch with yours about the letter.

NIGEL LAWSON