3.11 APPOINTMENTS IN CONFIDENCE

Nat Ind

Prime Minister

GR 12/1

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

11 January 1983

The Rt. Hon. Patrick Jenkin MP
Secretary of State for Industry

Dear Patrick

BRITISH SHIPBUILDERS: BOARD SALARIES

Thank you for your letter of 23 December. I agree to the salary increases you propose for members of the BS board, except on two points.

First, I note that Mr Griffin earns a higher salary than any other board member save the Chairman. I doubt whether his contribution to the board is commensurate with this position. I recall that in 1981 it was necessary to appoint a second Deputy Chairman because the Chairman was not satisfied with Mr Griffin as his second in command. I am very doubtful whether BS requires two Deputy Chairmen, and I understand that Mr Griffin's appointment comes to an end this year. In the meantime is it necessary to increase his salary at all?

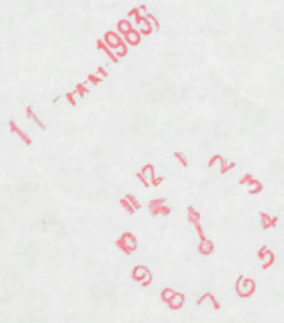
Second, I do not consider that such a large proportionate increase in the salary of the non-executive members is justified. I accept that the present level of £2,675 p.a. is unduly low, but to jump up to £6,000 p.a. would put the BS non-executives ahead of those on all the other nationalised industry boards and would distort the normal relationship between executive and non-executive salaries. I suggest that a figure of £4,000 p.a. would be more appropriate. This would still represent a very large increase (nearly 50 per cent), but I agree that we need to be able to attract the right quality of non-executive member. If you found yourself unable to do so because the revised salary level was still too low (though this seems to me unlikely to be the main reason), I accept that we might have to look at this again.

I am copying this letter to other members of E(NI).

Yours

GEOFFREY HOWE

Board Salary : Addr Fund
Pt 2



APPOINTMENTS IN CONFIDENCE

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JH 691

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

Secretary of State for Industry

26 January 1983

Rt Hon Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury
Gt George Street
London SW1

Prime Minister (4)

MLS 26/1

Dear Geoffrey,

BS BOARD SALARIES: 1982/83

Thank you for your letter of 11 January. I am glad to note that with two exceptions you are able to agree to our proposals on BS Board pay for 1982/83.

2 The important point on non-executive directors is that we badly need to strengthen the BS Board by attracting good people onto it. And we need to be able to pay the going rate for such people. The 'going rate' is going to be something that varies from case to case; I suggested £6,000 as an estimate of what the average might be. I am prepared, however, to accept your proposal that we should seek to settle on £4,000, provided that I have the flexibility to negotiate higher levels than this if this is necessary to secure particular individuals.

3 As for Mr Griffin's salary recommendation: I can see the force of your argument. But I am concerned if we refuse to sanction the proposed rise - £1440 or 4% of his 1981/82 salary - that this will become known; and will be widely perceived as unncessarily humiliating to Mr Griffin. I do not believe that this would be at all helpful to our efforts to find candidates for service on this, or indeed other, nationalised industry boards. I should therefore be grateful if you would reconsider your position on the salary proposal for Mr Griffin.

4 I am copying this letter to other members of E(NI).

Yours ever

Patrick

26 JAN 1983

Prime Minister (2)

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

Telephone *Direct Line* 01-212 3301
Switchboard 01-212 7676

JU503

Secretary of State for Industry

23 December 1982

APPOINTMENTS IN CONFIDENCE

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury
Gt George Street
London SW1

Dear Geoffrey,

BRITISH SHIPBUILDERS: BOARD SALARIES

Recommendations from BS for 82/83 salaries for the Chairman and full-time Members for the BS Board are attached. The increases recommended all fall within the 5-15% range we agreed in July; the average, at 7.1%, is well towards the bottom of the range, which Norman Tebbit has argued is where we should be aiming; and the largish increases proposed for Mr Hares and Dr Milne are, in my view, fully justified by each man's performance over the last year, and, in Mr Hares' case, by the extra responsibilities he has taken on.

2 I propose to increase the non-executive salary to £6000. This is a very large increase but from a base of £2675, and this in turn is very low in comparison with outside salaries and with the Department's other nationalised industries. We need to be able to offer an appropriate salary for non-executives if we are to get the right quality of independent Members on the Board.

3 I hope you can agree to these salary recommendations. I am copying this letter to other members of E(NI) for information.

Yours ever

Patrick

APPOINTMENTS IN CONFIDENCE

BRITISH SHIPBUILDERS BOARD SALARIES 82/83

Full-Time Members		Proposed salary	Increase %
Mr R Atkinson	Chairman and Chief Executive	£55,000	7.1
Mr W Richardson)	Deputy Chairmen	£35,800	4
Mr K Griffin)		£37,440	4
	**********		
Mr J Parker	Deputy Chief Executive and Member for Merchant Shipbuilding	£37,100	7.5
	**********		
Mr P Hares	Member for Finance and Shiprepair	£34,650	10
Mr J Steele	Member for Offshore	£34,425	5.9
Dr P Milne	Member for Engineering	£31,000	12.7
Mr M Phelps	Member for Industrial Relations	£29,125	5.9
		Average Increase %	7.1