



Prime Minister

MS 4/5

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

The Rt Hon Nigel Lawson MP  
Secretary of State for Energy  
Thames House South  
Millbank  
LONDON SW1P 4QJ

3 May 1983

*Dear Nigel*

CHAIRMEN'S SALARIES IN THE ELECTRICITY COUNCIL AND THE CEBG

Thank you for your letter of 21 April. While I accept the case you make out for increasing the salaries of Walter Marshall and Philip Jones, I cannot agree that these increases should be implemented without prejudice to any general increase in the pay of electricity supply industry (ESI) Board members from 1 April 1983. To give the two Chairmen the increases you propose plus some general increase later would in my view conflict with the tenor of our conclusions at E(NI) about the treatment of Board pay this year.

My preference would be to defer the increases for Marshall and Jones until we have agreed proposals for all the ESI Board members. However, if you feel unable to wait that long, I am willing to accept the proposed salary of £59,600 for both Chairmen on the clear understanding that they will not be eligible for any further increase this year when proposals for the other ESI Board members are put forward.

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

GEOFFREY HOWE

4 MAY 1955

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SECRETARY OF STATE FOR ENERGY  
THAMES HOUSE SOUTH  
MILLBANK LONDON SW1P 4QJ  
01-211-6402

Prime Minister

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£59,600 for

Walter Marshall and

Philip Jones.

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON SW1

MUS 25/4  
21st April 1983

CHAIRMEN'S SALARIES IN THE ELECTRICITY COUNCIL AND THE CEBG

I wrote to you on 22 November in reply to your question about the relationship between Philip Jones' salary and that of Walter Marshall who was promised a review when Bunch retired last month. I said then that I would be reviewing the salaries for both posts and would make a recommendation reflecting the contribution I expected Marshall and Jones to make to the efficient performance and development of the whole industry. I also took a point you had made about the need to strengthen the hand of the Council Chairman in dealing with the CEBG and the Area Boards.

I have now completed my review. Marshall's responsibilities as Chairman of the CEBG are substantial. The objectives we have set him make his one of the most difficult and complex industrial tasks in the country which he has tackled with great determination and to considerable effect. In addition, because of the way in which those campaigning against the Sizewell PWR have made him personally into a target, his task has been more onerous and painful than he expected. He attaches some importance to the promised review of his salary and the two main non-executive directors on the CEBG, Eric Sharp and Richard Giordano, have written to me arguing that his salary should be towards the upper end of the range £60,000-£70,000 p.a.

I have therefore concluded that Marshall's salary should be increased from 1 April by the £4,000 p.a which it was agreed last May I could if necessary offer him from Bunch's retirement. This would take him to £59,600 p.a.

I have also concluded that Jones should get the same salary even though he has only just taken up his appointment as Chairman of the Council. To pay him less than Marshall would be widely interpreted within the industry as a signal that his was now the subordinate position. His effectiveness would be seriously impaired in consequence, not just in terms of the point you made



last November, but also in the vital task of implementing our longer term plans for the future structure of the industry. Reversing the traditional salary relationship would be premature in advance of decisions on the future of the industry.

I hope, therefore, that you will agree to my proposals. The resulting salaries are not high compared to those paid to the Chairmen of the other major nationalised industries (the Gas Corporation is an exception, but there are special circumstances in that case). I would also suggest that the increases should be implemented now, and without prejudice to any general increase in Board Members' pay from 1 April 1983.

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

*Yours ever  
Nigel*

NIGEL LAWSON

21. APR. 1959

