



Treasury Chambers, Parliament Street, SW1P 3AG  
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15 December 1983

The Rt Hon Peter Walker MBE MP  
Secretary of State for Energy  
Department of Energy  
Thames House South  
Millbank  
LONDON SW1P 4QJ

*John Peter*

ELECTRICITY SUPPLY INDUSTRY BOARD SALARIES

You wrote to me on 1 December with your proposals for the 1983 increases for these Boards. *with request is required.*

I agree that in taking the nationalised industries out of the TSRB system one of the stated purposes was to allow market forces more play in the determination of salaries. But it was also recognised that Ministers would retain responsibility for determining the salaries which are paid. At E(NI) in October it did not appear to me that colleagues were enthusiastic about delegating their power to fix salaries.

In operating the Board pay system we must take account of the general economic climate and the need to retain and recruit experienced and able individuals. Against that background, I can agree to your proposals for a general increase for ESI Board members of 7 per cent on existing scale points. But I do not see a strong case at present for extending the salary ranges, when it seems a substantial number of the ESI Board members are not on the existing maximum. If there is a risk of losing valued individuals who are on the scale maximum, I believe it would be better to consider whether exceptional increases could be agreed for them, without appearing to bid up the rate for the job across the board.

For Philip Jones and Walter Marshall you have proposed increases which would produce salaries some 14-15 per cent above 1982





levels. While I concede that a case can be made, on merit, for according special treatment to Marshall, the same cannot be said, particularly so early in his term of office, for Jones. If, therefore, you believe that they should be on the same salary, I do not feel that this should be more than £61,000 which would be consistent with the broad sense of the discussion in E(NI) last spring.

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

*Nigel Lawson*

NIGEL LAWSON

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