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AT 15/3

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

13 March 1984

The Rt. Hon. Peter Walker MBE MP  
Secretary of State for Energy

A handwritten signature in dark ink, appearing to read 'Peter Walker'.

**ELECTRICITY SUPPLY INDUSTRY AND BRITISH GAS CORPORATION:  
BOARD SALARIES**

You wrote to me on 6 March about the increases for the members of these Boards. The Prime Minister has since indicated that she is content with your proposals.

I too am content on merits but I fear that the way in which the Board increases are likely to overlap with the negotiations with the unions in these industries could cause problems. Given the Parliamentary interest there has been in ESI Board salaries, I do not think we could conceal the size of the increases for long and it would be unfortunate if news of them were to strengthen the unions' resolve to demand a large pay settlement this year. It is difficult to judge what repercussions there might be but I should not want to run any unnecessary risks.

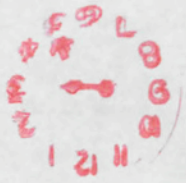
I therefore think it would be sensible not to reveal our decisions to the Boards until the manuals' negotiations have been settled. If the Chairmen press you hard for a response, I should have no objection if you were to give them a broad indication of our intentions, informally and in the strictest confidence. But you would want to make it clear that the information should not become public knowledge.

However, I appreciate that you face a particular problem over Mr Bonner and I am therefore content that he should be offered immediately the £55,000 salary you proposed in your letter of 17 February to secure his reappointment. This would be on the understanding that the increase represented a special personal salary and that it was not to be regarded as a norm for the Deputy Chairman of the Electricity Council.

I am copying this letter to the Prime Minister.

NIGEL LAWSON

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



5 MAR 1984

01 211 6402

The Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
 Treasury Chambers  
 Parliament Street  
 LONDON SW1

6 March 1984

*N. Nigel*  
 ELECTRICITY SUPPLY INDUSTRY AND BRITISH GAS CORPORATION :  
 BOARD SALARIES *will request if required*

*File with AT*  
 Thank you for your letter of 27 February agreeing to the increase that I proposed for Denis Rooke. I have also just seen your letter of 29 February about Mr Bonner's salary. Your letter of 30 January proposed that the salaries of Jones and Marshall should be £61,000 per annum. I am now ready to proceed accordingly.

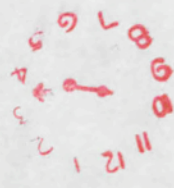
You said that you would wish to suspend judgement on my proposal for 7% for the other BGC Board Members until you saw my revised proposals for the ESI Members. I do see real difficulty in discriminating between these two industries. I am also reluctant to accept that Board Members in these energy industries should be singled out and given smaller increases than the 7% permitted for other industries, for example, BSC, British Airways, the Water Authorities and the AEA.

As you said in your letter of 15 December, we must take account of the need to retain as well as recruit experienced and able individuals. You agreed then with my conclusion that a general increase of 7% for the ESI Board Members was justified. I still remain of that view and, in the light of the salary increases agreed for other industries, I hope that you and the Prime Minister will now feel able to agree to 7% for both Gas and Electricity Board Members.

As you say, we must act quickly on this and I should be grateful for your early response. I am sending a copy of this letter to the Prime Minister.

*Peter Walker*  
 PETER WALKER

Wat Ind: Board Salaries pt 2



6 MAR 1984

*[Faint, illegible red stamp]*