

CONFIDENTIAL  
APPOINTMENTS IN CONFIDENCENDA  
AT 27/3Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

26 March 1984

The Rt. Hon. Norman Tebbit MP  
Secretary of State for Trade and Industry

Handwritten signature of Norman Tebbit in cursive.

**POST OFFICE BOARD PAY**

You wrote to me on Post Office Board pay on 5 March. I am content with all your proposals except one - the salary for Mr Wainwright.

I recognise that you have already reduced the increase the Chairman proposed for him and that Girobank profits have risen over the last 6 years. But the improvements in profits surely in the main reflect high interest rates. I therefore feel that the rise in his salary should be kept within the range of 0-7 per cent mentioned at E(NI) last year. This suggests that he might be given an increase of the same order as Mr Garrett and Mr Young, producing a salary of £51,000 from 1 April 1983. But to soften the blow I should have no objection if Mr Wainwright were to be told that his salary would be increased to £53,000 with effect from 1 April 1984 when Mr Cockburn will get a second increase.

I think a solution on these lines should maintain reasonable internal differentials within the Post Office Board.

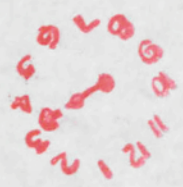
A copy of this letter goes to the Prime Minister.

NIGEL LAWSON

Handwritten signature of Nigel Lawson in cursive.



Not Incl: Board Pay P2



27 FEB 1984





JU147

Secretary of State for Trade and Industry

NBPM AT 5/4 a No  
DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215) 5422

GTN 215) .....

(Switchboard) 215 7877

4 April 1984

CONFIDENTIAL  
APPOINTMENTS IN CONFIDENCE

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
London SW1P 3AG

R Nigel

POST OFFICE BOARD PAY


Thank you for your letter of 26 March agreeing my proposals for Post Office Board pay except for Mr Wainwright. I am afraid I must press you again on Mr Wainwright.

2 Ron Dearing has been sounding out the Bank of England about selecting a successor for Mr Wainwright when he retired at the end of the year. I attach a copy of a letter which shows that the Bank believes it is a waste of time to make soundings in the City unless we can offer £80,000 to £90,000. This is a problem which we will have to deal with separately, but faced with this I do not think we can expect Ron Dearing to accept your suggestions. It was with a great deal of reluctance that he accepted the £53,000 figure which I proposed to you.

3 Nor do I think you are being quite fair to Mr Wainwright to ascribe the increase in Girobank profitability to high interest rates alone. Under Mr Wainwright's stewardship the Girobank has been turned into a successful and profitable operation. He has plans, through mechanisation, to turn it into a more serious competitor to the clearing banks - a challenge to them which I know we will both welcome if it can be achieved. Finally he has put Girobank in a position which enables us to consider seriously the possibility of privatisation.

4 I believe there are elements of success which fully justify the £53,000 which I suggested, and indeed a further increase on 1 April 1984 - though I am not asking you to agree that here and now. I hope, however, you will agree to £53,000 from 1 April 1983.

5 A copy of this letter goes to the Prime Minister.

  
NORMAN TEBBIT



The Post Office

From the Chairman  
Ron Dearing CB

Post Office Headquarters  
St Martins le Grand  
LONDON  
EC1A 1PG

Royal Mail  
National Girobank

RECEIVED  
26 MARCH 1984  
OFFICE OF THE  
MINISTER OF STATE  
KENNETH BAKER

Telephone 01-432 1515

The Rt Hon Kenneth Baker MP  
Minister of State  
1 Victoria Street  
LONDON  
SW1H 0EB

Mr George

15/505  
Mr Clegg  
Mr Leeming SPF  
Mr Parsons SPF  
Miss Smith SPF

3/4/84

26 March 1984

*Joe Munde*

SUCCESSOR TO SAM WAINWRIGHT

As you know Sam Wainwright is planning to go at the end of the calendar year.

I accordingly went to see the Deputy Governor to the Bank of England to seek help in finding a successor about three months ago and I made a return call upon him last Friday to review the situation.

We all think that the right candidate would be someone from one of the big four joint stock banks immediately below the Chief General Manager. This is because Girobank is now an institution of significant size, requiring someone of that calibre with branch banking experience.

The Bank of England have been looking at the potential field, but against my indication that a salary of around £55,000 a year, they had reached the conclusion that it was not worth making any approaches. Their advice to me on Friday was that the rate for the job was around £80,000 to £90,000 a year. Armed with an indication that a figure in that area could be available, they would be willing to make soundings and thought they would have a prospect of success. Something could for example be possible with Barclays where one of the disappointed candidates in the competition to be the next Chief General Manager might become available.

In view of the nature of the Bank's advice, I thought I must seek guidance from you. Sam Wainwright's view is that the figure from the Bank is on the high side, but he is clear that we need to go very much above his own present salary (around £50,000).

You may wish to see the Deputy Governor yourself before coming to a view, but I do think we now need to make some positive initiative because time is passing.

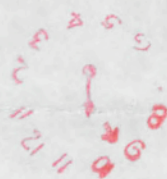
*Joe Munde*  
*Ron*



NAT IND: Board Salaries

112

15 APR 1984







JF5876

Secretary of State for Trade and Industry

CONFIDENTIAL  
APPOINTMENTS IN CONFIDENCE

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

*D. Nigel.*

POST OFFICE BOARD PAY

Although there have been several exchanges at official level we have still not settled what salary increases Post Office Board Members should receive as from 1 April 1983. We must clearly try to keep any further delay to a minimum and I very much hope therefore that you will be able to accept the proposals I am now putting forward.

2 The Chairman and non-executive Board Members of the Post Office have been concerned for some time that the current salaries of the executive Members are well out of line with market rates. Their concern was increased by the failure of executive search consultants to identify any suitable candidate outside the public sector prepared to take the post of Finance Director at the level of salary being offered and by the loss of one of the ablest younger Members of the Board to a much better paid private sector post at the end of 1982.

3 The Chairman therefore commissioned Hay Management Consultants to carry out a thorough review of salaries of the kind that we had indicated might be desirable when we removed the nationalised industries from the remit of the Top Salaries Review Body. It was on the basis of this Hay Report that the Board Remuneration Committee formed their proposals for increases due last April.

4 The Hay findings indicated that Post Office Board Members' salaries were well below the median for jobs of comparable importance and responsibility in industry and the

/service ...

① BF with Treasury response  
AF 7/3  
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5 March 1984





service sector. The gap was put at just over 20 per cent on average for the Board Members responsible for the postal business and about one-third in the case of the Managing Director Girobank, where the comparisons made were with the financial and banking sector. The proposals which Ron Dearing put to us last July (details of which are given in the attached table) were designed to make a first substantial move towards bringing the Post Office Board salaries closer to those which the Hay study had suggested were appropriate but recognised that it would take two or three years in all to complete the process of realignment. Since these proposals were originally put forward there has been a restructuring of the Board as a result of which two Members - Mr Cockburn and Mr Clinton - have taken on greater responsibility and there have been indications that Mr Cockburn, who is generally regarded as outstandingly able and to have Chairmanship potential, is contemplating a possible move to the private sector at a salary in excess of £60,000.

5 Kenneth Baker has therefore gone over the proposals in detail with Ron Dearing. He has made it clear that in present economic circumstances we are not prepared to approve a general round of increases as large as those originally suggested, but added that we recognise the need to give special treatment where there is a risk of losing particularly able Board Members or where a very strong case can be made out on merit. He also told Ron Dearing that we were not attracted by a further proposal put forward for a performance related scheme which would have given executive Board Members bonuses of up to 10 per cent against fairly undemanding criteria. He agreed, however, that we would explore further the possibility of introducing, in respect of 1984/85, a tougher performance related scheme.

6 With considerable reluctance the Chairman agreed to go along with the revised proposals which are also shown in the table. The salaries proposed for Mr Cockburn and Mr Clinton are intended to recognise the greater responsibilities they are now carrying. In Mr Cockburn's case it is the Chairman's judgement that if he is to have any real hope of retaining him he will need to offer a further increase to £50,000 from 1 April this year. I hope you will be able to accept this. In the case of Mr Wainwright the Chairman argued strongly that an exceptional increase was justified in recognition of the outstanding improvement in Girobank's performance since he became Managing Director. In particular, Girobank's profits had increased from just over £1 million a year in the two years immediately before Mr Wainwright's appointment in 1977, to £11½ millions in 1981/82, £15½ millions last year, and a forecast £16 millions in the present year.





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7 These revised proposals seem to me to be consistent with the kind of settlements we have agreed in recent E(NI) discussions that we should be seeking with the nationalised industries and I should be glad to know as soon as possible whether you agree. If there are any further details you need before you reach a decision perhaps your officials would be in touch with mine.

8 I am sending a copy of this letter to the Prime Minister.

A handwritten signature in dark ink, appearing to read 'Norman Tebbit', with a stylized flourish above the first name.

NORMAN TEBBIT



CCOR For Public Sector  
Pay Pt 11

Nat Ind Board Salaries  
Pt 2







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*PS/The Prime Minister.*

*Sorry this is attachment  
for N Tebbits letter to N Lawson  
513184 - Post Office Board pay  
With the Compliments of the*

Private Secretary to the  
Secretary of State for Trade  
and Industry

*Lajo*

*6/3/84.*



a NO

CONFIDENTIAL

APPOINTMENTS IN CONFIDENCE



	Present (a)	Chairman's proposals (b)	Increase (b) over (a)	Revised proposal (c)	Increase (c) over (a)
	£	£	%	£	%
Mr Dearing	57,137	60,000	5	60,000	5
Mr Wainwright	47,860	55,845	16.6	53,000	10.7
Mr Cockburn	39,405	44,350	12.5	46,000	16.7
Mr Clinton	39,405	44,350	12.5	44,350	12.5
Mr Garrett	42,600	46,850	10	45,500	6.8
Mr Young	42,600	46,850	10	45,500	6.8
Total increase in pay bill			10.9		9.4

Part-time Members

Sir Clifford Cornford	10,507			11,100	5.7
Mr Moody	6,107			6,450	5.6
Miss Cole	5,107			5,400	5.7
Mr Gladwin	5,107			5,400	5.7