



APPOINTMENTS IN CONFIDENCE

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5422
GTN 215)
(Switchboard) 215 7877

Secretary of State for Trade and Industry

29 May 1984

BP with Treasury
response

dt 30/5

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London SW1

D. Nigel.

BRITISH SHIPBUILDERS: BOARD SALARIES

... Recommendations from BS for 1983/4 and 1984/5 executive Board Members (excluding the Chairman) salaries are attached. BS have in the past not put Board salary recommendations to the Department until their industry settlement was agreed. The Chairman's recommendations have thus always come later in the financial year to which they apply. This year, with protracted wage negotiations and because the new Chairman wanted to assess Board Members for himself, BS are only now in a position to make recommendations for 1983/84. Since last year's recommendations are so late, it is clearly sensible to get back into line with the pattern previously intended (of recommendations early in the financial year) by covering two years at one go.

2 Although the increases for Mr Hares, Dr Milne and Mr Phelps are substantial, I believe they are justified in the light of the increased responsibilities that they have taken on this year (Mr Hares and Dr Milne) and of the contributions that each has made to securing radical changes at BS, under Mr Day's Chairmanship. After careful thought, I have decided that Mr Steele's performance does not warrant an increase. And I am considering further the position of Mr Geoffrey Fuller, who has been discussing with Mr Day a change of role.

3 I hope that you can agree these recommendations. I shall be consulting you and colleagues on Mr Day's salary and performance

JH1AEW



bonus, and on any changes in the non-executives' salaries, in due course.

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

A handwritten signature in cursive script, appearing to read 'Norman', with a large initial 'N' and a horizontal flourish above the name.

NORMAN TEBBIT

APPOINTMENTS IN CONFIDENCE

BS Board Members: Proposed Salaries

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<u>Member</u>	<u>Current</u>	<u>Proposed</u>	
		<u>1983-84</u>	<u>1984-85</u>
Hares, P.D.G.H.	34,650	40,000 (15%)	47,500 (19%)
Milne, P.A.	31,000	34,000 (10%)	37,500 (12%)
Phelps, M.A.	29,125	34,000 (17%)	36,000 (6%)
Steele, J.E. (1)	34,425	34,425 (-)	36,000 (5%)
Fuller, G.H. (2)	35,000	35,000 (-)	35,000 (-)

Notes

1. Unlikely to be recommended for re-appointment. Term expires 18.3.85. Position at Member level will not be continued. Incumbant likely will be offered employment continuity.
2. Will either move to a subsidiary and leave Corporation with privatization or retire on expiration of term 17/8/86

MemO

Current

<u>G Day</u> (Chairman and Chief Executive	80,000 + performance bonus
<u>J Gardiner</u>) part-time	
<u>N Thompson</u>) non-executive members	4,000
<u>R Fox</u>)	

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30 MAY 1954