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10 DOWNING STREET
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From the Private Secretary

16 January 1990

Dear Sara,

SALARIES OF BBC GOVERNORS AND IBA MEMBERS

Thank you for your letter of 12 January which the Prime Minister has seen.

The Prime Minister continues to have concerns about an early announcement of a 20 per cent increase in the salaries of members of the BBC and IBA. She thinks the handling of any announcement will need to be considered further in the light of Ministerial consideration of the forthcoming reports from the Pay Review Bodies.

*Yours
P.G.*

PAUL GRAY

Ms. Sara Dent
Home Office

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From: THE PRIVATE SECRETARY

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HOME OFFICE
QUEEN ANNE'S GATE
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12 January 1990

Dear Paul

SALARIES OF BBC GOVERNORS AND IBA MEMBERS

with pg.

Thank you for your letter of 27 November about the proposed increases in the salaries of members of the BBC and IBA.

The Home Secretary has looked again at the level of the proposed increases in the light of the Prime Minister's comment that most of these positions are not meant to be remunerated by high salaries. He agrees that the salaries should not be excessive, but considers that the Governors and members should be properly remunerated for the demands they have to face.

The intention of the 20% increase, which had been agreed last summer with the previous Chief Secretary, was to go some way towards restoring the pay levels to those of the civil service analogues with which they had originally been linked. Failure to provide for inflation had led to a very large drop in the real value of the salaries by 1980, and improvements in that year followed by TSRB increases subsequently did not recover the ground. The result is that, for example, an ordinary member of the BBC and IBA is paid just over £5,000 a year on the basis of one day a week, equivalent to £25,000 a year on a full time basis. An increase of 20% would bring this up to £30,000 a year.

The Home Secretary believes that we are starting now from a position in which the pay of the two bodies is frankly inadequate by reference to either the importance of the task or the calibre of the people required. These are not honorary appointments, but very important time-consuming jobs. In particular,

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- (a) The Chairmen of the BBC and IBA are in charge of large and influential organisations with accountability to the Home Secretary, Parliament and, not least, members of the public. The decisions which they take can affect the lives of most people in the UK.
- (b) The BBC and IBA boards have heavy workloads, with responsibility for the effectiveness of multi-million pound operations with thousands of staff.
- (c) These responsibilities include :
- decisions on major policy issues, deployment of resources and authorisation of expenditure
 - decisions on the corporate structure, development and forward planning of their organisations
 - oversight of the efficient running of the organisations
 - decisions on broadcasting quality and diversity and on what should be shown in the public interest
 - public accountability for their organisations
- (d) They face new challenges posed by demands for more television time; the proposed changes in the broadcasting industry (including more satellite and terrestrial broadcasting more competition, independent production, and different transmission arrangements); and developments in international broadcasting.
- (e) The current salary levels add to the difficulties of appointing younger people of calibre. Those in mid-career need fair rewards for giving up their time. By way of example, I attach a copy of a recent letter from Richard Hooper making precisely this point in the context of the shadow Radio Authority.
- (f) The salaries of BBC and IBA Chairmen are considerably lower than those of Chairmen of other public boards with no greater and arguably lesser responsibilities eg ACAS, Health and Safety Commission, Monopolies and Mergers Commission and the British Tourist Authority.

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The Home Secretary therefore considers that there is a strong case for substantial increases. This has been a source of concern for some time to those such as George Russell on whom Ministers are relying to manage the industry through a very challenging period. The Home Secretary does not feel that the present rates reward the job that is being done. Indeed he believes that it will in due course be necessary to link the salaries concerned to Grades 1 to 3 of the Civil Service; and the 20% was intended simply to be the first step on that road.

The Home Secretary is now implementing the 5% TSRB increase, but regards it as important to follow this through quickly with the 20% already negotiated with the Treasury. He will then open up discussions with Norman Lamont about the best way to make further progress. He would be grateful for the Prime Minister's approval of this approach.

Yours sincerely
Sara Dent

MS S J DENT

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17 December 1989

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Dear Home Secretary

Thank you for your letter dated 29 November and your invitation to serve as a Member of the new Radio Authority. I am pleased to accept and have informed Chris Scoble accordingly.

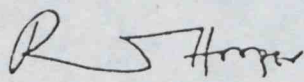
I am happy to give you the necessary assurances which you set out on page 2 of your letter.

There is no conflict of interest with my other activities. I am on the Board as a non-executive director of British Aerospace Communications. (one of the seven licensed Specialised Satellite Service Operators), and also of GA Pindar & Sons which is a family-owned printing and front end processing company. I am an Associate of PA Consulting Group where I head their Information Industry practice on a worldwide basis. I am self-employed and VAT registered through my consultancy partnership Hooper Communications.

Whilst being aware that you will have heard this many times before from other Members of Public Boards, I must point out that the salary offered, equivalent to circa £100 per day, is at a considerable discount to my current fee rates. Whilst one is happy to give public service at some discount to normal commercial rates, the salary offered for the Radio Authority involves a significant commercial sacrifice for someone who is self-employed and is still in mid-career. I would hope that the Top Salaries Review Board can take these points into consideration.

I look forward to working with Lord Chalfont to make the new Broadcasting Bill reality.

Yours sincerely


Richard Hooper

