

PRIME MINISTER

SALARIES OF BBC GOVERNORS AND IBA MEMBERS

Last November the Home Secretary approached you with a proposal to make an early announcement of a 20 per cent salary increase for BBC governors and IBA members. This had previously been agreed with the Chief Secretary. But you were most concerned about such an announcement (see my earlier minute at Flag A). I then asked the Home Office to review the proposals, and the planned announcement was cancelled.

The Home Office now return to this issue in their latest letter at Flag B. Their letter reiterates the case for a 20 per cent increase. In essence it is that salaries have fallen way behind over recent years and that increases are needed to get people of the necessary calibre and to help George Russell manage the industry through a difficult period. Indeed 20 per cent is seen only as the first step in a longer term process of linking the relevant salaries to grades 1 to 3 of the Civil Service.

The Home Secretary therefore proposes to proceed now quickly with the 20 per cent package, and then to discuss with the Chief Secretary how best to make further progress.

- i) Content for the Home Secretary to proceed as he proposes?

or

- ii) Do you want to hold up the 20 per cent announcement for for a further period?

REC.

Paul Gray
15 January 1989
c:BBC (mj)

Yes - we have got the
Pay Review body reports shortly,
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