



DEPARTMENT OF TRADE AND INDUSTRY  
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JF7079  
Secretary of State for Trade and Industry

6 August 1984

APPOINTMENTS IN CONFIDENCE

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

*Very difficult to present*

*Prime Minister's*

*The increases proposed for BT Board members average 18 2/3% for Sir George Jefferson, the figure is 22 1/3%*

*D. Nigel.*

BT EXECUTIVE BOARD SALARIES

Sir George Jefferson wrote to me at the beginning of June making recommendations for very steep increases in salaries to take effect from 1 July. The increases proposed averaged some 40 per cent. He explained that advice from consultants showed that salaries in BT remain far below the salaries paid to those with comparable levels of responsibility in the private sector and he viewed his proposals as the second in a three stage programme of increases which commenced last Summer.

2 I have separately had a recommendation from the BT Board Remuneration Committee composed of BT's non-Executive Members that Sir George Jefferson's own salary should be increased.

3 The salaries at present paid, and those recommended, are in the first two columns of the table that is attached. After extensive discussion with Sir George Jefferson I am persuaded that it would not be right to insist that there should be no increase until privatization and I would like your agreement therefore to the figures in the third column of the table.

4 The increases proposed are not welcome but in reaching the view that they should be accepted I have had in mind the scale of the task BT's Board is taking on in

*7/8*





APPOINTMENTS IN CONFIDENCE

converting BT into a commercial organisation, the level of salaries in some other companies being privatized and the desirability, in the interests of the flotation, of keeping the full co-operation of Sir George Jefferson and his colleagues. These proposals will I believe satisfy the Board without being at the outrageous levels originally proposed. Are you content?

5 I am copying this letter to the Prime Minister and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read 'Norman' with a stylized flourish above it.

NORMAN TEBBIT

Encl



£000

	Existing salary	Original proposals for 1.7.1984	Revised proposals for 1.7.1984
Sir George Jefferson	85	120	105
Mr Vander Weyer	60	90	70
Mr Hodgson	55	No proposal made	65
Mr Vallance	51	80	63
Mr Bett	51	70	62½
Mr Crook	53	65	60
Mr Back	45	70	55
Mr Alvey	47½	65	55
Mr King	50	65	55
Mr Perryman	48	65	55
Mr Booth*	43	65	50
	—	—	—
Total (excluding Mr Hodgson and Mr Booth)	490½	690	580½
	—	—	—
% increase in total		41	18

\*Mr Booth is not yet a Member of the Board, but his appointment has been agreed in principle



N1 Board Salaries

1984

- 6 -

11 12 1 2 3  
4 5 6 7 8 9 10



## 10 DOWNING STREET

### NOTE FOR THE RECORD

I passed on the Prime Minister's comment about the proposal to increase BT Executive Board salaries to the Chancellor's Office and to that of the Secretary of State for Trade and Industry. We should now await Treasury's response.

A handwritten signature, possibly 'D', written in ink.

8 August, 1984