



NBM

AT 5/8

CCNO

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

1 August 1985

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

A handwritten signature in dark ink, appearing to read "Norman Tebbit".

POST OFFICE: BOARD MEMBERS' PAY 1985

You wrote to me on 11 July with revised proposals for 1985 pay increases for members of the Post Office Board.

I am most grateful to you for having looked again at your earlier proposals. I am happy to accept your revised proposals for salaries from 1 April 1985 on the understanding that the 18.0 per cent increase for Mr Cockburn is fully justified by the need to retain him as Member for Mails Operations.

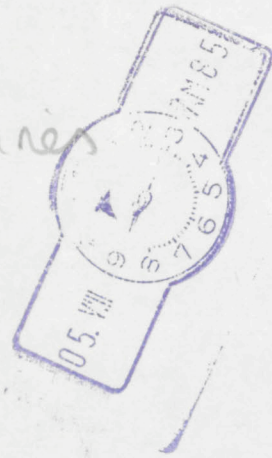
I am copying this letter to the Prime Minister.

NIGEL LAWSON

A handwritten signature in dark ink, appearing to read "Nigel Lawson".

WAS IND PT3

Board Salaries





JU818

Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

11 July 1985

CONFIDENTIAL

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

D Nigel,

POST OFFICE BOARD MEMBERS' PAY 1985

Thank you for your letter of 24 June asking me to look again at my proposals for pay increases for members of the Post Office Board.

... I have done this and the attached table suggests adjustments to my original proposals which amount to an increase of no more than 7.5 per cent on average. I have to say, however, that I am putting forward these modified figures with reluctance. As I reminded you in my letter of 29 May last year when increases for nationalised industries boards generally averaged out at 8 per cent, the average for the Post Office Board was under 6 per cent. The increases sought for this year were designed to go some way to redress the imbalance between salaries of the Post Office Board and private sector market rates, and I remain of the view that the bid for this profitable nationalised industry was justified. I note what you say about the introduction of a performance-related bonus scheme in 1985, but I am not clear what relevance this has to the present discussion on salaries. It has surely always been accepted that the introduction of such a scheme should not act as a substitute for realistic salary rates. Having said that, I recognise that we have set ourselves other objectives too in respect of salaries of nationalised industries boards and therefore, not without some misgivings, I am prepared to suggest this compromise which I hope you will also find acceptable.



I considered very carefully your reservations about a 20 per cent increase for Bill Cockburn and I appreciate that this is not the first time he will have received an above average increase. However, as you know, he is currently receiving more lucrative offers and if we are not prepared to pay him the market rate, then I am afraid we are in very real danger of losing him. At E(NI) we agreed that the arrangements for determining Board salaries should be operated in a robust and flexible way giving particular emphasis to the performance of individuals. I believe that there are compelling arguments for according special treatment to Mr Cockburn and I urge you to agree to the slightly lower increase of £59,000 which I now propose.

Bearing in mind our objective of settling nationalised industries board pay increases within three months. I should be grateful to receive your early agreement to my modified proposals. I do not believe that a settlement for Board salaries now would affect the outstanding pay negotiations for Post Office employees. The main negotiations are out of the way, and the remaining group of any significance - the NCU - are still in negotiations which may well be protracted; but their sight is focused on BT pay levels and I doubt that they will be influenced by a Post Office Board settlement. I therefore see no justification for further delaying a decision on Board pay.

I am copying this letter to the Prime Minister.

A handwritten signature in dark ink, appearing to read 'Norman Tebbit' with a stylized initial 'N' and 'T'.

NORMAN TEBBIT

	Present Salary £	Original Proposal £	Original Proposal %	Revised Proposal £	Revised Proposal %
Sir R Dearing	63,000	70,000	11.1	69,000	9.5
Mr Clinton	46,800	50,000	6.8	49,500	5.8
Mr Cockburn	50,000	60,000	20.0	59,000	18.0
Mr Garrett	48,000	52,500	9.4	52,000	8.3
[Mr Sellers	52,500	52,500	-	52,500	-]
Mr Young	48,000	52,500	9.4	52,000	8.3
Miss Cole	5,700	6,200	8.8	6,000	5.2
Sir C Cornford	11,700	12,200	4.8	12,100	3.4
Mr Gladwin	5,700	6,200	8.8	6,000	5.2
Mr Hodson	5,700	6,200	8.8	6,000	5.2
Mr Moody	6,800	7,300	7.4	7,200	5.9
[Mr Wainwright	12,000	12,000	-	12,000	-]
Average % increase			9.5		7.5 (7.48)

Board Salaries: NHT. ind. \$43.