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## CABINET

## MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

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 PAY OF NATIONALISED INDUSTRY BOARD MEMBERS

 Memorandum by the Lord President of the Council
 

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The time has come for us to consider the pay of the Nationalised Industry Boards this year. So far only two Ministers have approached me with firm requests but the season is now open and more will no doubt be coming in the near future. As the Minister responsible for "co-ordinating" pay for the various Boards I would therefore like to take the minds of colleagues on our policy in this regard.

2. Colleagues will remember that we decided last year that we would no longer have the benefit of the advice of TSRB for Board members' salaries. Sponsoring Ministers were to make up their own minds about what was needed for each of their industries and the Minister for the Civil Service would approve and co-ordinate. Market and managerial considerations were to have a greater role.
3. The Secretary of State for Transport has put to me the following proposals:

Chairman of British  
Railways Board:

A substantial increase in salary together with the right to retain significant income from outside board appointments which are to be made pensionable partly at the expense of BR.  
(Detailed figures and costs will be made available to colleagues when E Committee meets).

Deputy Chairman of  
British Railways Board

A similar increase in salary plus  
certain pension improvements.

The Secretary of State for Transport tells me that he feels  
it necessary to pay increases of the order which he has in mind  
to keep Sir Peter Parker and his Deputy whose appointments  
are due for renewal. He attaches great importance to retaining  
them.

Members of British  
Railways Board

A double figure "holding increase"  
from 1 April 1981 plus further  
increases (unspecified) from  
1 October 1981.

Chairman and members  
of National Bus Company

33-40% increases.

Chairman and members  
of British Transport  
Docks Board

31-58% increases.

4. The Secretary of State for Energy has asked for:

Chairman and members  
of the National Coal  
Board

14-16% increases from 1.4.81 (for  
the Chairman from £48,000 to £55,000)  
plus further possible increases  
from 1.11.81 to bring salaries up  
to TSRB 14 levels revalued by the  
RPI (likely to mean at least a  
further 15%).

5. Doubtless if TSRB had been advising us this year, they would  
have taken the line that until the rates they advised last year had  
been implemented (involving increases of 12% on average) they would  
not wish to recommend new rates for 1981. Given the way we have dealt  
with other public service groups - notably the doctors and dentists,  
top civil servants and MPs - and our attitude generally to pay in the  
public sector I question whether it would be politically wise to go  
as far as implementing last year's TSRB rates across the board let  
alone go to the levels proposed for British Rail and the Coal Board.

6. On the other hand, we have to recognise that staff salaries in  
the nationalised industries have gone up, no doubt faster than we  
would have wished, and this is producing an upward pressure on the  
boards.

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7. My inclination therefore is to say that the increases this  
year for existing board members should fall in the range 6% to 12%  
according to the extent to which exceptional circumstances apply.  
If the settlement date was delayed to bring it into line with that  
of senior management staff the actual increase could be proportionally  
larger to give an annual rate of increase in this range. But this  
is so far behind what the Secretaries of State for Energy and  
Transport propose, and what other sponsoring Ministers probably  
have in mind that I would welcome the views of colleagues on the  
principles which should guide us this year in fixing these salaries.

CS

Civil Service Department

25 June 1981

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