

Prime Minister

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Please send Norman
Foster doc-
this announcement.

The Rt Hon Sir Geoffrey Howe, QC, MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London
SW1P 3AG

MS

26th August 1982

Stan Hoff

NATIONALISED INDUSTRY BOARD PAY: BNO

In accordance with your minute of 28 July to the Prime Minister, I am writing to let you know my proposals for the Board of the British National Oil Corporation.

The BNO Directors' Remuneration Committee has recommended increases of between 3.8 and 15.1 per cent for executive Board members. To ensure that the salaries of part-time Board members continue to be related to those of full-time members, I am proposing that they should receive an increase of 9 per cent. Full details are set out on the attached sheet.

The Corporation's proposals are, I believe, reasonable and in part reflect the fact that salaries of the top three Managing Directors below Board level have had to rise in line with pay levels elsewhere in the oil industry which has created inverse differentials. The relatively large increase for the Deputy Chairman, 15.1 per cent, is justified because of the additional burden of work falling on the post as a result of his new, special responsibilities for oil trading arising out of the split between BNO and Britoil.

Overall these increases are well within the 5-15 per cent bracket suggested at our meeting on 27 July and I hope therefore that you will be prepared to agree to them.

I am sending copies of this letter to colleagues who received copies of your minute to the Prime Minister.

JN
Nigel

NIGEL LAWSON

FULL-TIME MEMBERS

	Present salary	Proposed salary	% increase
Chairman	62,600	65,000	3.8
Deputy Chairman	15,550*	18,000*	15.1
Messrs Ford and Clark	40,650	45,000	10.7
Mr Dantzic	36,400	40,000	9.9
Mr Evans	38,500	42,000	9.1

*takes account of abatement: 15.1 per cent is the increase in the gross salary

PART-TIME MEMBERS

	Present salary	Proposed salary	% increase
	4,000	4,360	9.0

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10 DOWNING STREET

From the Private Secretary

31 August 1982

Dear Julian

Nationalised Industry Board Pay

The Prime Minister has seen your Secretary of State's letter of 26 August to the Chancellor of the Exchequer setting out his proposals for the Board of the British National Oil Corporation. She has suggested that you should consult Mr. Fowler's office over the timing of any announcement of the increases in pay to the BNOC Board members, given the sensitivities of announcing public sector pay settlements during the NHS pay dispute.

I am sending a copy of this letter to John Kerr (HM Treasury), Jonathan Spencer (Industry), Barnaby Shaw (Employment), Anthony Mayer (Transport), Jim Buckley (Lord Privy Seal's Office), John Rhodes (Trade), Lester Hicks (Environment), Gerry Spence (CPRS) and Richard Hatfield (Cabinet Office).

Yours ever

Willie Rickett

Julian West, Esq.,
Department of Energy.

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