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on the board



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Prime Minister

At 'E' on Thursday we necessarily spent a great deal of the available time considering the position of the Chairman of British Rail and I will report back to you on the position here as soon as possible. We did however also decide on the general position of nationalised industry board members. In summary, our view was that as a general rule Board members should be confined to between 6% - 7% but that there should be some scope for flexibility - where, for example, a Board member was being paid less on the Board than he would do off it. Such exceptions could ultimately be considered by 'E' Committee. As you know, I fully support that position.

However, it does leave the question of presentation. The policy will become public when it is presented to the first nationalised industry board. They have been working on the assumption that new unrestricted market rates apply. They will have forgotten the point in your statement of April 7 1981 that such arrangements must be subject to the "general economic climate".

I see the decision we have reached as a general policy concerning the pay of nationalised industry board members. I believe there is every advantage in presenting it as such. The

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fact that the Government have decided on 6% - 7% will be something which the public will understand and welcome. I would suggest that a statement should refer to some limited flexibility to deal with some of the worst anomalies.

What I fear, however is that if we do not make a general statement on the position we will have one public row after another with each one of our nationalised industries. I do not see that there is any point in doing that when by stating our general policy we can make it clear that they are all being treated in the same way. If members of nationalised industries boards want then to challenge the policy that would be a matter for them. But frankly I do not believe they would have a great deal of public support.

I am copying this minute to our colleagues who were present at the meeting of 'E' Committee.

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NORMAN FOWLER

3 July 1981

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