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Confidential Filing

TSRB Membership and Terms of Reference.

Future of the TSRB.

(See also Economic Policy: Part 2: TSRB Reports)

ECONOMIC POLICY

JUNE 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
22.7.80.		 					
25.7.80		12-1-82					
8.8.80							
10.11.80							
14.11.80							
27.11.80							
15.12.80							
12.12.80							
30.12.80							
3.2.81							
17.2.81							
23.2.81							
24.2.81							
27.2.81.							
18.9.81							

PREM 19/426

Man (Logie)

I have removed :-

CSD of 10/9 to Clive
(copy - I already had original).

CSD of 17/9 to Clive

Sir Ian B. of 16/9 to Clive
(copy - I have original)

Clive to Sir Ian of 18/9.
(copy - I had original)

I have left on
your file the papers about

The resignation of Lord Boyle
as Chairman & the
appointment of Lord Plowden
to succeed him.

I had already
made a note on my file
that these papers are
with you and, as they
cover I also the future
of the Review Body & other
policy considerations, you
should have them anyway.
I would prefer not to
have a duplicate set. I
know where they are if
they are wanted. Jan.

12/11.



10 DOWNING STREET

From the Private Secretary

4 March 1981

The Prime Minister has asked me to let you know that we plan to make the announcement of your appointment as Chairman of the Top Salaries Review Body at 3.30 p.m. tomorrow, Thursday 5 March. The announcement will be in the terms which you saw earlier.

The Lord Plowden, KCB, KBE.

Gen
Pyl
SAH

NW

R

Martin - to see

TR

Prime Minister

2

VICE-CHANCELLOR'S LODGE
GROSVENOR ROAD
LEEDS LS6 2DZ

TR

MS

TR

1.3.81

Dear Prime Minister,

Thank you very much indeed for your letter of February 23rd. As I indicated to you, I shall be very happy indeed to continue as a member of the Review Body under Edwin Plender's Chairmanship, and am ~~greatly~~ grateful for your formal act of appointment. I think my office here has also confirmed with Mr Saunders at No. 10 that the wording of the draft P.Q. and reply, is entirely acceptable from my point of view.

I am very grateful for the kind things you say about the work of the Review Body since 1971. Heaven knows - as I for one have always realised - we have presented successive Governments with problems! But I hope we have identified some inescapable issues with

reasonable clarity, and that we have done some work that will last.
For instance I think at our third attempt we got the structure of
ministerial pay in the Commons about right, whatever view be taken of
the amount, though I realise there are still unresolved problems of
how to pay ministers in the Lords. and I'm sure our new system
for the reimbursement of press' expenses, ^{which the Government accepted,} is more satisfactory than the old.

I should, in my last letter as chairman, like once again to pay
a warm tribute to the quality of the advice we have received, and
been able to rely on, from the Office of Manpower Economics. Believe me,
the 'Clegg error' last year over teachers' pay, however much to be deplored,
was utterly untypical of the work of the office as I have ^{experienced} ~~known~~ it
over ten years.

My health is still improving, and I'm confidently expecting on my
March visit to London to be able to attend the meeting of the Review
Body on the 19th.

Yours very sincerely
Edward Boyle

Prime Minister

2

✓ C.O.
C.S.D.

BRIDGEWATER HOUSE
CLEVELAND ROW
ST. JAMES'S
LONDON
SW1A 1DG
01-839 9090

R

2/3

27th February 1981

ffs

228/2

Dear Prime Minister,

Thank you for your letter of February 24th which reached me today.

I write to confirm formally my acceptance of the appointment of Chairman of the Top Salaries Review Body. It will be difficult to follow such an outstanding Chairman as Lord Boyle. I am grateful for the confidence you place in me to do this.

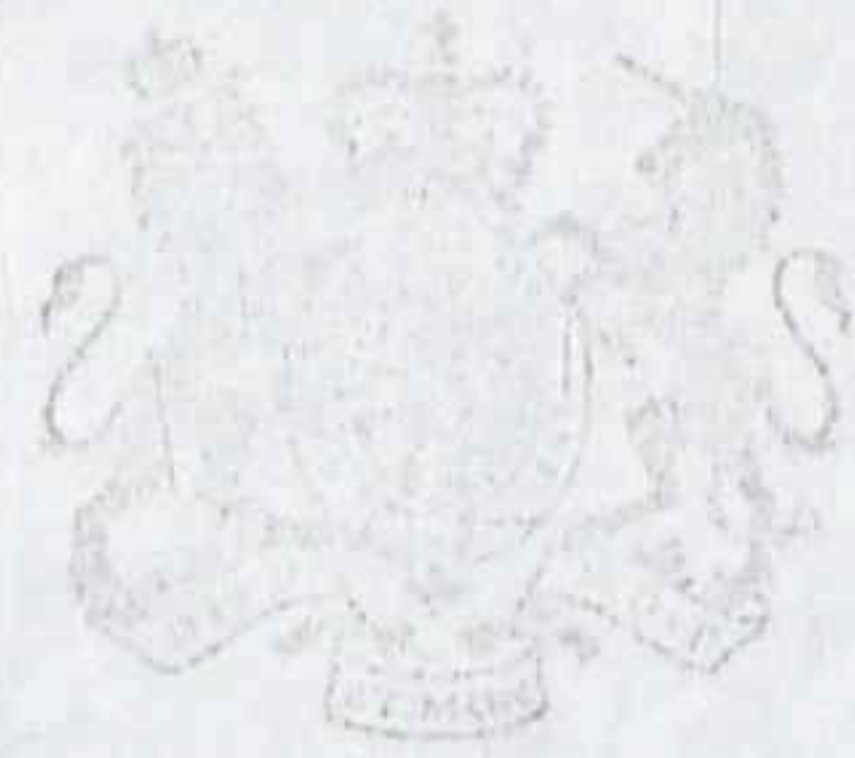
Attached to your letter was a draft announcement of the appointment. So far as I am concerned I have no comments and am happy with it.

Yours sincerely
Leon Rowden

The Rt Hon Margaret Thatcher MP
The Prime Minister
10 Downing Street
London SW1

file

VB



cc: CSJ

CO Econ Pol

10 DOWNING STREET

THE PRIME MINISTER

24 February 1981

Dear Lord Plowden,

I was happy to learn at our recent meeting of your willingness to serve as chairman of the Review Body and I am most grateful to you.

I am writing formally to confirm your appointment which will be, as we agreed, for an indefinite period.

We shall of course need to make a public announcement of your appointment and I think this might best be done in the form of a reply to a Parliamentary Question. I enclose a draft of the announcement in case you wish to comment on it.

Yours sincerely
Raymond Storer

The Lord Plowden, K.C.B., K.B.E.

285

DRAFT PQ TO THE PRIME MINISTER

To ask the Prime Minister if she will make a statement about the chairmanship of the Top Salaries Review Body.

DRAFT REPLY:

Lord Boyle has tendered me his resignation as chairman of the Top Salaries Review Body which I have accepted with great regret. [He is recovering from illness, and] with his other commitments he does not feel that he could at present fully discharge the duties of chairman. I am very pleased that he has nevertheless agreed to stay on as a member of the Review Body. I am deeply grateful to him for his distinguished contribution as chairman since the TSRB was set up in 1971.

I am glad to be able to announce that Lord Plowden, who already has great experience as a member of the TSRB, has agreed to take over the chairmanship from Lord Boyle.

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cc CSD

Econ AB

dsg

10 DOWNING STREET

THE PRIME MINISTER

23 February 1981

Dear Edward

Thank you very much for your letter of 29 January.

It is with deep regret that I accept your resignation from the Chairmanship of the Top Salaries Review Body. Not only will the Review Body be losing a Chairman of great distinction and dedication, but the circumstances which have brought you to this decision are a great personal sorrow to me.

I was delighted to hear of the improvement in your health, and very much hope that it will be sustained, so that you can continue to carry out your duties at Leeds. I fully understand nevertheless that you would not want the additional burden of regular journeys to London.

As you say, Edwin Plowden's willingness to undertake the Chairmanship is good news. I know that he would appreciate your continuing advice and guidance on the Review Body, as would I, and I am happy to appoint you formally as a member.

/ You have

FH

You have made an invaluable contribution to our understanding of a complex and always sensitive subject. The Review Body has, since its inception under your Chairmanship in 1971, proved itself a thorough and sure guide for successive Governments in the difficult field of top salaries. It has built up a unique knowledge of the separate groups. This was in no small part your achievement. On behalf of the Government, I should like to express my deep gratitude for all the work which you have done.

I plan to announce your resignation and succession by Edwin Plowden by means of a reply to a Parliamentary Question. I enclose a copy of the draft announcement in case you wish to comment on it.

Yours sincerely

MT

The Rt. Hon. Lord Boyle of Handsworth.



10 DOWNING STREET

THE PRIME MINISTER

Thank you very much for your letter of 29 January.

It is with deep regret that I accept
~~I have to accept~~ your resignation from the Chairmanship
of the Top Salaries Review Body ~~with deep regret,~~ *not only*
~~because~~ the Review Body will be losing a Chairman of great
distinction and dedication, but ~~also because~~ of the circum-
stances which have brought you to this decision. *and a great*
personal sorrow to me.

I was delighted to hear of the improvement in your health, and very much hope that it will be sustained, so that you can continue to carry out your duties at Leeds. I fully understand nevertheless that you would not want the additional burden of regular journeys to London.

As you say, Edwin Plowden's willingness to undertake the Chairmanship is good news. I know that he would appreciate your continuing advice and guidance on the Review Body, as would I, and I am happy to appoint you formally as a member.

/ In accepting

You have made an

~~In accepting your resignation as Chairman, I am all too conscious of the invaluable contribution you have made to our understanding of a complex and always sensitive subject. The Review Body has, since its inception under your Chairmanship in 1971, proved itself a thorough and sure guide for successive Governments in the difficult field of top salaries. It has built up a unique knowledge of the separate groups. This was in no small part your achievement. On behalf of the Government, I should like to express my deep gratitude for all the work which you have done.~~

I plan to announce your resignation and succession by Edwin Plowden by means of a reply to a Parliamentary Question. I enclose a copy of the draft announcement in case you wish to comment on it.

The Rt. Hon. Lord Boyle of Handsworth



GR

10 DOWNING STREET

ph

ny m

PRIME MINISTER

I attach draft
letters for you to send
to Lord Boyle and
Lord Plowden, accepting
the former's resignation
as Chairman and appointing
the latter to the Chairmanship.

— song clerk

P.P.

T. LANIKESTER

19 February 1981

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*Elon
Bl*

CIVIL SERVICE DEPARTMENT

WHITEHALL LONDON SW1A 2AZ

Telephone 01 273 5400

*Sir Ian Bancroft G.C.B.
Head of the Home Civil Service*

Tim Lankester Esq
10 Downing Street
LONDON SW1

17 February 1981

Dear Tim,

TSRB CHAIRMANSHIP

... As requested in your minute of 3 February
... to Mr Wright, I attach draft letters to
... Lord Boyle and to Lord Plowden. I also
... attach a draft PQ which we suggest might
... be used to announce the change of
... chairmanship.

*Yours,
Jeremy*

JEREMY COLMAN
Private Secretary

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DRAFT PQ TO THE PRIME MINISTER

To ask the Prime Minister if she will make a statement about the chairmanship of the Top Salaries Review Body.

DRAFT REPLY:

Lord Boyle has tendered me his resignation as chairman of the Top Salaries Review Body which I have accepted with great regret. [He is recovering from illness, and] with his other commitments he does not feel that he could at present fully discharge the duties of chairman. I am very pleased that he has nevertheless agreed to stay on as a member of the Review Body. I am deeply grateful to him for his distinguished contribution as chairman since the TSRB was set up in 1971.

I am glad to be able to announce that Lord Plowden, who already has great experience as a member of the TSRB, has agreed to take over the chairmanship from Lord Boyle.

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(Handwritten initials)

DRAFT LETTER FROM THE PRIME MINISTER TO:

The Rt Hon Lord Boyle of Handsworth Bt MA LLD PC
The University of Leeds
LEEDS LS2 9JT

Very much
Thank you for your letter of 29 January, ~~tendering your resignation as the chairman of the TSRB.~~

→ I accept it with deep regret, not only because the TSRB will be losing a chairman of notable ability, but also because of the circumstances which have brought you to this decision.

I was delighted to hear of the improvement in your health, and very much hope that it will be sustained, so that you can continue to carry out your duties at Leeds. I fully understand nevertheless that you would not want the additional burden of regular journeys to London.

Edwin
As you say, Lord Plowden's willingness to undertake the chairmanship is good news. I know that he would appreciate your continuing advice and guidance on the Review Body, as would I, and I am happy to appoint you formally as a member.

→ In accepting your suggestion, *all too* ~~I am very~~ conscious of the invaluable contribution you have made, and will continue to make, to our understanding of a complex, and always sensitive, subject. The TSRB has, since its inception under your chairmanship in 1971, proved itself a thorough and sure guide for successive governments in the difficult field of top salaries. It has built up a unique knowledge of the separate groups. This was in no small part your achievement. ~~I should like to thank you officially and personally for your distinguished work.~~

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I plan to announce your resignation and succession by ^{Edwin} Lord Plowden
... by means of a reply to a Parliamentary Question. I enclose a
copy of the draft announcement in case you wish to comment on it.

~~Once again my gratitude, and my warmest good wishes to you.~~

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DRAFT LETTER FROM THE PRIME MINISTER TO:

The Rt Hon The Lord Plowden of Plowden KCB KBE

I was happy to learn at our recent meeting of your willingness to serve as chairman of the TSRB, and I am most grateful to you. *MS*

I am writing formally to confirm your appointment which will be, as we agreed, for an indefinite period.

We shall of course need to make a public announcement of your appointment and I think this might best be done in the form of a reply to a Parliamentary Question. I enclose a draft of the announcement in case you wish to comment on it.

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10 DOWNING STREET

From the Private Secretary

MR. WRIGHT
CABINET OFFICE

Lord Boyle has now written to the Prime Minister as foreshadowed in Sir Robert's minute of 28 January. I enclose a copy of his letter. I should be grateful if you or Jeremy Colman could now let me have a draft letter for the Prime Minister to send to Lord Boyle, and one also to Lord Plowden inviting him to take over the Chairmanship.

Can I leave it to you to work out with Jeremy Colman who is to provide these drafts: for the latter's benefit I should point out that the Prime Minister did not write as suggested in his letter to me of 27 January because by the time I received it, we were anticipating a formal letter of resignation from Lord Boyle.

I am sending a copy of this minute and enclosure to Jeremy Colman (Civil Service Department).

TPL

3 February 1981

MRB

cc C&D

Econ 151
June 80

DF 17/2/81

HL

HS

3 February 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 29 January. This is receiving attention and a reply will be sent to you as soon as possible.

T.P. LANKESTER

The Rt. Hon. Lord Boyle of Handsworth

THE UNIVERSITY OF LEEDS

Leeds
LS2 9JT
Telephone 31751

From the Vice-Chancellor
The Rt Hon
Lord Boyle of Handsworth MA LLD

Confidential

29th January 1981

R.2/2

Dear Prime Minister,

When I wrote to you shortly after Christmas, I said that I would gladly go along with what I understood to be your wish, namely that I should continue for a while as Chairman of the Top Salaries Review Body, with Lord Plowden filling the role of acting-Chairman in my enforced absence. However I went on to suggest that it would be desirable to announce a change of Chairman well in advance of the publication of the Review Body's 1981 Report.

I feel the time has now come when I should formally tender my resignation as Chairman, with effect - I suggest - from February 1st, and I am delighted to learn that Lord Plowden, whom I saw yesterday, has agreed to be my successor. This will I am sure be most welcome news, not only to myself, but to the Review Body as a whole. May I add that, if this would be in accordance with your own wishes, I should be happy to remain on the Review Body as an ordinary member. I could then continue to receive the papers, and Lord Plowden could discuss matters with me, as with other members of the Review Body, whenever this appeared helpful.

In sending you this letter, I realise that I have held the office of Chairman over a period of nearly nine years, under four Prime Ministers and three heads of the Civil Service. I have owed a great deal to their understanding, to the knowledge and experience and unfailing support of my colleagues, and - no less - to the consistent quality of the work carried out on the Review Body's behalf by the staff of the Office of Manpower Economics under its successive Directors.

I am glad to say that my own health is continuing to improve, and I am now back in the University, not only carrying a normal load for a Vice-Chancellor in terms of chairing Senate and its most important committees; I am also able to attend an increasing number of functions like public lectures and concerts, and to be seen on foot around the precinct. My physical mobility is now greater than I would have dared to hope two months ago. But I am certain for a considerable time ahead to need a residual degree of nursing care, which means that my visits to London must normally be confined to one a month; hence this letter of resignation which on all other grounds I send with great regret.

Yours very sincerely
Edmund Boyle

The Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.

Ref: A04112



2895

1

PERSONAL AND APPOINTMENTS IN CONFIDENCE

Dennis Austin

Contact with Lord Plowden

Should speak to

Yes not

Edward Boyle as suggested

below?

D. 28/1

PRIME MINISTER

When I saw Lord Plowden on 27th January, we also discussed the question of his appointment to succeed Lord Boyle as Chairman of the Top Salaries Review Body.

2. I said that so far as I knew Lord Boyle had not yet submitted his resignation. My understanding of the basis on which it was left at your meeting on 15th January was that Lord Boyle would retire at an early date, and that Lord Plowden would be appointed to succeed him as Chairman of the TSRB. The appointment would not be for a specified period, but my own conclusion from the discussion was that the expectation was that he should serve for at least another 15 months - in other words, at least long enough to complete the 1982 review. Lord Plowden said that he would be content to go ahead on that basis. He would like to leave the length of his appointment open, because of the uncertainty of his and Lady Plowden's plans, but he would regard himself as under a definite obligation to serve for fifteen months and under some degree of commitment to serve for two years - in other words, long enough to complete both the 1982 and the 1983 reviews.

3. We discussed the timing of the change. Lord Plowden said that he was going to see Lord Boyle in Leeds tomorrow. He thought that Lord Boyle was ready to resign the chairmanship, and certainly would not be able to come up to London for meetings, though he retained a great interest in the work. I said that I had no authority to say this, but I thought that, if it would help, he could safely suggest to Lord Boyle that Lord Boyle should resign as Chairman but remain a member of the Review Body. Lord Plowden thought that this was a good idea; it would make it easier for Lord Boyle, who would like to retain his interest in the affairs of the Review Body, and he himself would be glad to be able to continue to consult Lord Boyle. Unless he heard from me, he would suggest accordingly to Lord Boyle, when he saw him.

X



PERSONAL AND
APPOINTMENTS IN CONFIDENCE

4. Lord Plowden said that the terms of office of several members of the Review Body were due to expire after the forthcoming review, and the Government would need to make a number of new appointments. He had been impressed by an observation by Lord Boyle that it took a considerable time to get the measure of the Review Body's work and he thought that, when you came to make new appointments, you would need to be thinking about including a possible successor to him as Chairman, so that he had time to become familiar with the work before taking over. He did not think that any of the existing members would do. Other things being equal, he thought that it would be useful to have as Chairman someone who, like himself, while not currently in the public service, had some experience of it. The volume of work meant that it was unlikely that somebody with a full-time job in industry could take it on and do it justice; it would probably be necessary to think in terms of someone who was at least semi-retired. We left it that we would both give some thought to possible names which we might put in your mind in due course.

5. On the chairmanship, I wait to hear the outcome of Lord Plowden's conversation with Lord Boyle. If that has gone according to plan, it will then be possible to submit to you draft letters to send to Lord Boyle and Lord Plowden. I will arrange all that with Sir Ian Bancroft, to whom I am sending a copy of this minute.

Robert Armstrong

28th January 1981

APPOINTMENTS IN CONFIDENCE



CIVIL SERVICE DEPARTMENT
WHITEHALL LONDON SW1A 2AZ

Telephone 01 273 5400

*Sir Ian Bancroft G.C.B.
Head of the Home Civil Service*

*Copied to Cabinet
office*

p.a.

Tim Lankester Esq
10 Downing Street
LONDON SW1

27 January 1981

Dear Tim,

TSRB CHAIRMANSHIP

... You wrote to me on 16 January telling me the result of the Prime Minister's conversation with Lord Plowden about the chairmanship of TSRB. In the light of this, I attach a draft reply to Lord Boyle's letter of 29 December.

The Prime Minister cannot yet send a formal letter of appointment to Lord Plowden as Lord Boyle has not formally resigned. However, once he has received the Prime Minister's reply to his letter of 29 December, he is unlikely to delay long before doing so. When he does I will provide both a draft reply from the Prime Minister accepting his resignation and thanking him for his service, and a draft letter formally inviting Lord Plowden to take the job.

*Yours ever,
Jeremy Colman*

JEREMY COLMAN
Private Secretary

APPOINTMENTS IN CONFIDENCE

DRAFT LETTER FROM THE PRIME MINISTER TO LORD BOYLE

TSRB CHAIRMANSHIP

Thank you for your letter of 29 December.

I sympathise with your feeling that the next report of the Review Body should not appear over your signature, much though I regret the circumstances which have led you to take this view. I also agree that the most sensible plan would be for ^{Edwin} ~~Lord~~ Plowden to take over the chairmanship. I have spoken to him informally about this and he is prepared to take on the job though he does not yet feel able to commit himself for a fixed period beyond the publication of the next report.

The way is thus open for you to resign formally when you think it appropriate. I will then appoint ^{Edwin} ~~Lord~~ Plowden.



ECON. POL.

HS

10 DOWNING STREET

From the Private Secretary

16 January 1981

~~BF~~ 23.1.81

At the end of the Prime Minister's meeting with Lord Plowden yesterday, they had a word about the Chairmanship. Lord Plowden said that, ideally, he would like to leave the Review Body once the present Review on Senior Public Servants was completed - i.e. by about the beginning of April. At least until he had considered further how it would fit in with other activities, he did not wish to take on the Chairmanship for a fixed term. The Prime Minister said that she hoped very much that Lord Plowden would be prepared to serve as Chairman in succession to Lord Boyle, but she accepted that Lord Plowden did not feel able to commit himself to a one or two year term at the present time. She suggested that he should take over the Chairmanship formally at once, and that the question of the term should be left open for the time being.

Lord Plowden said that he was content to take over on this basis.

In the light of this, I would be grateful if you could now let me have a draft letter for the Prime Minister to send to Lord Boyle, and also - presumably - she will need to send a formal letter of appointment to Lord Plowden.

T

Jeremy Colman, Esq.,
Civil Service Department.

GB

for J. V. ...

cc masks.

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NOTE OF A MEETING HELD IN THE PRIME MINISTER'S ROOM AT THE HOUSE OF COMMONS AT 1800 ON THURSDAY 15 JANUARY 1981

Top copy: Econ. Pol. Part 2
TSRB reports

Present:

- Prime Minister
- Chancellor of the Exchequer
- Lord President
- Sir Robert Armstrong
- Mr. T. Lankester
- Lord Plowden, Chairman of the Top Salaries Review Body (TSRB)

The Prime Minister said she had invited Lord Plowden to discuss the forthcoming review by the TSRB on senior public servants. In undertaking the review, she hoped that the Review Body would take fully into account the general economic circumstances facing the country. The private sector was suffering considerably more than the public sector: as one example, redundancies in the public sector were running at a far lower rate proportionately than in the private sector. Furthermore, private sector settlements were now taking place at a low level - and, particularly taking into account reduced overtime, in some cases earnings were actually falling. In order to moderate the burden on the private sector, it was crucial that the Government should contain public spending. A crucial element in this was public service pay; and although the pay of the groups coming within the TSRB's remit did not have a big direct impact on expenditure, increases for these groups had an effect on settlements elsewhere in the public sector and therefore they had a major indirect effect on spending.

The Prime Minister noted that the TSRB's terms of reference were very wide. In addition to taking into account the general economic background, she hoped that the review would not rely too much on backward-looking comparability; instead, she hoped that they would take into account the actual level of settlements now taking place. She also hoped that they would take account of job security - redundancy figures for recent years suggested that this was much greater in the public sector than in the private sector - and pay factors for cash limits in the Civil Service which would be announced shortly. Finally, she hoped that it would be possible

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for the review to start from the figures which were implemented in 1980, rather than from the previous year's recommendations.

The Prime Minister went on to refer to the offer in Lord Boyle's letter of 21 November that the Review Body might provide advice on how a limited amount of money might best be distributed. The Government might want to pursue this possibility. There was also the question of whether the salaries of the judiciary might be examined separately. Given the difficulty that the Lord Chancellor was now having in filling some of the more senior judicial posts, there was a case for providing larger increases for some members of this group than for the other groups covered by the TSRB - just as exceptions had to be made for the Armed Forces and the police. A separate examination of the judiciary's salaries might make it easier for the Government to treat them rather differently.

The Prime Minister then handed Lord Plowden a copy of the draft letter which had been circulated under cover of Sir Robert Armstrong's minute of 15 January, reference A03999.

Lord Plowden said that he understood the arguments set out by the Prime Minister and he would like to be as helpful as possible. But there were difficulties. The TSRB was in a different position from the other Review Bodies in that their recommendations for 1980 had been accepted in full whereas the TSRB's had been reduced by about half. Consequently, the TSRB already had recommendations on the table which they thought had been right for 1980. To implement them fully in 1981 would mean an approximate 12% increase without any further up-dating. It would be extremely hard to persuade one or two of his colleagues that this year's review should start from the figures which were implemented the previous year. If the figures as recommended for 1980 were broadly right, then they could hardly recommend lower figures for 1981. The Review Body members were conscious that the TSRB had been set up as an independent body, and to do as the Prime Minister had suggested would be seen as compromising that independence.

/Lord Plowden

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- 3 -

Lord Plowden went on to say that, while Lord Boyle's letter had suggested that the TSRB might advise on how a limited amount might best be distributed, he did not believe they would go along with doing this alone. They would have to make some reference to the appropriateness of the previous year's recommendations. On the other hand, if they were to make new recommendations - starting from last year's recommendations - the magnitude of the increases which they would recommend would be very considerable. In the circumstances, he suggested the following possible approach. The Review would point out that their 1981 recommendations had not been implemented and recommend that they be implemented as soon as possible. It would go on to make suggestions, in so far as the Government felt unable fully to implement the 1980 recommendations, about the relative pay of different grades within the various groups. These suggestions would not be quantified; rather, they would give an indication of general priorities. Finally, the Review would say that, if the Government so wished, they would be prepared to advise on how an overall cash figure might be distributed.

Lord Plowden said that if Ministers found this approach helpful, he would need to consult other members of the Review Body before taking it any further. He would then report back to the Prime Minister. It could then be decided what kind of letter the Prime Minister might send him: clearly, the present draft would not be altogether appropriate. It would also be for discussion whether the letter should be published: his present view was that publication would be helpful.

On the question of the judiciary, Lord Plowden said that the 1980 recommendations for some members of that group had probably not been high enough. If the Government so wished, he was sure that the Review Body would be prepared to undertake a separate examination of their salaries.

The Chancellor said that, in his view, the general approach suggested by Lord Plowden seemed helpful. In particular, if the Government decided that it could not afford to implement in full last year's recommendations, it would be useful to have advice on how a smaller amount might be distributed. In deciding how much

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/ could be

could be afforded for the TSRB groups, the Government might take into account the fact that they were the only ones whose recommended increases in 1980 had not been fully implemented; consequently, there might be a case for allowing them to have slightly larger increases than the 6-7% that the Government was likely to be aiming for for the Civil Service.

The Prime Minister said that there was likely to be a major problem if the Armed Forces Review Body recommended large increases. Because the Government was committed to implementing their recommendations, this could all too easily lead to a further big squeeze of differentials between senior officers and lower grades. There was not same problem in respect of senior civil servants because PRU had been suspended and the Government would be negotiating directly with the Civil Service Unions within a low cash figure. Lord Plowden replied that there was indeed likely to be a problem if the AFRB were to come ^{up} with very high recommendations. But he believed Sir Harold Atcherley, the Chairman of AFRB, understood this. He would be seeing Sir Harold, along with Sir Robert Clark, the following Monday, and he would indicate to him the Government's general thinking on the TSRB Review.

Summing up, the Prime Minister said that she believed that the approach he had suggested was likely to be the best available. She suggested that Lord Plowden, after consulting the other members of the Review Body, should get in touch in the first instance with Sir Robert Armstrong. The form of the letter which she would send to Lord Plowden, and whether or not it should be published, would be for further consideration.

The meeting ended at 1900 hours.

PL

16 January 1981

APPOINTMENTS IN CONFIDENCE



CIVIL SERVICE DEPARTMENT

WHITEHALL LONDON SW1A 2AZ

Telephone 01 273 5400

*Sir Ian Bancroft G.C.B.
Head of the Home Civil Service*

Tim Lankester Esq
10 Downing Street
LONDON SW1

9 January 1981

Dear Tim,

TSRB CHAIRMANSHIP

You wrote to me on 31 December asking for Sir Ian Bancroft's advice on a letter to the Prime Minister from Lord Boyle. Lord Boyle had suggested that he should resign as Chairman of the Top Salaries Review Body not later than the first half of March and that Lord Plowden should be appointed to replace him.

... Sir Ian agrees with the Prime Minister that Lord Boyle's advice should be accepted. It is true that none of the other members of TSRB (a list of whom is attached) could or would take on the job and that it would be unwise to bring in an outsider who knew nothing of the work. Sir Ian also feels that Lord Plowden would make a suitable chairman.

As for the length of time Lord Plowden should be asked to serve, Sir Ian is sure that it should be a fixed term and suggests either one or two years after the end of the current review. The shorter period is suggested by Lord Plowden's age (nearly 74) and his desire to cut down on his public commitments. However the longer period would give more time to get a successor properly settled in and is favoured by Lord Boyle. As the arguments are finely balanced Sir Ian feels, subject to the Prime Minister's views, that Lord Plowden should be offered the choice of serving for one or two years from the end of this review.

Lord Boyle is confident that if pressed Lord Plowden would accept the Chairmanship. Sir Ian believes that the chances of persuading him would be greatest if the Prime Minister had a word with him. An opportunity would arise following the meeting between the Prime Minister and Lord Plowden already arranged for 15 January.

APPOINTMENTS IN CONFIDENCE

APPOINTMENTS IN CONFIDENCE

- 2 -

It would be best if the reply to Lord Boyle could await the outcome of the Prime Minister's informal word with Lord Plowden. I will send you a draft as soon as we know what this is.

It is possible that there will be several changes in TSRB membership following the current review, and we have already started to consider possible new members. We will now extend this search to include future candidates for the chairmanship.

Yours, Jeremy Colman

JEREMY COLMAN
Private Secretary

APPOINTMENTS IN CONFIDENCE

TOP SALARIES REVIEW BODY

<u>Member</u>	<u>Date of Appt.</u>	<u>End of Appt.</u>	<u>Age</u>
<u>Chairman</u>			
Lord Boyle	2.11.78	indefinite	57
<u>Members</u>			
Andrew Leggatt QC	12.2.79	unspecified	50
Sir Harold Atcherley	Concurrent with AFPRB membership		62
Sir George Coldstream	2.11.78	indefinite	73
Lady Seear	2.11.78	indefinite	67
Lord Hirschfield	2.11.78	indefinite	67
Lord Plowden	3.11.77	3.11.80	73 (74 in Jan '81)



GC/PA

10 DOWNING STREET

From the Private Secretary

31 December, 1980.

~~JE 7.1.81~~

I enclose a letter from Lord Boyle in which he suggests that Lord Plowden should take over formally from him as Chairman of the Top Salaries Review Body not later than 1 March. The Prime Minister's initial reaction is that this would be the right solution, but she would be grateful for Sir Ian Bancroft's advice. Could you also please let me have a draft letter for the Prime Minister to send to Lord Boyle.

T. P. LANKESTER

Jeremy Colman, Esq.,
Civil Service Department.



10 DOWNING STREET

THE PRIME MINISTER

31 December, 1980.

My dear Quintin,

Thank you very much for your letter of 27 December.

I am very glad that you were able to see Edward Boyle before Christmas. He has himself written to me suggesting that Edwin Plowden should take over the Chairmanship of the Top Salaries Review Body by the first half of March at the latest; and if Edward really thinks he cannot continue, I am sure that will be the best solution.

I take the point about the GLC elections: we will have to look into this.

Yours ever,

(SGD) MT

The Rt. Hon. Lord Hailsham of St. Marylebone, CH, FRS, DL.

MR. WOLFSON

The Prime Minister has asked if you would please take up the point in the attached letter from Lord Hailsham about next year's GLC election, and the suggestion that the Party Organisation in London should report. She has replied to Lord Hailsham saying that we will look into the point.

T. P. LANKESTER

31 December, 1980.

jfh

Eum PA.

30 December 1980

I am writing on behalf of the Prime Minister to thank you for your letter of 29 December which I will place before her at once.

TPL

The Rt. Hon. Lord Boyle of Handsworth.

PRIME MINISTER

At Flag A is a letter from Lord Boyle saying that he hopes you will agree that Lord Plowden should take over formally from him as Chairman of TSRB not later than the first half of March. At Flag B is a letter from the Lord Chancellor making the same point but also drawing your attention to the likelihood that some very left wing Labour people will be elected to the GLC next year.

You have already told Lord Plowden that he should continue as acting Chairman of TSRB for the time-being. If Lord Boyle really thinks he must stand down - and if he is not going to be able to attend the meetings before next year's Report I think we must accept this - I imagine you will agree with him that Lord Plowden should take over as formal Chairman. However, we would normally take Ian Bancroft's advice on this; and if you agree, I will seek his advice. Although Lord Boyle's letter is written in manuscript, it is not a particularly "personal" letter, and I hope you will agree that I should show Bancroft a copy of it.

Yes please
Shall I ask David Wolfson to follow up Lord Hailsham's point about the GLC election and the suggestion that the Party organisation in London should report? I attach a draft reply which you may wish to send to Lord Hailsham.

S. J. Pike

pp TZ

30 December 1980

VICE-CHANCELLOR'S LODGE
GROSVENOR ROAD
LEEDS LS6 2DZ

29.12.80

Dear Prime Minister,

I saw Edwin Plowden on Christmas Eve, and he told me both that you wanted the Review Body on Top Salaries to continue (which I was delighted to learn) and also that you would like me to continue to be Chairman, with Edwin acting on my behalf.

That is fully acceptable to both of us as a temporary arrangement, but I feel I should point out one difficulty. Edwin is determined - rightly - that this year's Report should be submitted as early as possible after April 1st, ^{the date} to which its recommendations will relate. (Of course the work will be significantly less burdensome than in previous years, both for the members of the Review Body and the office, now that the nationalised industries have been removed from our terms of

reference.) When, however, the Report is completed, I do not see how it can rightly appear over my own signature, since whilst I am still receiving papers, I shall not have been attending meetings, nor have heard any of the relevant evidence. It therefore seems to me that my formal resignation as Chairman of the Review Body should not be delayed beyond, say, the first half of March, and Lord Plowden (with whom I discussed the point on my own initiative) would concur in this view.

I should also like to express the hope, very strongly, that you might find it acceptable to ~~propose~~ make him a formal offer of the chairmanship of the Review Body in succession to myself, either sine die, or alternatively for a fixed period (two years? three years?). I know Lord Plowden will shortly be seventy-four (though he seems far younger). But a) he has a quite unique record of experience and responsibility as a most successful senior civil servant (I am thinking

2
Especially of his advice to RAB in the years immediately after 1951), and as chairman, successively, both of a nationalised industry and of a major private company; and b) for a variety of reasons, there is no other ~~exists~~ presently serving member of the Review Body who could, or would, take on the job; Harold Atcherley has served from the beginning, but he is already chairman of the Armed Forces Review Body, and I know he wouldn't want further to extend his responsibilities in this field.

I must also add that I do not believe it would be either right or wise to attempt to bring in an outsider as Chairman, before he had had time to discover for himself the 'inwardness' of much of the work; I'm thinking especially of that part of our remit that relates to the higher judiciary - a very complex area, where we've depended a great deal on the expert advice of Sir George Coldstream.

I am confident that Lord Plowden, if pressed, would agree to take on the chairmanship at least for a fixed term, and strong indications have reached me that such a solution would come as a great relief to the other members of the Review Body. The matter also seems to

me of such importance that I hope you'll forgive an m/s left
as the University, with its typing services, isn't reopening until after
the New Year.

Yours sincerely

Edward Boyle

FROM: LORD HAILSHAM OF SAINT MARYLEBONE



HOUSE OF LORDS,
SW1A 0PW

27 Dec 80

My dear Margaret:

Thank you both for yr. Ch'mas card. I hope you spent a restful Christmas at Ekeghess. I have been alone at home, but with plentiful visits from my family. We had a gigantic Christmas lunch varying from my father in law (94, I think) to my grandchild, Elizabeth (not yet 3)

However the purpose of this letter is to tell you abt. Edward Boyle, who gave me dinner last night at the Stafford Hotel in St. James' Place.

He was sleeping at the Lon: clinic & will have gone back to Leeds by now. He is now down to Gstone.

He says that he plans to come up again in Feb.; but is, I think fully aware of his condition, wh: he is facing with equanimity, ^{fearlessness} clarity of mind, and fortitude.

He evidently wished me to tell you two things.

He wants Plowden to succeed him for however a brief period at the TSRB. He says Plowden is a young 74 and that his Chairmanship wd. enable a new, and younger, Chairman to get to

FROM: LORD HAILSHAM OF SAINT MARYLEBONE



HOUSE OF LORDS,
SW1A 0PW

know the ropes before taking over. Boyle himself will formally resign before the time comes to sign the next report. He said that it wd: be improper for him to do so since he had ~~the~~ not heard the evidence.

He also told me, and I think wd: have wished me to pass on, that the new Labour component of the GLC wh: will be elected in the spring will contain some very dangerous

elements indeed who wd: make Benn look like
an old fashioned Victorian Liberal in comparison.

I think he is likely to be speaking from knowledge
in saying this, and, if so, you shd: be aware of it,
since on present trends they may well be in a
majority. I wd: think it wise to get our London
party organisation to look into their backgrounds
and report.

Best wishes for 1981 and always.

Q.H.

FROM:

THE RT. HON. LORD HAILSHAM OF ST. MARYLEBONE, C.H., F.R.S., D.C.L.



APPOINTMENTS IN CONFIDENCE

HOUSE OF LORDS,
SW1A 0PW

22nd December, 1980

The Right Honourable
The Prime Minister

1. *Mr Patterson*

2. *Ann Whitby*

MB

*IL
27/12*

My dear Margaret:

Top Salaries Review Body

Lady Seear came to see me at the end of last week about the Chairmanship of the TSRB.

You will probably know that Lord Boyle is not well and she told me (rightly, I think) that there can be little prospect of his taking the chair again; indeed, I believe that he thinks of resigning fairly soon. (I may soon know more of this as I am dining with him on Boxing Day.)

Lady Seear told me that the members of the Review Body felt strongly that the right successor would be Lord Plowden. She recognised that his age (he is 74) might be against him; but his colleagues see no sign of failing powers (and nor indeed do I). I gave no indication of support, but told her I would pass on their views. There will be other claims, no doubt, and the plans which Geoffrey Howe is preparing for us to consider may well influence the choice. But you will want to know of the TSRB's own strong support for Plowden.

yrs:

APPOINTMENTS IN CONFIDENCE

→ ~~Mr Patterson~~



to see

T

10 DOWNING STREET

16/12

PRIME MINISTER

This letter from Edwin Plowden raises the question once again of the TSRB chairmanship in view of Edward Boyle's health. I think it would be best for Plowden to continue as acting Chairman, which he is prepared to do.

Yes please.

You can have a word with Plowden about this at the dinner next Tuesday.

TPL

Agreed mb

PM spoke with Ed Plowden

and they agreed that he should continue as acting chairman

12 December 1980

T. 16/12

Sub

12 December 1980

I am writing on behalf of the Prime Minister to acknowledge your letter of 10 December, which I have placed before her. I am sure she will want to have a word with you about it next Tuesday evening.

J. P. LANKESTER

The Lord Plowden, KCB, KBE

Sub

Recd CF
11/12/80

BRIDGEWATER HOUSE
CLEVELAND ROW
ST. JAMES'S
LONDON
SW1A 1DG
01-839 9090

PRIVATE AND CONFIDENTIAL

10th December 1980

Dear Prime Minister,

Since I wrote to you on November 20th about Edward Boyle, he has told me that there has been a deterioration in his health and that he needs considerable help to move about. He says, "happily, one's mental facilities are not in any way affected by this condition", and that he has no pain. Because he is on the spot he is able and determined to continue with his work as Vice-Chancellor of Leeds University. He says, however, "I fear it would be unrealistic to suppose that I shall ever again be able to preside at a meeting of the Top Salaries Review Body", although he still hopes to be able to make a journey to London around Christmas.

If your decision is to abolish the Review Body, there is no problem. If, however, you wish it to continue in some form or another, the question of chairmanship arises. It would be possible for him to remain nominally Chairman and for me to take the chair, but it will become increasingly known that he is unable to attend meetings. None-the-less if you think this politically possible I personally would welcome this solution, even if only for a short time.

At the present time we are in the middle of a comprehensive study of how to deal with the salaries of the judiciary - something to which I know the Lord Chancellor attaches great importance. We hope to conclude this study and that of the other groups for whom we make recommendations and report not later than the beginning of April. Personally I am happy to do whatever you wish, either to act as Chairman with Edward being officially Chairman,

./..

or formally to take over the chair, or to help any new Chairman to play an active part halfway through a somewhat complicated investigation.

It is my intention tomorrow, at Edward's request, to inform the other members of the Review Body of the state of his health.

Perhaps on Tuesday of next week when we meet at dinner you could give me some indication of what you would like me to do. In the meantime we are continuing our work.

Yours sincerely
Edwin. Rowan

The Rt Hon Margaret Thatcher MP
The Prime Minister
10 Downing Street
London SW1

CONFIDENTIAL

MFT

File



cc: LPO
HCO
MOD
DHSS
CO
Econ Pol.

10 DOWNING STREET

From the Private Secretary

27 November 1980

BF 15.12.80

Dear Mr.

I enclose a letter that the Prime Minister has received from Lord Boyle about the Top Salaries Review Body. The Prime Minister would be grateful if the Chancellor would take this letter into account in the preparation of the paper which he is putting to E Committee on the review bodies. The Prime Minister will need to reply to the letter in due course, and I would be grateful for a draft when E have considered the Chancellor's paper.

I am sending a copy of this letter and enclosure to Jim Buckley (Lord President's Office), Michael Collon (Lord Chancellor's Office), Brian Norbury (Ministry of Defence), Don Brereton (Department of Health and Social Security) and David Wright (Cabinet Office).

[Handwritten signature]
The letter

A.J. Wiggins, Esq.,
HM Treasury.

CONFIDENTIAL

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PRIME MINISTER

This is the promised letter from Lords Boyle and Plowden about TSRB: as Lord Plowden warned, they do not seem disposed to take into account general economic considerations in making their recommendations. You will have to reply to this, but I suggest we first ask that the letter be taken into account by the Chancellor in the paper which he is preparing on the review bodies. In the meantime, I have acknowledged.

*A need
not.
TL*

24 November 1980



10 DOWNING STREET

THE PRIME MINISTER

24 November, 1980.

Dear Lord Plowden,

Thank you very much for your letter of 20 November.

I look forward to receiving a letter from you and your colleagues on how the Top Salaries Review Body should operate in future.

I was also glad to hear that you were able to visit Edward Boyle earlier this week, and that he hopes to be able to come to London before Christmas to take a meeting of TSRB. I entirely agree that he should continue as Chairman, even though you may have to take the Chair from time to time.

Yours sincerely,

(SGD) MT

The Lord Plowden KCB KBE

PS I wrote to Edward last week.

RH
2/11.

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MFJ

24 November 1980

I am writing to acknowledge your letter of 21 November which I have placed before the Prime Minister. She will reply to you in due course.

TPL

The Right Honourable Lord Boyle of Handsworth



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

R22/11
CONFIDENTIAL

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW 1

21 November 1980

Dear Prime Minister

My colleagues on the Top Salaries Review Body have told me about your discussion with them following the lunch on 7 November 1980, which I am very sorry not to have been able to attend; and it may be helpful if together with Edwin Plowden who is taking the chair when I am absent, I attempt to clarify our understanding of the Review Body's position in the light of the points you have raised, particularly as to the bearing on our work of economic priorities as defined by the Government.

Our role as we see it is essentially to indicate what we consider to be appropriate levels of remuneration for the groups within our remit, having regard to such factors as the need to attract and retain individuals of suitable calibre, relevant pay comparisons, though I should add that we are not and never have been committed to any simple doctrine of comparability for these groups, and differentials within a given pay structure. In exercising this role it is crucial that we act, and are seen to act, as an independent body; it is not for us, as I am sure you would agree, to attempt to act as arbiters on matters which lie within the economic or political domain.

The Government of course in putting evidence to us may wish to draw attention to economic considerations which it regards as important, and if it so desires may inform the Review Body that it would not find it feasible to implement total increases beyond a certain limit. In that event we should naturally refer to such evidence in our report, but we would not regard it as part of our function to comment on its merits or to take it into account by recommending levels of remuneration lower than we judged to be 'right'.

Once we have reported, the Government will have to decide what shall be done; and we recognise that the Government might take the view that the exceptional economic circumstances justified it in modifying or setting aside our findings. Such an outcome would not in itself be inconsistent either with our independence or with our ability in the long run to continue to do a useful job; our independence would on the other hand be gravely undermined were we to become involved in questions of general policy, or of what can finally be afforded, which must rest with the Government itself.

I think it only right to say, however, that in view of the Government's decision to reduce substantially the amounts we judged to be appropriate under our criteria as from 1 April 1980, it seems inevitable that the results of our present review, although it will be some time before we are able to quantify them, will point to increases of a significant order in the salaries which were actually implemented.

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CONFIDENTIAL

- 2 -

Nonetheless, if the Government decided after receiving our report that it could not allow such increases to be implemented because of overriding economic circumstances, but wished to seek our advice on how the limited amount available could best be distributed to maintain sensible salary structures, we would be ready to provide assistance in that respect.

We are very grateful to you for saying that you will issue a further public statement about the Review Body's position. It was of course only last July that you gave an answer to a written Parliamentary Question, which we welcomed, making it clear that the Government wished the Review Body to continue; but given the way events have moved on since then, a fresh statement in some form is clearly desirable to avoid the growth of speculation; as you will have seen, some rather misleading comments have already appeared in the press. Insofar as the statement might seek to define the Review Body's position in the changed conditions which now exist, we would much appreciate an opportunity to comment on it in draft.

Yours sincerely

Boyle of Handsworth

BOYLE OF HANDSWORTH, CHAIRMAN
REVIEW BODY ON TOP SALARIES

Plowden

PLOWDEN

CONFIDENTIAL

PRIME MINISTER

A letter from Lord Plowden about
TSRB: he promises to let you have a letter
next week on the future working of the TSRB,
and he asks your agreement to Edward Boyle
remaining formal Chairman, even though he
will not be able to attend any meetings until *just*
before Christmas - and then only from time to
time.

I attach a draft reply.

mb

R.

21 November, 1980

BRIDGEWATER HOUSE
CLEVELAND ROW
ST. JAMES'S
LONDON
SW1A 1DG
01-839 9090

Ref

PRIVATE AND CONFIDENTIAL

20th November 1980

Dear Prime Minister.

On Tuesday of this week I went to Leeds to discuss with Edward Boyle the future working of the Top Salaries Review Body in the light of our discussion with you. A possible way of working has now been approved by the Review Body and is set out in a letter to be signed by Edward and also, at his request, by me, which you should receive next week.

So far as Edward himself is concerned, he is still receiving treatment which for a time leaves him exhausted and, as a result of the most recent operation and his fall, he is still on crutches. It is his intention to come to London sometime before Christmas to take a meeting of TSRB, to do various other things in London and possibly to see you. After Christmas he hopes to be able to come more often to take the chair at meetings of TSRB. When he is not able to be there it has been agreed that I will take the chair on his behalf. We shall, however, send him all papers and consult him on a regular basis.

He is most anxious that you personally should know about the state of his health, but that it should not be known to any wider circle. I told him that when we had lunched with you I had told you personally of the state of his health, but had not and did not intend to make it more widely known. He was much reassured that you knew. I also told him of your concern.

./..

If you wish the Review Body to continue and to work as suggested in our joint letter, I have no doubt that for Edward to work in the way I have proposed above will allow him to continue to make a contribution to the working of TSRB. Equally important, it will also be a most important psychological support to Edward's attitude of mind which shows a determination not to give in. I hope, therefore, you will be agreeable to this way of working.

Yours sincerely
Edwin Rowden

The Rt. Hon. Margaret Thatcher, MP,
The Prime Minister,
10 Downing Street,
London SW1 OAA

Alan Rod

FILE



10 DOWNING STREET

THE PRIME MINISTER

14th Nov. 1960

Dear Edward.

A note, dictated I think, to say how much we missed you at the Top Science Review Body lunch. I enjoyed it very much and we had an interesting discussion. None of us can divorce ourselves from the performance of the economy; the problem is how to take it into account when making recommendations. I shall have to consider the specific terms of reference

Rd

and whether they could be modified in any way; further whether government should give evidence on the general economic scene. Apart from these two matters, I am very concerned that judges should be dealt with separately. Their position is unique and vital to the whole functioning of a free society.

What changes have come over the House of Commons since some day here! And I fear for the future. Last week was the first time I have ever seen a leader of the Opposition not support the throne. All good wishes.

Yours ever
Raymond

RESTRICTED

(ECON POL)

VLS

Subject



10 DOWNING STREET

cc LCO ✓ Watson
HMT ✓ Hoskyns
MOD ✓ Ingham
DHSS ✓ Vereker
CO ✓

From the Private Secretary

10 November 1980

As you know, the Prime Minister gave a lunch last Friday for the members of the Top Salaries Review Body. Lord Boyle was unable to be present. The Lord President and the Lord Chancellor also attended the lunch.

The following are some points which came up in discussion.

The Prime Minister explained why the Government had been unable to implement the TSRB's recommendations on public servants' and MPs' pay earlier this year. Despite this, it was the Government's intention that the Review Body should continue in being. But the Government would wish to put in evidence to them so that in future reports they could take into account the total economic context. She intended to write to Lord Boyle setting out the Government's views on the future of the TSRB when she and her colleagues had been able to consider the position further.

In response, Lord Plowden said that the TSRB was not capable of making an overall economic assessment. All that they could do was to compare the pay of the review groups with suitable analogues outside and to make recommendations accordingly - though taking into account supply and demand factors as well where possible. They could look at the "impact of the outside" on the particular groups, but not at the impact that proposed salaries might have on the rest of the economy. Sir Harold Atcherley added that the Review Bodies would lose their credibility if they began to take into account political and general economic considerations. They could certainly spell out some of the wider considerations which the Government might have to take into account in reaching a decision on their recommendations; but they could not base their recommendations on these considerations. Lord Soames pointed out that, insofar as the Government was committed to honour the recommendations of the Armed Forces Review Body, this was a dangerous prescription. It simply would not do for the AFRB to ignore the wider economic factors, and in putting evidence to the AFRB, the Government would hope to ensure that this did not happen. Lord Plowden said that he and his colleagues on the TSRB would be writing

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to the Prime Minister setting out their own views on how the TSRB should operate; when Ministers had considered their views, he hoped that the Government's position on how the Review Body should in future operate would be made public.

There was also some discussion of the particular issue of judges' pay. Mr. Leggatt said that the Lord Chief Justice, in giving evidence to the TSRB, had expressed concern about the recruitment of new judges, rather than about the adequacy of pay for existing judges. The Lord Chancellor said that, although there were some benefits from being on the Bench which could not be readily measured, the pay problem was beginning to cause recruitment difficulties. The Prime Minister said that she would like to consider asking the TSRB to look at judges' pay separately from their review of other top public servants and at a different time of year. It was absolutely crucial to maintain the quality of the judiciary, and it might be possible to achieve more adequate remuneration if the decision on it did not have to be taken alongside all the other groups.

Other points were:

- (i) Sir Harold Atcherley said that all the Review Bodies felt that the Government Actuary underestimated the value of the index-linked pension;
- (ii) Lord Hirschfield referred to the problem of what should be the starting base for the TSRB's recommendations for 1981. His own view was that they should start from the pay levels which the Government had implemented in 1980, but others on the Review Body felt that the recommended pay levels for 1980 should provide the starting point.

I am sending copies of this letter to Michael Collon (Lord Chancellor's Office), John Wiggins (HM Treasury), Brian Norbury (Ministry of Defence), Don Brereton (Department of Health and Social Security) and David Wright (Cabinet Office).

T. P. LANKESTER

Jim Buckley, Esq.,
Lord President's Office.

RESTRICTED

BRIDGEWATER HOUSE
CLEVELAND ROW
ST. JAMES'S
LONDON
SW1A 1DG
01-839 9090

Princess

2

7th November 1980

*R
y/k*

18/11
Dear Prime Minister

ms.

Thank you for a most delightful lunch and for what was for us a most useful discussion.

As agreed, we will prepare a note setting out our understanding of the criteria on which we should prepare our next Report.

As you know, Edward Boyle is for the present unable to come away from Leeds and, as you will undoubtedly understand, I would want him to see the note before I send it to you. It may therefore be a few days before I can write to you again.

*Yours sincerely
David Rowden.*

The Rt Hon Margaret Thatcher MP
The Prime Minister
10 Downing Street
London SW1



Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

From the Private Secretary

6 November 1980

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

Dear Tim,

... I attach the brief which you requested for the Prime Minister's lunch with the Top Salaries Review Body tomorrow.

I am copying this to Michael Collon in the Lord Chancellor's Office.

*Yours sincerely,
Jim Buckley.*

J BUCKLEY

TOP SALARIES REVIEW BODY: LUNCH WITH THE PRIME MINISTER

The Top Salaries Review Body are coming for lunch with the Prime Minister on Friday, 7 November. The Lord Chancellor and the Lord President will be attending. Loyd Boyle himself is unable to be present.

2. The lunch has been arranged for some time, primarily as a social occasion, stemming from the Prime Minister's meeting with Lord Boyle on 21 July. Briefing notes on the members of the Review Body and on the points which might arise, mainly relating to the Government's decisions on TSRB reports Nos 14 and 15, are attached.

3. However, although the members of the Review Body may not raise it at the lunch, an awkward question arises about the future work of the TSRB, in the light of the necessity for a low level of pay increases in the public sector. The current position is that the Prime Minister announced in a Written Answer on 4 August that the three pay review bodies should continue to make recommendations on the groups within their terms of reference. The Prime Minister has also told Lord Boyle that, as he suggested when they met on 21 July, the Government will consider putting in evidence on relevant economic considerations during the course of the TSRB's deliberations.

4. If the question of the future of the TSRB does come up at the lunch, the Prime Minister may wish to stress the overriding need for public sector pay increases to be kept low, but to say that the Government has not yet decided exactly how to deal with top salaries in the forthcoming round and that she will be in touch with the TSRB about this as soon as possible. It would be best to avoid any substantive discussion on this point, especially since Lord Boyle himself will not be present and we understand that he would prefer to deal with the matter in correspondence.

Confidential background note

The difficulty of reconciling the Review Body system in the coming round with a pay factor announced for cash limit purposes is even more acute in the case of the TSRB than with the other two Review Bodies, because the other Review Bodies' recommendations for last April were implemented in full, while the TSRB's were cut by half. This means that increases averaging about 12% would be necessary next April for the TSRB groups to bring them up to the recommended levels for last April. (In the case of MPs the figure is about 5% and the operative date June). Even if the TSRB give weight to the Government's evidence on the state of the economy they may be very reluctant to make recommendations for lower salaries in April 1981 than they recommended for April 1980. The main options for Ministers would therefore seem to be as follows, none being without difficulty (and it is not suggested that specific options should be discussed with members of the Review Body at this stage):-

(a) To leave it to TSRB to decide whether to go ahead with their forthcoming review, but to warn them in advance that the Government will find it difficult to accept recommendations which are inconsistent with the Government's approach to pay for the public services this year.

(b) To suspend the TSRB for this round.

(c) To abolish the TSRB.

Both (b) and, to an even greater extent (c), would be difficult to reconcile with the statement made in August.

2. The future of the TSRB will have to be considered by Ministers at the same time as they make decisions about what should be said to the other two Review Bodies. This is a further reason for avoiding discussion of this issue, except in the most general terms, at the lunch.

TOP SALARIES REVIEW BODY: BRIEFING NOTES

Membership

1. The present membership of the Top Salaries Review Body is:

Chairman:	Lord Boyle
Members:	Andrew Leggatt Esq QC
	Sir Harold Atcherley
	Sir George Coldstream
	Lady Seear
	Lord Hirshfield
	Lord Plowden

... Notes on the members are attached at Annex A. Lord Plowden, Lord Hirshfield, Sir George Coldstream and Sir Harold Atcherley may well be contemplating retirement after this year's Review. Lord Boyle himself is not at all well. Lord Plowden is deputising for him pro tem. We are currently searching for a replacement for Sir John Clark who resigned last year.

Reports Nos 14 and 15

2. The Prime Minister may wish to reiterate to the full Review Body the reason for the Government's decision to reduce the increases which the Review Body had recommended in their last two reports, Nos 14 and 15. In order to combat inflation the Government considered it essential that the rise in average earnings be reduced and that these top public sector groups should give a lead. In the words of the general commitment to accept Review Body recommendations, this was a "clear and compelling" reason for not implementing the recommendations in full.

3. There are various particular problems which have arisen from this decision, some of which were mentioned by Lord Boyle at his

meeting with the Prime Minister. These include:

(a) Judiciary. Lord Boyle was anxious about the salary relationships between judges and barristers which had resulted from the decision in TSRB 14. If the Review Body raise this point again, the Prime Minister might wish to say that she is very conscious of the need to attract good barristers to the bench but it would not be right wholly to exclude the judiciary from any general restraint in public sector pay increases.

(b) Higher Civil Service

The Review Body may question the Government's decision on the Under Secretary rate, since they had specifically been asked to examine the problems of the interface between that rate and the Assistant Secretary rate, where differentials had narrowed in recent years. They had consequently recommended a sufficient increase to maintain a differential which the Government then reduced. The Prime Minister will wish to point out that the Government held down the increases for Assistant Secretary and Senior Principal as well, so that differentials were maintained to the extent that was possible within the wider constraints of economic targets. She may also wish to add that the problem may arise because pay research procedures do not take sufficient account of considerations such as job security. Sir Bernard Scott's inquiry into the value of civil service pensions and job security will report before the end of the year and its findings should help to establish how far this is the case.

(c) MPs' Pay

Members of the Review Body will be aware that MPs voted in July to link their pay with that of a public sector grade. They will also know that the Government has recently circulated a factual paper to all MPs which

sets out the arguments against linkage but goes on to say that if the House of Commons insisted on it, it would be important to devise a scheme which avoided the worst disadvantages. The Review Body has recommended strongly against linkage on several occasions. The Prime Minister might wish to reiterate that the Government are opposed to linkage, for very much the same reasons as the Review Body, and will attempt to dissuade the House from pursuing it. The scheme outlined in the factual paper is very much a second best. Members of the Review Body may ask for more details of this scheme. They are given in Annex B. The Chancellor of the Duchy of Lancaster is currently consulting the Parliamentary parties about linkage and the House will be debating the issue again in the near future.

There are two other outstanding issues arising from the consideration by the Commons of TSRB Report No 15, though they are likely to be of less concern to Review Body members. The first is the vote by the House to give MPs the full TSRB recommended salary rate of £13,750 for pension purposes. The Government is urging the House to accept £13,150 and feels that if the full rate is given to MPs, it will be virtually impossible to deny it to the other groups in TSRB whose salary increases were curtailed in the same way as that of MPs. The second issue is the demand by MPs for a faster accrual rate for their pensions. The Review Body recommended this year (TSRB Report No 13) against any change in the accrual rate and the Government is of the same mind. Both these issues will also be debated again by the House.

(d) Nationalised Industry Board Salaries

These have now been removed from the TSRB's remit, as they themselves recommended. The Prime Minister will remember that new flexible arrangements

for these salaries were agreed among Ministers in July. These are being discussed by the Nationalised Industries Chairmen's Group.

4. Range Pay for Higher Civil Service

There have been developments on the question of range pay for the Higher Civil Service. The Review Body members are aware that the Government is considering the relationship between pay and performance. They have expressed approval of the idea of range pay in the past. They have not yet been consulted on the details of the pilot scheme for Under Secretaries currently under discussion. The Prime Minister may wish to tell them that the intention is to invite their comments on this scheme before it is implemented.

Review Body members may be concerned that acceptable levels of increase for 1981 will not leave room for the introduction of a sufficiently wide salary range for the pilot scheme to be effective. The Prime Minister may wish to say that this is one of the considerations which Ministers will need to bear in mind, when they make decisions later this year.

5. Lords Ministers' Pay

In her statement on 7 July on the Government's response to TSRB Reports Nos 14 and 15, the Prime Minister said,

"Although Junior Ministers in the House of Lords now receive a secretarial allowance of £1,000, which we propose to increase to £1,100, they do not receive any salary specifically in respect of their parliamentary duties. This is a very real problem, and we propose to consider how the arrangements for their remuneration should be revised to take account of it."

The Review Body have previously considered the case for giving Ministers in the Lords more pay and have rejected it. Review

Body members may therefore want to ask about Government thinking. The Prime Minister might wish to say that Lords Ministers have similar departmental duties to Commons Ministers but they also have to undertake a good deal of work in the Lords on behalf of other Departments. Yet as they have no parliamentary salary their total remuneration is significantly less than that of their Commons colleagues. The Government have not yet made final decisions. (As the Prime Minister will recall a group of officials have reported on what might be done and Cabinet is due to discuss the issue on 13 November).

TOP SALARIES REVIEW BODY

Chairman:

The Rt Hon Lord Boyle of Handsworth (57)

Vice-Chancellor of Leeds University since 1970. First appointed Chairman of TSRB in 1971. Former MP 1950-70 and Minister at HM Treasury and Department of Education and Science. Trustee of the British Museum and President of the Institute of Public Administration.

Members:

Sir Harold Atcherley (62)

Formerly Personnel Co-ordinator, Royal Dutch Shell 1964-70 and Recruitment Adviser to the Ministry of Defence 1970/71. Appointed Chairman of the Armed Forces Pay Review Body and Member of TSRB in 1971. Chairman of Tyzack & Partners since 1979.

Sir George Coldstream QC (72)

A barrister and former Permanent Secretary to the Lord Chancellor 1954-1968. Member of TSRB since 1971. Part-time Chairman Industrial Tribunals.

Lord Hirshfield of Holborn (67)

Joint Senior Partner Stoy Horwath & Co, Chartered Accountants. Chairman Horwath & Horwath (UK) Ltd Management Consultants & President Horwath & Horwath International. Founder and Chairman Trades Union Unit Trust Managers Ltd since 1961. A former Deputy Chairman Northampton Development Corporation 1968-76. Admin Trustee Chevening Estate since 1970. Member TSRB since 1975.

Andrew Leggatt QC (50)

Recorder of the Crown Court since 1974. A QC since 1972. ACAS Arbitrator since 1974. Appointed to TSRB in 1979.

Lord Plowden (73)

President Tube Investments since 1976 (Chairman 1963-76). Chairman Police Complaints Board since 1976. Chairman Police Negotiating Board since 1979. Member of TSRB since 1977.

Baroness Seear of Paddington (67)

Formerly Reader in Personnel Management, University of London. Retired 1973. President of the Institute of Personnel Management 1977-79. President Women's Liberal Federation 1974. President of the Liberal Party 1966-68. Member of TSRB since 1971.

POSSIBLE SCHEME FOR LINKAGE OF MP'S PAY

- i. Every five years or so the proper level of MP's pay would be independently reviewed. Perhaps the Review Body would be willing to undertake these reviews.
- ii. Between reviews MP's pay would increase annually in line with the increases (if any) of a basket of civil service grades.
- iii. The basket would contain a wide range of grades to avoid both the identification of MP's pay with that of any particular grade in the civil service and the idea that the work of MPs could be equated with that of a specific civil service group. The range of grades would be such as to include pay rates both above and below that of MPs so that differential movements in higher and lower rates would be balanced out. A possible basket would include all grades in the Administration Group between HEO and Assistant Secretary plus equivalent grades in the Science and the Professional and Technology groups.
- iv. The pay increase for MPs would be the average of the increases in the maximum of the scale for each grade in the basket.
- v. MPs would continue to have their pay increased on their current review date (13 June) but if there were staging for civil service pay increases, there would also be staging for MPs. If one of the grades in the basket settled late, MPs would get an increase based on the management offer for the outstanding grade which would subsequently be adjusted to take account of the final settlement.

MR. WHITMORE

Prime Minister

Mrs Goodchild,

Concern with the seating plan?

It is a great pity not have Boyle
with us then. tbl 6 xi
tbl 5 xi

Lunch for the Top Salaries Review Body
Friday, 7 November

I attach the list of guests attending the lunch
together with a draft seating plan. If you agree the
seating plan, please could it go into the
Prime Minister's box.

Lord Boyle will not now be coming due to a bad leg.

Sue Goodchild

5 November 1980

[Handwritten signature]

LIST OF GUESTS ATTENDING THE LUNCHEON TO BE GIVEN BY THE PRIME MINISTER
FOR THE TOP SALARIES REVIEW BODY ON FRIDAY, 7 NOVEMBER 1980 AT 1.00 PM FOR
1.15 PM

The Prime Minister

The Rt. Hon. Lord Hailsham of St. Marylebone

The Rt. Hon. Lord Soames

The Lord Plowden

The Lord Hirschfield

Sir Harold Atcherley

Sir George Coldstream

The Baroness Seear

Mr. Andrew Leggatt

Mr. Tim Lankester

mb

KLE

R H

Party
members

BF 6.11.80

24 October, 1980

Following the Prime Minister's meeting with Lord Boyle on 21 July, she decided that she would like to invite the members of the Top Salaries Review Body to lunch. This has been arranged for Friday, 7 November, and I would be grateful if you could let me have a brief - to reach me by the previous evening.

I. P. LANKESTER

Jim Buckley, Esq
Lord President's Office



10 DOWNING STREET

THE PRIME MINISTER

8 August 1980

KPB.
Econ PA

e LPO.
CO.

cc. Parliamentary Members:-
MP's Pay: Pk 3

When we met on 21 July I explained to you the reasons for the Government's proposals on the pay of the groups covered in TSRB Reports Nos. 14 and 15. I have since written to you to tell you that the Government wished TSRB and the other two Pay Review Bodies to continue to make recommendations on the groups within their terms of reference. I made a public announcement to that effect on 4 August.

I am writing now to let you know formally of the Government's decisions on TSRB 14 and 15 in the light of the debate in the House of Commons on 21 July. As you know, the Government believe that it is essential to reduce the level of pay increases in the public sector and that it is right to expect those in positions of responsibility to give a lead in this respect. We therefore proposed that the groups covered in TSRB 14 and 15 should receive pay increases substantially below those recommended by the Review Body. I attach a table showing the increases for each group. In the case of MPs' pay, the House of Commons was required to vote on our proposals and Members accepted that their salaries should increase by only 9.6 per cent. However, the House passed the following amendments to the Government's motions:

- (i) That MPs' pay for pensions purposes should be £13,750; our proposed rate was £13,150.

/(ii)

B

- (ii) That MPs' salaries should be linked to a "specified grade in the Public Service."
- (iii) That the accrual rate for MPs' pensions should increase from 1/60th to 1/40th of pensionable pay for each year of service.
- (iv) That the secretarial allowance should be £8,000; our proposed rate was £7,400 (a 9.6 per cent increase on the current rate).

We have decided to accept the views of the House on the secretarial allowance. £8,000 is, of course, the rate which the Review Body recommended. The other three amendments raise serious difficulties. If we accept that the pensionable pay of MPs should be £13,750, the full TSRB recommended rate, we do not believe that we could, in equity, deny a similar concession to the TSRB 14 groups and this would be relatively expensive. You will be aware of the problems with linkage: the Review Body has argued cogently against it several times. The 1/40th's accrual rate is the most difficult of all. If accepted it could have very widespread and expensive repercussions indeed.

In the light of these considerations, we have decided to circulate a factual paper to individual Members pointing out the implications of the amendments on pensions and linkage. The House will be offered a further opportunity to debate these matters in the autumn in the full knowledge of the effects of their decisions.

You have previously indicated that the Review Body would be willing to review MPs' and Ministers' pay on an annual basis and I would now like to ask you formally to undertake such a review for 1981. The resolution of the linkage question will of course have implications for your work on MPs' pay and I will write to you again when matters are clearer, probably in the autumn. I would also be grateful if you could review next year MPs' secretarial allowance, Peers' expenses allowance and the secretarial allowance of Ministers in the Lords.

/As you know,

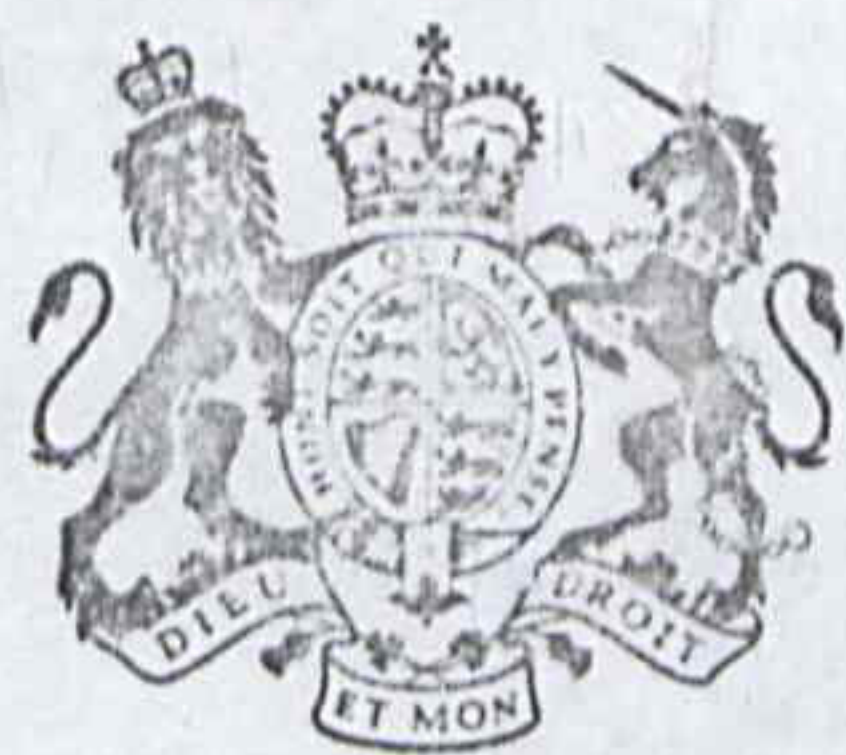
As you know, the Government has decided to take nationalised industry board members' salaries out of the Review Body's terms of reference, a change which you yourselves recommended. We do not wish to change the Review Body's terms of reference in any other way but, as you suggested when we met on 21 July, the Government will consider putting in evidence on relevant economic considerations during the course of the Review Body's deliberations.

Finally may I clarify one small point. The Government have given a lead of £1,000 to medical Major Generals and their equivalents over the ordinary Major General salary. This is a new departure, the reason for which is that the Armed Forces Pay Review Body recommended a rate for Medical Brigadiers of £21,000. The Government accepted this recommendation and in order to give medical Major Generals a differential over Medical Brigadiers, decided to give the former a salary of £21,500.

Let me thank you and the other members of the Top Salaries Review Body once again for all your efforts. They are greatly appreciated by the Government.

(sgd) M T

The Rt. Hon. Lord Boyle of Handsworth.



10 DOWNING STREET

From the Private Secretary

25 July 1980

BF 11 10.8.80

I gather the Prime Minister mentioned to Lord Boyle when she saw him earlier this week, that she would like to have the members of the Top Salaries Review Body to lunch at 10 Downing Street. I wonder whether Tuesday 14 October would suit Lord Boyle and the others. I know it is rather far ahead but the Prime Minister's diary for lunches and dinners is, unfortunately, booked up until then.

If you think that this is a convenient date we will of course send personal invitations to the others.

CAROLINE STEPHENS

The Private Secretary
to The Rt. Hon. Lord Boyle of Handsworth

14 October does not suit them
so now arranged for Friday
7th November - Sine Goodchild
leaving.

op



PRIME MINISTER

PRIME MINISTER

I gather you wish to have a meeting with the Top Salary Review Body, possibly a lunch, in the near future.

I really cannot put anything more into the Recess Diary. Would you be happy for this to take place in the autumn?

AS. Yes
no

24 July 1980

*addresses Responses
Economic
c/o the Secretary*



10 DOWNING STREET

MISS STEPHENS

The Prime Minister wishes to have the members of the Top Salary Review Body to No. 10 sometime in the recess. The members are:-

Lord Boyle

Sir Harold Atcherley

Lord Hirshfield

Andrew Leggatt

Lord Plowden

Baroness Seear

Sir George Coldstream

I would think a lunch would be the best thing. But you will probably want to consult the Prime Minister.

Tina

C.

23 July 1980


CONFIDENTIAL

Evan P.S.

*cc Comparability
Pt 3.*

Ref. A02690

PRIME MINISTER

The Review Bodies: Membership and Terms of Reference

(E(80) 59)

BACKGROUND

In previous discussion it was agreed that further thought should be given to the possibility of tightening the terms of reference and changing the membership of the three Review Bodies - the Armed Forces Pay Review Body (AFPRB), the Doctors and Dentists Review Body (DDRB) and the Top Salaries Review Body (TSRB). The Lord President's note covers a report by officials on these issues.

2. The note by officials points out that, while the members of the TSRB can be changed at any time, those of the other two bodies have fixed appointments and for the most part the terms of the present members continue until the end of 1981 or 1982. It goes on to make the obvious point that any blatant attempt to alter the membership in order to encourage recommendations more in accordance with the Government's wishes might easily backfire. The doctors and dentists could be particularly troublesome in this respect (you will remember that last year they were arguing for the DDRB to be slanted more in their direction). And of the three Review Body groups the doctors and dentists alone have the power to cause real trouble and expense to the Government.

3. On terms of reference, officials point out that it is open to the Government to submit evidence to the review bodies about economic considerations which should be taken into account, and that this could be done with or without a change in the terms of reference. The risk of changing the terms of reference is that the Government could then reduce its freedom for manoeuvre since it might be difficult to reject recommendations which the Review Bodies claimed already took account of economic considerations as put to them by the Government.

CONFIDENTIAL



CONFIDENTIAL

4. In his letter to you of 16th July Lord Boyle advises against changes in the TSRB's terms of reference. He would prefer an informal understanding whereby before the Review Body reached conclusions they could receive oral evidence from senior Ministers on the Government's overall view of the pay situation. Since then you have discussed these matters with Lord Boyle and may wish to convey the results to your colleagues.

Item 1 — 5. In his memorandum (E(80) 71) the Chancellor of the Exchequer agrees that the terms of reference should not be changed; in part because he fears that the spelling out of the need to take account of economic factors would lead to pressure to specify other factors also, such as the role of comparability. He does not ask for any changes in membership apart from care in the making of new appointments. He recommends an announcement that the Government intends that the pay levels of groups covered by the review bodies should be fixed at levels which take economic considerations into account.

HANDLING

6. After the Lord President and the Chancellor of the Exchequer have spoken the Secretary of State for Defence and the Secretary of State for Social Services may wish to comment on the AFPRB and the DDRB. The Chancellor of the Duchy of Lancaster and the Lord Chancellor may wish to comment on their interests in the TSRB.

7. There is likely to be broad agreement that no specific new measures should be taken to change the terms of reference or the membership of the Boards. Subject to this the main questions are:

- (i) Should Ministers offer informal advice on economic considerations to each of the Boards?

This would meet Lord Boyle's proposal and could also apply to the two other Boards. Although the advice would be informal, Ministers would have to recognise that it would probably become public knowledge.

CONFIDENTIAL

- (ii) Should the relevance of wider economic considerations be announced?

This is the proposal in paragraph 17 of the Chancellor of the Exchequer's paper (E(80) 71). He wishes to announce this decision at the same time as those on Pay Research and Clegg. It would be bound to provoke questions over who would advise on such economic considerations and how. The Committee will wish to consider whether it could lead to pressure for the Government to set out its position formally rather than informally.

- (iii) What needs to be done on the proposal to link MPs' pay with that of the Civil Service?

The Committee might invite the Chancellor of the Duchy to consider this further with the Lord President and the Chancellor and to make proposals.

- (iv) Are the arrangements for the nationalised industries now satisfactory?

There has been an extensive correspondence on the Lord President's minute of 1st July to you about these new arrangements. The Lord President will wish to consider these comments and we will advise you on whether a separate discussion is necessary.

On string in
Action folder

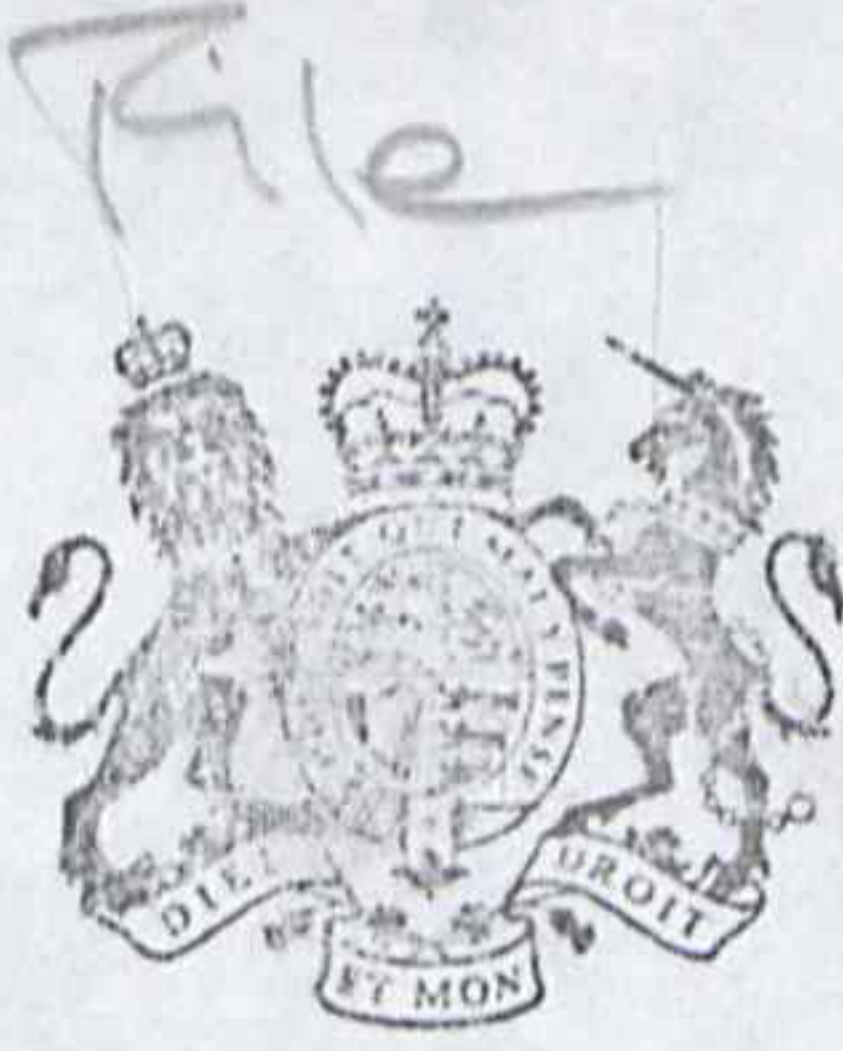
CONCLUSIONS

8. In the light of the discussion you will wish to record conclusions:
1. Agreeing that the terms of reference of the Review Bodies and their membership should not be changed, except in the normal course of making new appointments.
 2. On whether informal advice should be given to each of the bodies on economic considerations.
 3. What should be said publicly, and when, about the relevance of such wider economic considerations.
 4. Inviting the Chancellor of the Duchy of Lancaster to consider further, in consultation with the Lord President and the Chancellor of the Exchequer, the proposal that the pay of MPs should be linked to that of a Civil Service grade.


(Robert Armstrong)

22nd July, 1980

SUBJECT.



10 DOWNING STREET

UWB
LCC. Master net

Parliament Members: -
MPS Pay: Pk 3

From the Private Secretary

22 July 1980

Dear Jim,

As you know, Lord Boyle called on the Prime Minister yesterday evening.

The Prime Minister started by explaining the reasons for the Government's decisions on the T.S.R.B. Reports nos. 14 and 15. She mentioned, in particular, that the Government had regarded it as essential that M.P.s and senior public servants should set a good example for the beginning of the next pay round.

Lord Boyle made the following points. First, while accepting that wider economic considerations had led the Ministers to override the recommendations of the Review Body, he was nonetheless particularly anxious about the resultant salary relationship between judges and barristers. Second, he was somewhat surprised at the extent to which the recommendation for Under Secretaries had been pulled back, for the Government had specifically asked the Review Body to consider carefully the erosion of the differential, which had occurred in recent years, between Assistant Secretaries and Under Secretaries. Third, assuming Ministers wanted the Review Body to continue, it would be most helpful if the Prime Minister could say this publicly and soon. In view of recent Press criticism of comparability and the tendency to lump the Review Bodies with the Clegg Commission in this criticism, some members of the T.S.R.B. were wondering whether the Government wanted it to continue. Fourth, the Review Body

/ had not

had not fully realised the extent to which Ministers would be regarding the settlement for M.P.s and senior public servants as part of the run-in to the next pay round. While this difficulty might not have arisen if the Report had been completed earlier, it would have been helpful if the Government could have given the Review Body its views on the link - as they saw it - with the next pay round. He was sceptical about changing the Review Body's terms of reference; but he believed that it would help if in future Ministers and/or officials could put in evidence during the course of the Review Body's deliberations. Fifth, he was pleased that the Government had decided to remove the nationalised industries from the Review Body's remit. Apart from ^{the} argument on merit, this would make it easier to complete next year's Report by the end of April. Finally, he noted that an amendment had been put down in the House which would link M.P.s' pay with Civil Service pay. The Review Body had looked carefully at this option in Report no. 13, and he very much hoped that the amendment would be voted down.

The Prime Minister said that Ministers were considering the whole future of comparability, but she was sure that they would want to continue with the T.S.R.B.. She took Lord Boyle's point about the need to announce this publicly as soon as possible; she would also like to invite the members of the Review Body to No. 10. She also agreed that it would be useful if in future the Government were to put in evidence to the Review Body. Finally, she agreed with Lord Boyle's views on "linkage". (We have now heard, of course, that last night's "linkage" amendment was carried.)

I am sending copies of this letter to John Wiggins (H.M. Treasury) and David Wright (Cabinet Office).

Jim Buckley
T. L. L.

Jim Buckley, Esq.,
Civil Service Department.



10 DOWNING STREET

PRIME MINISTER

I attach Lord Boyle's letter to you and a note from the Lord President about the points raised by Lord Boyle.

The Chancellor is very much in sympathy with the points raised by Lord Boyle: this is reflected in his paper for E, of which you have already seen an advance copy (*I think*)

MA

18 July, 1980



Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

From the Private Secretary

18 July 1980

Tim Lankester Esq
Private Secretary to the Prime Minister
10 Downing Street
LONDON SW1

Dear Tim,

PRIME MINISTER'S MEETING WITH LORD BOYLE

... I attach a short note for this meeting. I have not had an opportunity to show it to the Lord President.

*Yours sincerely,
Jim Buckley.*

J BUCKLEY

RESTRICTED

1. Lord Boyle is coming to see the Prime Minister at 5.30 on 21 July, to discuss the future of TSRB about which he wrote to the PM on 16 July.
2. While the Prime Minister may well wish to express her own views on this, we will not have a clear Government view until after E on Wednesday when a paper on the future of the Review Bodies is to be taken.
3. There are 2 main points which Lord Boyle raises in his letter. Firstly, if the Government intend that the Review Body should carry on their work, then he asks that they should make a public statement to that effect in order to put an end to speculation. If the Government do want the Review Body to continue, then it is difficult to imagine circumstances in which they would not want to make this public.
4. His second point concerns any modifications in the way the Review Body works which might improve its relationship with the Government. He suggests that the Government should put evidence to the Review Body about its current thinking on pay rather than that the Review Body's terms of reference should be changed to make clear that it should take "the national interest" into account.
5. In the paper by officials to be discussed at E a similar line is taken, and the suggested way forward is that the Government should give evidence in the way Lord Boyle recommends rather than change the terms of reference. It is understood that the Chancellor of the Exchequer will support this view in the paper on Comparability and Cash Limits he is circulating to E Committee.
6. Lord Boyle also refers to the Government's decision to take nationalised industry board pay out of TSRB's remit. The Prime Minister may wish to say that the Government were glad to see that the recommendations on this point in the recent TSRB report were in very much accord with the way they had been thinking.
7. It remains a matter for the Prime Minister how much she wishes to tell Lord Boyle of what the Government's intentions are likely to be on the future of the Review Body. If she prefers to tell him that no conclusions have yet been reached and that the matter is to be discussed by Ministers on Wednesday then she could assure him that she will be in touch with him once the Government have made a decision.

RESTRICTED



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

21?
16th July 1980

The Rt. Hon. Margaret Thatcher, M.P.,
10 Downing Street,
London, S.W.1.

Dear Prime Minister

I am grateful to you for agreeing to see me at 5.30 pm on 21st July to discuss the position of the Top Salaries Review Body in the light of the Government's decisions on Reports Nos 14 and 15. The Review Body is due to meet later in the month to consider the implications of what has happened, and I know my fellow-members will be pleased to learn that you and I will already have had a talk.

There are two points, in particular, that I had it in mind to raise. First, if as you indicated to me it is the Government's wish that we should carry on as a Review Body, I would hope that an early opportunity might be taken to say so publicly. There has been a tendency, perhaps in the circumstances inevitable, to relate us closely to Clegg and to suggest that the TSRB is simply one more link in a circular chain of 'comparability' which causes public sector pay to escalate. I do not think it is sufficiently realised that, in direct contradistinction to Clegg, TSRB is concerned only with non-negotiated pay; nor that, even leaving out of account the Higher Civil Service, there must be some review machinery for the Higher Judiciary no less than for Doctors and Dentists; nor that, except for the Chairmen and board members of Nationalised Industries, we have ourselves been consistently sceptical of comparability as a means of getting the answer as nearly right as possible. In other words, I believe (and so do my colleagues) that the TSRB still has a role to perform, and that we would be justified in asking the Government to make it explicit that they are of the same mind.

Secondly, I should like tentatively to make one suggestion for the future. As members of the TSRB we recognise that there will always be occasions when the government of the day will feel bound to modify our recommendations, and we also acknowledge the deep-seated public as well as governmental, concern over public sector pay at the present time. Yet we remain convinced, as I have already said, that there is still a worthwhile job for an independent Review Body drawing attention to a number of relevant factors (like the growing mobility of management, or steeply rising trends in bar earnings) which cannot safely be disregarded for long. The question therefore arises: how can the potential gap between the Government and the Review Body be narrowed? For on this last occasion it did appear disturbingly wide.



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

For my part, I should be sceptical of any further changes in the Review Body's terms of reference, and I do not see, for instance, how a formal requirement that we should take into account the "national interest" could be defined except in terms which either involved the Review Body in making a political judgement, or the Government in effectively nullifying our independent status. But I think there could be more advantage in an informal understanding between us that, before the Review Body reaches conclusions on any future recommendations, we should be able to receive oral evidence at senior ministerial level on how the Government views the overall pay situation, in addition to the more detailed evidence we have regularly received from Ministers and their Departments relating to particular groups within our ambit. For instance I think that, looking back, it would have been helpful if we could have been reminded that the timing of our Reports Nos 14 and 15 meant that these Reports were bound to be viewed by the Government in their relation to the next pay-round, rather than as an exercise in 'catching up' on the last twelve months. Incidentally the decision to relieve us of responsibility for recommending salaries for Chairmen and members of nationalised industry Boards, while I think it may land Ministers with greater problems than they realise, will certainly have the effect of making the rest of our task more manageable, so that we can hope to be more punctual in future in the timing of our Reports.

Contrary to widespread belief, pay is not an easy subject - I remember Paul Chambers once saying to me that it was the only subject on which he ever heard even so acute an economist as D.H. Robertson deliver a 'dud' lecture - and you will gather, I hope, that the Review Body doesn't view the future in any spirit of complacency or ill-humour. But I think some clarification is needed at the present time, perhaps on the sort of lines I have indicated.

I shall look forward to our meeting.

Yours sincerely
Edward Boyle

BOYLE OF HANDSWORTH
CHAIRMAN
TOP SALARIES REVIEW BODY