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C(80) 32

27 June 1980

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CABINET

TOP SALARIES REVIEW BODY:
REPORT ON TOP SALARIES

Note by the Secretary of the Cabinet

1. With my note (C(80) 30) of 16 June, I circulated a summary of the Top Salaries Review Body Report on rates of salary for the higher Civil Service, senior officers of the armed forces, the higher judiciary, and chairmen and board members of nationalised industries.
2. The Prime Minister has now agreed that the entire report should be circulated to members of the Cabinet for the discussion in Cabinet on Tuesday 1 July.
3. In view of the nature of the subject, this note and the attached report are being given a limited circulation. As with the summary, members of the Cabinet are asked to ensure the knowledge of the Report is confined to those who need to know in order to provide briefing necessary for the meeting on Tuesday 1 July.

Signed ROBERT ARMSTRONG

Cabinet Office

27 June 1980

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REVIEW BODY ON TOP SALARIES

REPORT NO 14

FOURTH REPORT ON TOP SALARIES

Chairman:

THE RT HON LORD BOYLE OF HANDSWORTH

Presented to Parliament by the Prime Minister

by Command of Her Majesty

1980

LONDON

HER MAJESTY'S STATIONERY OFFICE

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REVIEW BODY ON TOP SALARIES

The Review Body on Top Salaries was appointed in May 1971 with terms of reference to advise the Prime Minister on the remuneration of the Chairmen and members of the Boards of nationalised industries; the higher judiciary and certain other judicial appointments; senior civil servants; senior officers of the armed forces; and other groups which may be referred to it.

The members of the Review Body are:

The Rt Hon Lord Boyle of Handsworth, Chairman
Sir Harold Atcherley¹
Sir George Coldstream, KCB, KCVO, QC
Lord Hirshfield
Andrew Leggatt, QC
Lord Plowden, KCB, KBE
Baroness Seear

The Secretariat is provided by the Office of Manpower Economics.

¹ Also Chairman of the Review Body on Armed Forces Pay.

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CHAPTER 1

INTRODUCTION

The background

1. This report completes our fourth review of the four groups within our standing terms of reference since we were appointed in 1971. Our first review was carried out in the period from 1972 to 1974¹ during which we also put forward three interim reports. Our second, and most recent, major review was in 1977-78². The salaries that we recommended then were those that we considered appropriate at 1 April 1978. The Government accepted our recommendations but decided that the increases should be implemented in three stages: 10 per cent from 1 January 1978, one half of the balance from 1 April 1979, and the remainder from 1 April 1980. We recommended that, should the increases be staged, the recommended salaries should be kept up to date by the normal review process through the staging period. The Government gave no commitment in this respect. We concluded nevertheless that it would be right for us to undertake a further review with the limited objective of establishing the increases necessary to bring up to date the second stage of our recommended 1 April 1978 salary levels at 1 April 1979. This we did in our Report No 11³.

2. The recommendations in Report No 11 (set out in Appendix A) were accepted by the Government. The salaries implemented from 1 April 1979 were those already in payment prior to those recommendations (that is, the second stage of the increases recommended in Report No 10 as appropriate at 1 April 1978) plus the difference in each case between the salary recommended as appropriate at 1 April 1978 and the 1 April 1979 salary recommended in Report No 11. The final stage of the increases recommended in Report No 10 has now been implemented with effect from 1 April 1980. We again emphasised our concern that the completion of the staging process on 1 April 1980 should result in salary levels that were appropriate at that date. Provided that the recommendations in this report are implemented this objective will have been fulfilled.

¹ Review Body on Top Salaries, Report No 6: Report on Top Salaries - Cmnd 5846.

² Review Body on Top Salaries, Report No 10: Second Report on Top Salaries - Cmnd 7253.

³ Review Body on Top Salaries, Report No 11: Third Report on Top Salaries. - Cmnd 7576.

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Scope of present review

3. In our 1979 review our main purpose was to bring up to date the second stage of our 1 April 1978 recommendations and we envisaged then that we would need to consider certain structural problems this year. Meanwhile, in the last twelve months we have undertaken a review of Parliamentary remuneration and allowances, as well as the 1979 updating of the third stage of our 1978 recommendations. The work on the Parliamentary review inevitably had an effect on the timing of the present review. Consequently, at the outset we had to choose between two courses: we could undertake a comprehensive review of all the groups within our remit, recognising that this would entail an interim report and a final report; alternatively, we could undertake a more limited review, closer to the one that we carried out in 1979.

4. In practice, we have steered a middle course. Our initial consultations indicated that the overall salaries structure recommended in Report No 10 and maintained in Report No 11 was still regarded as appropriate. However, as our work proceeded it became clear that certain structural problems had become pressing and needed to be looked at immediately. What we have done therefore is to concentrate on those problems that we judge to be in need of urgent attention, recognising that we will have the opportunity to take a close look next year at the overall structure.

5. We now indicate the range of this review in greater detail, by reference to the four areas covered by our terms of reference. The most urgent problem that we have had to tackle is the pay relationship between those covered by our terms of reference and those immediately below. There is now a good deal of compression of differentials and some overlap at these levels. The scale and the causes differ both from one group to another and, in the case of the nationalised industries, within the group.

Chairmen and members of nationalised industry Boards

6. Our recommendations regarding the salaries of the Chairmen and members of nationalised industry Boards have been the subject of much recent speculation, and some people have questioned whether the pay of Chairmen and Board members should remain within our terms of reference. We ourselves share these doubts, for a combination of reasons.

7. We have been very much aware of the growing difficulty, both conceptually and in practice, of reconciling a 'Review Body' approach with a 'market rate'

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approach. In our Report No 6 of 1974¹, whilst we acknowledged the need for salaries in the nationalised industries to be sufficiently attractive to enable them to recruit and retain Board members of the necessary quality, nevertheless we concluded that salaries in these industries should not equal the highest salaries paid in the private sector for jobs of a similar weight. But by 1978 we felt we should accord added significance to the growing indications that "management is all the time becoming more mobile", and we laid particular stress on increased mobility between industry at home and industry abroad. The clear implication of Report No 10 was that economic circumstances were already making a 'Review Body' approach to top salaries within the nationalised industries more difficult to justify.

8. In addition there is the new factor, more relevant than ever before, of the declared policies of Her Majesty's Government. Concern about inflation has always made it unrealistic to suppose that decisions about top salaries could be taken right outside the matrix of politics. But the new factor is the determination of the present Government in individual cases, as shown by the recent example of the British Steel Corporation, to 'let the market rate decide'. In our view, if market forces are to become the overriding determinant, then the responsibility for settling the salaries of Chairmen and Board members of nationalised industries, and for keeping these salaries up to date, would rest more easily with Ministers than as part of our terms of reference.

9. Lastly, there is the element of illogicality in the present system that, partly for historical reasons, some public sector industries are outside our terms of reference. This must in itself result in inconsistencies of approach. Quite apart from the special circumstances surrounding the recent appointment of the Chairman of the British Steel Corporation, it is hard to see the logic of an arrangement which requires us to recommend on the salaries paid by, say, Regional Water Authorities and Area Electricity Boards whilst excluding British Leyland and Rolls Royce.

10. These doubts have not led us to take the decisive step, on this occasion, of declining to make further recommendations for this part of our remit. But we would urge the Government to think carefully about our precise terms of reference in this area, and to decide to what extent, if any, a Review Body approach is still appropriate. When we were set up in 1971, the economic and managerial climate, both nationally and internationally, was significantly more localised than it has since become.

¹Review Body on Top Salaries, Report No 6: Report on Top Salaries - Cmnd 5846 (paragraph 115).

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11. Meanwhile, we have considered a substantial amount of evidence from the nationalised industries on current pay problems. Some criticism has been made of the salary structure both by the nationalised industries themselves and by sponsor Departments. Our attention had already been drawn to the difficulty, at current (staged) salaries, of attracting and retaining individuals with the capacity and experience to manage some of the major industries on which the future prosperity of the country depends, in a rapidly changing and increasingly international market. The difficulty has been exacerbated, it was said, by earlier decisions to stage the implementation of the salaries recommended in Report No 10. An associated difficulty was the deteriorating relationship between the salaries of Board members and the salaries of senior managers reporting to the Board.

12. A separate point of concern to those who have given evidence to us was the way in which the range pay system for Board members is operated. Its administration did not, in their view, accord with the recommendations that we have made consistently since 1972 that the system should be operated flexibly "to allow the industries to meet particular recruitment and retention needs and to enable achievement to be recognised"¹.

13. These are serious criticisms. In the light of them, we decided at the outset to give particular attention to the nationalised industry Board structure and we have done so in this review. We have also had to consider salaries for two additional organisations that have been included within our terms of reference for the first time: the Crown Agents for Oversea Governments and Administrations and the Highlands and Islands Development Board.

Higher Judiciary and certain other judicial appointments

14. A thorough examination of the judicial structure was carried out as part of the review that led to Report No 10 in 1978. We have received no evidence to suggest that the overall structure recommended then has ceased to be appropriate. We have however had to consider certain individual proposals for change; and these have led us to consider whether some structural changes should be made now or investigated in greater depth for our next review.

15. The remainder of our work in this field has been directed at bringing up to date the salaries that we recommended as appropriate at 1 April 1979

¹ Review Body on Top Salaries, Report No 10: Second Report on Top Salaries - Cmnd 7253 (paragraph 87).

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¹ Review Body on Top Salaries, Report No 10: Second Report on Top Salaries - Cmd 7253 (paragraph 87).

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in Report No 11. To help us in this part of our task, we have sought information from those Judges who have been appointed to the High Court Bench in the last three years on the level of earnings at the Bar in years prior to appointment. In this connection we have noted the uneasiness that has been expressed to us regarding recruitment to the High Court Bench and we return to this point in Chapter 4.

Senior grades of the higher civil service

16. Concern has been expressed by both sides of the Civil Service National Whitley Council about the relationship between the maximum of the salary scale of the Assistant Secretary, whose pay is negotiated, and the pay of the Under Secretary, which falls within our terms of reference. The negotiations for the Assistant Secretary are based primarily on outside comparisons under a system established in 1956 as a result of the recommendations of the Royal Commission on the Civil Service¹. The system has been refined and developed over the years and is currently governed by the Civil Service Pay Agreement. It involves establishing appropriate pay levels by reference to the remuneration for functionally comparable appointments outside the civil service. The evidence is collected by the independent Civil Service Pay Research Unit. The Pay Agreement provides specific formulae for evaluating certain 'fringe benefits', such as cars provided by the employer, and for updating 'outside' salaries where they operate from dates prior to the effective date of the civil service settlement. The Agreement does not include, however, formulae for such aspects of employment as job security, job satisfaction and accountability, which cannot be quantified or readily be evaluated, and to which the Review Body attach importance, or on the evaluation of financial fringe benefits such as mortgages and other loans on preferential terms.

17. In 1979, the negotiations on the Assistant Secretary scale resulted in a maximum of £17,000 in 1 April 1979 terms compared with our Report No 11 recommendation of £18,000 for the Under Secretary with effect from the same date. The Official Side and the Staff Side of the Civil Service National Whitley Council² have made joint representations to us in which they both agree that the arithmetic evaluation of the outside comparisons for the Assistant Secretary indicated a maximum salary in excess of £17,000 at that time. It has been put to us that the reduction made in arriving at the final figure reflected

¹ Report of the Royal Commission on the Civil Service (Chairman Sir Raymond Priestley), 1953-55 - Cmnd 9613, November 1955.

² The Staff Side of the Civil Service National Whitley Council has, since 1 May 1980, been re-named the Council of Civil Service Unions.

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not so much adjustments for elements that cannot be readily evaluated as the need to maintain a differential between the maximum of the Assistant Secretary scale and the salary that we had recommended for the Under Secretary. Implementation of the Assistant Secretary increase was staged, and the final instalment was paid on 1 January 1980. The recommended £18,000 salary for the Under Secretary was not implemented in full until 1 April 1980 and, as a result, for three months the maximum of the Assistant Secretary scale actually exceeded the salary of the Under Secretary.

18. In our earlier reports, we have explained the principles upon which our salary recommendations for the highest levels of the civil service are based. They are not identical to those that underlie negotiated salaries for the grades up to and including the Assistant Secretary that are below our remit. Nor indeed did the Royal Commission on the Civil Service propose in 1955 that they should be. Like the Priestley Commission, we place less reliance on direct outside comparisons, although we see them as having a significant part to play. It has always been our view that such comparisons become progressively less appropriate at the highest levels¹. None of those who have given evidence to us has disagreed with this view in principle, although some have questioned the level at which such comparisons become less directly relevant.

19. Two different systems for dealing with different groups of civil servants are liable to produce results that are not totally compatible. But it is essential that, at the point of contact, the two systems should be brought sufficiently close together and be operated with sufficient flexibility to enable a coherent salary structure to be maintained for the civil service as a whole. In this review we have thought it right, in bringing our 1978 and 1979 recommendations up to date, to re-examine the principles upon which they were based, in view of the problems that have arisen in relation to the pay, respectively, of the Assistant Secretary and the Under Secretary. In particular, we have re-examined our approach to the evaluation of superannuation benefits and also the value to be attached to fringe benefits available outside.

Senior officers in the armed forces

20. Two problems in particular have been brought to our attention. The first is that the differential between the salary of the Major General (and equivalent)

¹ Review Body on Top Salaries, Report No 6: Report on Top Salaries - Cmnd 5846 (paragraph 57).

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within our remit and the military salary of the Brigadier (and equivalent) has narrowed. The reason for this is that our 1978 recommendations for the Major General have continued to be staged, whereas fully up to date military salaries for Brigadiers were introduced with effect from 1 April 1979. The second and related problem is the relationship between the military salary of the Brigadier in the medical and dental branches of the Services and the pay of the Major General. These problems depend for their resolution on the implementation of our current recommendations.

CHAPTER 2

OUR APPROACH AND GENERAL INQUIRIES

Our objectives

21. Our main objective is to recommend the salaries that we consider appropriate for each of the appointments within our remit. A convenient starting point is to establish what has been happening in the private sector. As we have said, the relevance of direct comparisons with the rates of pay and conditions of service in the private sector does however differ as between the four groups within our terms of reference. They are clearly the major consideration in making judgments on appropriate salaries for Chairmen and members of nationalised industry Boards. These cannot be far out of line with rewards in the private sector if the nationalised industries are to recruit and retain the people of the quality and calibre needed to manage some of the largest and technologically most complex industries in the country, indeed in the world. Movement between the public and private sectors is to be welcomed, but unless salaries are broadly comparable, the movement will be in one direction only. Traditional loyalties and a sense of public service have in the past helped the nationalised industries to retain top management even when salaries have been thoroughly out of date and uncompetitive, but this cannot be expected to continue.

22. Comparison with remuneration in the private sector has an important part to play in reaching judgments on the pay of the other three groups in our remit, but account has also to be taken of the relative attractiveness of other aspects of a career. This includes the way in which the total remuneration package is made up, the overall prospects of promotion, job satisfaction, job security and differences in accountability and in responsibility for final decision taking. It is against this background that judgments have to be made of the salaries that will attract and retain people of the necessary professional quality to the top levels of the judiciary, of the civil service and of the armed forces.

23. In pursuing these objectives we have again considered the value that ought to be attributed to pensions arrangements, particularly the inflation-proofing provisions that apply in the public services generally. We have also examined again our approach to the evaluation of fringe benefits, including cars, that are available outside. We discuss this in some detail in Chapter 5, in relation to the senior grades of the civil service, but we want to make clear that we have followed the same approach for each of the groups covered by this review.

4. Three surveys have been carried out on our behalf, two of which were related to specific parts of our remit. The first was a survey designed to establish the extent of the compression in the nationalised industries between salaries at Board level and of senior managers below. The second was a survey of those appointed to the High Court Bench in the last three years to establish the level of earnings in years prior to appointment, as a measure of the immediate financial loss at the time of appointment. The results of these two surveys are referred to in Chapter 3 (nationalised industries) and in Chapter 4 (the Higher Judiciary). An analysis of the survey of compression in the nationalised industries is in Appendix B.

5. The third survey was of remuneration in the private sector at levels of responsibility broadly comparable to those with which we are concerned. The remuneration of the posts in the survey ranged from well below to well above the levels of remuneration of the posts in our remit, giving average pay for posts in the survey of £22,100 (1 January 1979) compared with the average salary of £20,300, based on the rates recommended for 1 April 1979 in Report No 11, for the posts in our remit. To some extent, directly or indirectly, the results of this survey are relevant to all the four groups within our remit. They are discussed therefore in this chapter. The survey followed the same pattern as the limited survey undertaken last year. Information was collected on levels of remuneration current at 1 January 1980, that is salary plus bonus, commission and profit sharing payments and also showed changes since 1 January 1979. It did not include data on superannuation benefits or on fringe benefits for top appointments. We always have to balance our needs against the demands that they impose on those who co-operate so generously in our surveys. Without their co-operation our work would be immeasurably more difficult. On this occasion, we decided that we should assume that overall there had been no significant change since our last major review in 1977-78 in the relative degree of provision of other benefits as between the public and private sectors at the levels with which we are concerned. Nevertheless, a limited survey has serious disadvantages and it is already clear that in 1981 more up-to-date information on all aspects of the total remuneration package¹ will be needed.

6. The survey sample contained 122 private sector organisations compared with 120 in January 1979 and 328 in September 1977. The response rate, at 77 per cent, was higher than in 1979 and covered 1,343 appointments compared with 1,186. The results of the survey are in Appendix C. The following table shows the changes in the levels of remuneration between 1 January 1979 and 1 January 1980 in the posts covered by the replies to the survey.

¹Part of that information will be the report of the inquiry into the method of valuation of index-linked pensions in the public sector, under the chairmanship of Sir Bernard Scott, announced by the Prime Minister on 22 May 1980 (Hansard, 22 May 1980, Columns 285-286).

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Table A

Mean salary plus bonus, commission and profit sharing
and percentage changes: January 1979 and January 1980

1979 salary plus bonus, commission and profit sharing	No. of posts	Mean salary plus bonus, commission and profit sharing		
		1979	1980	Percentage increase
		£000	£000	%
£50,000 and over	26	72.9	83.9	15.1
40,000-	19	53.6	62.3	16.2
30,000-	63	44.1	52.6	19.3
25,000-	52	37.1	45.5	22.6
20,000-	103	31.8	36.8	15.8
15,000-	133	27.4	31.8	16.1
12,500-	97	23.5	27.9	18.6
10,000-	119	21.0	24.9	18.5
7,500-	166	18.7	22.4	19.4
5,000-	174	16.2	19.3	19.6
2,500-	120	13.7	16.5	20.4
1,000-	162	11.2	13.2	18.4
Under £8,000	57	9.4	11.4	20.7
	37	8.5	10.0	18.5
	15	7.6	9.3	22.4
Total	1,343	22.1	26.1	18.3

Source: OME

2. For the period of our review, 1 April 1979 to 1 April 1980, the estimated average rate of increase for all posts in the survey is 18.8 per cent. This estimate was obtained from the survey figure of 18.3 per cent (for the period 1 January 1979 to 1 January 1980) by making an additional allowance for the estimated increases in pay received by those in the survey whose last increase was before April 1979.

3. In addition to those who responded to the three surveys, we had extensive written and oral evidence from those listed in Appendix D. We are grateful to all those who have helped us in the course of this review.

CHAIRMEN AND MEMBERS OF NATIONALISED INDUSTRY BOARDS

The background

29. We have drawn attention in Chapter 1 (paragraphs 6-10) to the doubts we have about our future role vis-a-vis the salaries of Chairmen and members of nationalised industry Boards. However we have made our recommendations on this occasion on the basis of all the evidence available to us. The fact that we have done so should not be taken to imply that the doubts expressed in Chapter 1 about our future role in relation to nationalised industry Board salaries are in any way reduced. It is our belief that, where salaries are subject to independent review, problems can be kept to a minimum provided that the reviews are regular and the recommendations that emerge from them are implemented promptly. We have expressed this view in the context of our recent review of Parliamentary remuneration¹. It is, as we have said before, equally relevant to each of the four groups covered by our standing terms of reference, and not least the Chairmen and members of nationalised industry Boards. Our experience over the last decade has been that the time is all too rarely found to be 'right' to keep pay up to date in this field.

30. The National Board for Prices and Incomes² carried out a major review in 1969 of the pay of Chairmen and members of certain of the nationalised industry Boards. Their recommendations were accepted but they were only implemented in stages up to 1971. Following our appointment in that year we decided to put forward interim recommendations pending a through review of the whole field. Our interim recommendations were put forward in March 1972³ and were accepted and implemented by the Government. Substantive recommendations were made in 1974 in Report No 6⁴ which were designed to be effective from 1 January 1975. It will be recalled that, although they were implemented in part or in full for three of the groups within our terms of reference, nothing at all was done about those that related to the nationalised industry Boards. Consequently between 1972 and 1978, when we carried out our last major review, the salaries of the

¹ Review Body on Top Salaries, Report No 13: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 7825.

² NBSI Report No 107: Top Salaries in the Private Sector and Nationalised Industries - Cmnd 3970.

³ Review Body on Top Salaries, Report No 2: Interim Report on Top Salaries - Cmnd 5001.

⁴ Review Body on Top Salaries, Report No 6: Report on Top Salaries - Cmnd 5846.

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Chairmen of the largest nationalised industries had increased by around 4 per cent, compared for example with an increase of over 125 per cent in the Retail Price Index over the same period. This gave rise to grave concern. We had hoped that it would be put right in the light of our 1978 report¹.

31. Instead, our 1978 recommendations were implemented in three stages - 10 per cent with effect from 1 January 1978 and the second and third stages with effect from 1 April 1979 and 1 April 1980. The 1 January 1978 increase for the nationalised industries was 10 per cent on salary levels that, apart from supplements under the counter-inflation measures of the day amounting to a little over £1,000, were still those that had been accepted as appropriate on an interim basis only at 1 January 1972. For the other three groups, by contrast, the increase was based on the levels recommended in Report No 6 for January 1975, or at least on salaries that represented partial progress towards those recommendations.

32. Many of the problems that have arisen as regards salaries at Board level and senior management level immediately below in the nationalised industries in recent years are direct or indirect consequences of the discriminatory action against this group over the last decade. We cannot emphasise too strongly that this must not be allowed to happen again and that it is essential that these salaries be kept regularly up to date.

Evidence for this review

33. The great majority of the industries within our remit have submitted extensive written evidence. We have also had a series of illuminating and helpful discussions with a number of individual industries, with their 'sponsor' Departments and with the Civil Service Department. Those who gave oral evidence to us covered a wide range of problems and made proposals for their resolution. These proposals fall into three groups. The first concerns the general level of salaries in the nationalised industries and the limitations on the flexibility in the present system to match remuneration against the responsibilities being carried, both at Board level and below. The second relates to the position of individual industries in the present structure. A number of industries argued that the span or complexity of their activities, or their vulnerability to competition for top management from the private sector both in this country and internationally required that the industry be put in a higher 'tier' and thus

¹ Review Body on Top Salaries, Report No 10: Second Report on Top Salaries-Cmnd 7253.

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attract a higher level of salaries. The third is made up of proposals affecting the conditions under which Board members are employed and, in particular, the way in which the range pay system for Board members is administered at present.

Principles

34. We remain of the view that salaries in nationalised industries have to be competitive with rewards in the private sector. Management is becoming increasingly mobile. Account must be taken of the degree to which an industry is in competition for senior managers and Board members. The job of a Chairman or Board member of a nationalised industry is not the same as the job of an opposite number in a private sector organisation. Some of the constraints and the pressures are different. They are not, however, any less and we are satisfied that the jobs are in general of comparable difficulty and weight.

35. There is one point that we would emphasise. Although it is undoubtedly both necessary and valuable on occasion to recruit people with appropriate experience from outside a particular industry, it would be an unsatisfactory situation if this were to become the normal practice. Individual nationalised industries have a well developed career structure which in many cases can lead to appointment to the Board. It is extremely important in our view to ensure that this continues and that other nationalised industries should be in a position, wherever possible, to adopt a policy of developing their own top management. This is important not only from the point of view of the quality of top management and the commitment such a policy engenders within an organisation, but also in reducing the need to rely on the ability to attract talent from the private sector in direct competition with the level of rewards available in that sector.

36. We also stress that the arrangements for particular industries need to be sufficiently flexible to cope with changing circumstances. There is, in our view, a great deal of scope for our recommendations to be implemented in a more flexible way than hitherto, provided that the way in which it is intended to be exercised is clearly understood. This concern lies behind some of the wider changes recommended later in this chapter.

Salaries in nationalised industries

37. It has been put to us strongly that the present level of salaries for Chairmen and Board members in nationalised industries is generally too low. Part of this evidence has concerned the extent of the compression and overlap

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that exists at present between the pay of Board members (and some Deputy Chairmen) and senior managers reporting directly to Board members.

38. To enable us to gain a true picture of the extent of this overlap and compression, the Office of Manpower Economics undertook on our behalf a survey of salaries in payment at senior management levels in nationalised industries. The survey was similar in form and in coverage to the survey carried out for Report No 10¹. A full description of the survey is at Appendix B. The salient points are recorded below.

39. For most organisations there has been little change between 1977 and 1980 in the degree of overlap or compression between the highest paid senior executives and the lowest and highest paid Board members (excluding Deputy Chairmen and their equivalents), although there has been some polarisation in the number of organisations showing some overlap and the number showing no overlap. It should be stressed, however, that most of the organisations which have full-time Board members suffer from some overlap. The overlap position is summarised in Table 3 below:

¹ Review Body on Top Salaries, Report No 10: Second Report on Top Salaries - Cmd 7253 (Appendix H).

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Table B

Organisations in which senior executives 1^(a) and 2^(b) were paid more, the same or less in 1977 and 1980 compared with Board members^(c)

Number of organisations

Relationship	1977	1980
Highest paid senior executives 2 in:		
higher range than lowest paid Board member	2	3
same range as lowest paid Board member	6	1
lower range than lowest paid Board member	7	15
Total number of organisations	15	19
higher range than highest paid Board member	1	2
same range as highest paid Board member	2	1
lower range than highest paid Board member	12	16
Total number of organisations	15	19
Highest paid senior executives 1 in:		
higher range than lowest paid Board member	9	12
same range as lowest paid Board member	5	4
lower range than lowest paid Board member	1	3
Total number of organisations	15	19
higher range than highest paid Board member	4	7
same range as highest paid Board member	4	1
lower range than highest paid Board member	7	11
Total number of organisations	15	19

This table refers to full-time appointments only.

Source: OME

(a) Senior staff reporting direct to Board members.

(b) Senior staff whose level of responsibility is next to that of senior executive 1.

(c) Chairmen and Deputy Chairmen are excluded.

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40. The extent of overlap varied from one industry to another. In some cases where there appeared to be an overlap, it was not along direct reporting lines. However, even allowing for these variations, compression and overlap were still present on a scale that is undesirable.

41. Our recommendations are intended to reduce the present problem significantly. It will not be removed entirely. Nor is it our intention that it should be. There should be a realistic differential between the salaries of Board members and those of senior managers below; but there are also circumstances in which it is reasonable for some senior managers, because of a particular technical expertise, to be paid more than some Board members in the same industry.

42. We consider that the increases in salary for Chairmen and Deputy Chairmen which we recommend (paragraph 62), together with the additional flexibility that we propose should be built into the salary system, should enable nationalised industries to compete for and retain people of the quality and calibre needed, not only at Board level but also at senior management levels immediately below. These measures relate to the salaries of Board members, Deputy Chairmen and Chairmen. We deal first with Board members.

43. The weight of responsibility of individual members of a Board may vary widely. The salary range should provide for this, in addition to what is needed to allow for difference in performance, which we discuss below (paragraph 59). We therefore propose a modest increase in the span of the available ranges pending a further examination of the issue. In extending the ranges, we emphasise that it is not our intention to imply that individuals should be moved automatically from the position that they now occupy in the existing range to the equivalent position in the new range. Instead, we see it as appropriate for each Chairman to determine the new position in the range in accordance with the criteria under which the range is administered.

44. We have always recognised that, in most of the organisations with which we are concerned, there will be some posts in addition to the Chairman's which carry a heavier responsibility than can properly be accommodated within the range for the Board member. It is this need for a three-tier Board salaries structure that has led us in the past to recommend an intermediate range for a Deputy Chairman or equivalent.

45. The Deputy Chairman range is intended to remunerate those who have an area of responsibility for which they are fully 'second-in-command'. In our

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guidance in Report No 11¹ we sought to make clear that, while the Deputy Chairman range should normally be used for a single appointment, we did not rule out the possibility that a large nationalised industry might have an organisational structure that required an equal division of the 'second-in-command' responsibilities. The evidence put to us on this occasion has satisfied us that, in a limited number of industries, there is justification for more than two appointments to be remunerated in the Deputy Chairman range.

46. We have also considered whether additional flexibility is needed at Chairman level. Unlike Deputy Chairmen and Board members, in the great majority of cases, the Chairman is paid a flat rate and not within a range. Yet the qualifications needed for a particular post can vary over a period, as can the qualifications needed for particular appointments and the organisation from which individuals are recruited. In consequence, the salary required to attract suitable candidates to the same nationalised industry may change from one appointment to the next. A range would provide scope for determining the salary most appropriate at the time of appointment.

47. Alternatively Government should be in a position to offer a higher salary than that normally accruing to the post when there is a clear need to do so, without disrupting the overall structure. We consider that for those industries within our remit that fall within the top three tiers of the structure, up to 10 per cent more than the normal salary recommended for each Chairman should be available where it is judged to be in the national interest to attract a particular type of experience. But this facility will only be effective if it is used sparingly since few would be prepared to serve at the 'regular' salary if it were apparent that an unwillingness to do so would lead automatically to the offer of a higher salary.

Position of individual industries in present structure

48. Dissatisfaction with the present structure in the main has been confined to representations by a small number of individual industries about their position in the structure. We have however had regard to changes in the circumstances under which some of the nationalised industries are now operating. We have also had to fit into the existing structure the Crown Agents for Oversea Governments and Administrations and the Highlands and Islands Development Board.

49. We have already drawn attention to the competitive atmosphere in which many of the nationalised industries now operate. This is perhaps sharpest in

¹ Review Body on Top Salaries, Report No 11: Third Report on Top Salaries - Cmnd 7576 (paragraph 25).

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the international context or in industries that make use of advanced technology requiring skills that are in particularly short supply. It is for these reasons that we consider that the British National Oil Corporation should retain its position at the top of the structure.

50. The reduction in the scale of the operations of the National Enterprise Board after October 1979 requires an adjustment to its place in the structure and hence to the salaries recommended previously, although due regard is needed for the source from which it is expected that Board members will be recruited and the limited capacity of the organisation to offer a career structure to its senior managers. We endorse the salary decision taken in October 1979 on an interim basis and we recommend that the Board should continue to be included in the same group as the United Kingdom Atomic Energy Authority.

51. We have been impressed by the changing nature of the work of the British Transport Docks Board, particularly with regard to its expanded role as an employer of dock labour and the need for the Board to remain competitive with other port authorities in relation to top management needs. We recommend that it be included in the same 'tier' as the Scottish Development Agency. We were also impressed by the weight of responsibility carried by the Chairman of the National Water Council, because of the particular constitution of the NWC. It merits some reassessment and again we would recommend that it should be moved into the same 'tier' as the SDA. We do not consider that the two Electricity Boards for Scotland should continue to be treated equally for salary purposes. The South of Scotland Electricity Board is now much the larger of the two and carries greater responsibilities than the North of Scotland Hydro-Electric Board.

52. In fitting the Crown Agents into the existing structure, we have taken account of the fact that it does not have a monopoly but is heavily dependent upon the business it can secure from overseas governments. We have had regard to the existing salary levels and the extent to which they have enabled the Crown Agents to attract and retain suitably qualified staff. We recommend inclusion in the same 'tier' as the Commonwealth Development Corporation.

53. We have considered the position of the Highlands and Islands Development Board. It is smaller than the Scottish Development Agency and the Welsh Development Agency, but it has a wide range of responsibilities and the Chairman is both Chief Executive and Accounting Officer. We recommend that it should also be included in the same 'tier' as the Commonwealth Development Corporation.

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54. We have considered whether some change is necessary in the relative positions of the Electricity Council and the Central Electricity Generating Board. It has been suggested to us that the weight of the current responsibilities, backed by their respective statutory positions, would justify at least equal ranking for salary purposes between the Board and the Council. However, we have also been told in evidence that it is the Government's present intention that the Electricity Council should have a greater overall responsibility for the industry to be secured by informal means rather than by legislation. We understand that consultations on these arrangements are still in progress and we therefore do not propose major change in the position of the Council or of the CEGB within the structure. The relationship may however have to be looked at again when new arrangements have been introduced and when it is possible to judge how they have worked in practice.

55. An allied problem is the position of the Area Electricity Boards. The Chairmen of these Boards are statutory appointments and this is why they come within our terms of reference. They are however unique in that, alone of the industries for which we are responsible, their appointments are career appointments made from within the industry. The relationship between the salaries of Chairmen and those reporting to them is therefore critical. The equivalent appointments in the gas industry are outside our remit. We find ourselves in agreement with those who have argued that the Area Electricity Boards should be removed from our remit; but while they remain within it, it is our duty to make recommendations for these appointments. As we have explained (paragraphs 34-36), our view of appropriate salaries for these posts is formed against wider criteria than the need for an adequate salary differential between the Chairman and those reporting to him.

Administration of present system of remuneration

56. It has again been put to us that Board salaries should be removed from direct Ministerial control and therefore from our terms of reference, and should be determined either by the Chairman or, in the case of executive Board members, by the non-executive Board members. We have given further consideration to this proposal but, as in our 1978 review¹, still feel unable to recommend its adoption. There is a need for external control in view of Ministers' statutory responsibility for appointments and for defending them in Parliament. The same arguments apply against the proposal that executive Board members should continue to be paid as senior executives, and in addition receive a fee in recognition of their Board responsibilities.

¹ Review Body on Top Salaries, Report No 10: Second Report on Top Salaries - Cmd 7253 (paragraph 86).

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27. Some changes are however desirable. We would like to refer first to two major matters that do not fall directly within our terms of reference. The conditions under which a Board member may be appointed, dismissed or not re-appointed can constitute a serious deterrent to a senior manager to acceptance of membership of the Board of his industry. We endorse the view put to us in evidence that full-time Board members should have the benefit of service contracts which include adequate notice of the renewal or termination of appointments¹. This contract should extend to the question of re-employment as a senior executive or compensation where a Board appointment is not renewed.

28. Next, the way in which the present range pay system is operated has been criticised in two particular respects. The first is the current requirement, notwithstanding our earlier recommendations, that within an industry the average of mid-points of individual ranges should not exceed the mid-point of the overall range recommended for that industry. The second is the requirement, likewise, that progress through the individual ranges should normally be at the rate of one tenth of the range for each year of service. The first of these, the 'averaging rule', has caused widespread difficulties - particularly in those industries with a few Board members only. The 'rule' governing progression through the range is generally regarded within the industries as contrary to the spirit of a pay system related to performance and incompatible with the normal five year contract for nationalised industry Board members.

29. We have in previous reports recommended full and flexible use of the ranges to allow industries to meet particular recruitment and retention needs, and to enable achievement to be recognised. While the present arrangements are a marked improvement on those which they replaced, they do not provide the degree of flexibility that we envisaged. Here, the way in which our recommendations have been put into effect acts as a constraint on organisational needs. Ministers have a statutory responsibility for the salaries of Board members and the need for some form of external control remains. But it should not be applied in a way that thwarts the main intention of the scheme when it was introduced - which was to provide Board members with an incentive to perform well and to reward them accordingly. That stage appears to have been reached and we recommend that changes in the detailed rules should be made to provide greater flexibility. In particular, we are of the view that the small size of some boards makes 'rules' on the spread of Board members' salaries through the range

¹ Review Body on Top Salaries, Report No 6: Report on Top Salaries - Cmnd 5846 (paragraph 121).

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appropriate and virtually unworkable. We also consider that in the future the system should enable the fact to be recognised that most Board members reach, or come close to, their optimum performance after three years. In some cases this performance, combined with job weight, will justify a position at the top of the range. We would emphasise, once again, that progression through the range ought not to be on an 'incremental' basis but should be determined primarily by individual merit.

30. Another proposal put to us in the course of this review is that a full-time Board member who is also a part-time member of another Board should be allowed to retain any fee income accrued from the part-time post. At present a full-time Board member is normally allowed to retain fees of up to a total of £1,000 from any outside appointments considered either directly beneficial to his full-time work, or of no possible disadvantage to that work. In Report No 1 we proposed that once the salaries we recommended had been implemented, Board members should not retain fees from outside appointments. We have considered this matter again and we remain convinced that retention of such fees is not justified provided that the salaries for Board members in nationalised industries are kept up-to-date.

31. Our attention has also been drawn to one other proposal, namely that Board members based in London should receive London weighting. The broad principle we have followed in the civil service and the armed forces is that above a certain level the great majority of posts will be found in London and that, in these circumstances, it is more appropriate to recommend a basic salary that takes account of that fact. This we have done for Deputy Secretaries and above in the civil service, and equivalent ranks in the armed forces. We see no reason to depart from this precept in looking at salaries for nationalised industries.

Recommendations

32. We recommend the salaries below as appropriate with effect from 1 April 1980. In each case they are salaries for full-time appointments. These increases may seem high, but we would point out that they are essential if the pay to those in posts below Board level is not to exceed that of Board members to whom they are responsible. Part-time Board members should be paid pro-rata according to the amount of time given, subject to a minimum payment of £2,750.

¹ Review Body on Top Salaries, Report No 6: Report on Top Salaries - Cmnd 5846 (paragraph 106).

	CONFIDENTIAL Chairman £	Deputy Chairman or equivalent £	Board Member £
British National Oil Corporation	63,500	43,000-56,000	36,500-47,500
British Steel Corporation	) 57,500	40,500-53,000	34,000-44,500
Post Office)		
British Aerospace)		
British Airways Board)		
British Gas Corporation)		
British Rail	) 52,500	34,500-45,000	28,500-36,500
British Shipbuilders)		
Electricity Council)		
National Coal Board)		
Central Electricity Generating Board)		
National Enterprise Board	) 46,000	33,500-43,000	27,500-35,500
United Kingdom Atomic Energy Authority)		
British Airports Authority)		
British Transport Docks Board)		
Cable and Wireless Limited)		
Civil Aviation Authority)		
National Bus Company	) 37,000	27,000-35,000	22,500-29,000
National Freight Corporation)		
National Water Council)		
Scottish Development Agency)		
Commonwealth Development Corporation)		
Crown Agents for Oversea Governments and Administrations)		
Highland and Islands Development Board	) 33,000	23,500-30,500	19,500-25,000
Scottish Transport Group)		
South of Scotland Electricity Board)		
Welsh Development Agency)		
North of Scotland Hydro-Electric Board	32,000	22,500-29,500	18,500-24,000
Regional Water Authorities	26,000-33,500	-	-
Area Electricity Boards	26,000-33,500	19,000-25,000	-
British Waterways Board	23,500	15,500-20,500	11,500-15,000

CHAPTER 4

THE HIGHER JUDICIARY AND CERTAIN OTHER JUDICIAL APPOINTMENTS

63. The judicial structure is the most complex of the four that fall within our standing terms of reference. We examined it thoroughly in our major reviews in 1972-74 and in 1977-78. We have received no evidence to suggest that the structure we recommended in 1978 has proved unsatisfactory in practice, or no longer meets up-to-date needs. We have had however a number of proposals for individual changes. Although they affect relatively few appointments they have had implications for the overall structure and we have examined them. Therefore while the main result of this review is to bring existing salaries up to date we have also been able to consider in a preliminary way a number of wider changes, which we intend to look at again, in greater depth, in our next review. We should note that we were invited to include within our remit, for the first time, the County Court Registrars and District Registrars of the High Court.

The extent of our inquiries

64. Up-to-date information on the level of barristers' earnings has been essential, particularly for those groups of barristers from which appointments are made to the parts of the judiciary with which we are concerned. For the 1972-74 review, a survey of earnings at the Bar was carried out directly on our behalf; in 1978 we were able to make use of surveys which had been carried out by the Bar Councils in England and Wales and in Northern Ireland, and by the Faculty of Advocates in Scotland for the two Royal Commissions on Legal Services. Surveys of this kind rely heavily upon the co-operation of individual barristers. They are an additional burden which we are always reluctant to impose and which we consider to be justified only by a clear need. We concluded that the limited nature of our review made a full survey of this kind unnecessary this year.

65. Instead we concentrated our efforts on obtaining information on the level of remuneration given up by those who are appointed to the High Court Bench. All High Court Judges appointed within the last three years have co-operated in a survey of their earnings at the Bar in years prior to appointment to the Bench and we are grateful to them. The object was two-fold: to obtain a measure of the financial sacrifice involved in acceptance of an appointment to the Bench and to help in forming a judgment on the appropriate level of salary for a High Court Judge after taking into account all aspects of

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remuneration and the status of the appointment. Inevitably, the information obtained was to some extent out of date and we have made some allowance by adjusting remuneration received in the earlier years to 1978-79 prices.

66. An undertaking was given that individual returns would be treated in strictest confidence. We do not, therefore, include the detailed results of this survey in this report. Table C below, which contains a summary of the replies, has been compiled from information on receipts for the financial years 1975-76 to 1978-79 converted where necessary to 1978-79 prices. It is clear from the table that a substantial financial sacrifice is made by many on moving from the Bar to the High Court Bench. Moreover, the reduction in income, and therefore in standard of living, occurs at a time of life when an improvement is to be expected in many professions. Certainly, appointment to the High Court Bench offers the less tangible, but no less real, advantages of status and security. But the judicial pension arrangements are no longer as relatively attractive as hitherto, in the light of the provisions of the Finance Act 1980. Previously barristers were able to claim tax relief on up to 15 per cent of their net income (up to a maximum of £3,000) if it was set aside for the provision of pensions. Now they are able to set aside up to 17½ per cent with no maximum figure.

TABLE C

Annual gross and net receipts prior to appointment
of recently appointed High Court Judges, 1978-1979¹

	Gross receipts	Net receipts
	£pa	£pa
Lower quartile	50,416	34,588
Median	70,077	46,138
Upper quartile	95,022	78,677

¹ Receipts in years prior to 1978-79 have been adjusted by applying the appropriate change in the Retail Price Index. Gross receipts are the sum of receipts from practice and other professional activities. Net receipts are gross receipts less pensions premiums and professional expenses deductible for tax purposes.

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67. The evidence we have received does not suggest that there are at present any widespread difficulties in finding candidates of the customary quality for the judicial appointments within our remit. There are however some signs that an increasing number of barristers particularly those earning the highest incomes prefer to remain at the Bar. The numbers are still small but we would suggest that they are significant and underline the need for judicial salaries to remain compatible with the status and duties of office and the need to attract the best candidates to the Bench in the various categories and to retain them. We have had this point in mind especially in our recommendation for High Court Judges.

Proposals for change

68. We have received a number of proposals for modifications to the judicial structure in the course of this review. Our attitude to all of these proposals has been influenced by our desire to reduce the unusually large number of salary levels within the 'top' judicial structure. One of our objectives since we were first appointed has been to rationalise and streamline the structure. The greater the number of different levels of appointment, the more difficult it is to maintain differentials that are more than merely symbolic. There are structural matters upon which we shall need extensive evidence to test the feasibility of our ideas and which we propose to leave until our next review. There are however a few changes that we consider immediately necessary, that are not inconsistent with the aim of simplification and that can be achieved now without disrupting the remainder of the present structure.

69. We consider that it is no longer justifiable for the President of the Transport Tribunal, the Chief National Insurance Commissioner and the President of Industrial Tribunals (England and Wales) to receive less than the President of the Lands Tribunal (England and Wales). We propose therefore that all four appointments should in future carry the same salary.

70. The second change affects the Senior and Chief Masters and Registrars of the Supreme Court. We no longer consider that the level of these appointments in the structure adequately recognises the responsibilities involved. We consider that it would now be appropriate therefore for Senior and Chief Masters and Registrars to be included in the group of appointments which includes the Circuit Judges. We also consider that the responsibilities of the Master of the Court of Protection and the Registrar of the Court of Criminal Appeal justify their inclusion in the same group.

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71. We have referred to the invitation to include the County Court Registrars and the District Registrars of the High Court within our review. As District Registrars their jurisdiction extends over all three Divisions of the High Court, and in that capacity it is similar to that of the Supreme Court Masters and Registrars. But they are not specialists and, in the event, we consider their responsibilities to be rather less than the Masters and Registrars. As County Court Registrars their jurisdiction is mainly confined (apart from divorce) to the limited pecuniary jurisdiction of the County Court. On the other hand we cannot but be impressed by the variety of their work and by the pressures and skills involved. Applying the principles which have guided us hitherto in assessing work in the various judicial categories, we have decided to place the County Court and High Court District Registrars below the Masters and Registrars of the Supreme Court. We shall review their position again next year.

Recommendations

72. We recommend the following salaries as appropriate with effect from 1 April 1980:

	£
Lord Chief Justice	43,000
Master of the Rolls)
Lord of Appeal	) 40,000
Lord President of the Court of Session (Scotland))
Lord Chief Justice (Northern Ireland)	) 38,500
President of the Family Division)
Lord Justice of Appeal)
Lord Justice Clerk (Scotland)	) 36,500
Lord Justice of Appeal (Northern Ireland))
Vice Chancellor	36,000
High Court Judge)
Judge of the Court of Session (Scotland)	) 35,000
Justice Judge (Northern Ireland))
President, Lands Tribunal (England and Wales))
President, Transport Tribunal	) 26,000
Chief National Insurance Commissioner)
President, Industrial Tribunals (England and Wales))
President, Industrial Tribunals (Scotland))
Sheriff Principal (Scotland))
Chairman, Scottish Lands Court	) 25,250
President, Lands Tribunal (Scotland))
Official Referee (London))
Vice-Chancellor of the County Palatine of Lancaster)
Recorder of Liverpool)
Recorder of Manchester	) 24,500
Senior Circuit Judge, Newington Causeway)
Recorder of Belfast (Northern Ireland))

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Circuit Judge)	
Chief Metropolitan Magistrate)	
Members, Lands Tribunal (England and Wales and Scotland))	
National Insurance Commissioner)	
Judge Advocate General)	
Sheriff A (Scotland)	)	24,000
County Court Judge (Northern Ireland))	
Master of the Court of Protection)	
Senior and Chief Masters and Registrars of the Supreme Court)	
Registrar of the Court of Criminal Appeal)	
Regional Chairmen, Industrial Tribunals (England and Wales and Scotland)	)	23,500
Chairman, Foreign Compensation Commission)	
Sheriff B (Scotland))	
Masters and Registrars of the Supreme Court)	
Metropolitan Magistrate)	
Chairmen, Industrial Tribunals (England and Wales and Scotland)	)	22,500
Vice-Judge Advocate General)	
Provincial Stipendiary Magistrate)	
Resident Magistrate (Northern Ireland))	
County Court Registrars and District Registrars of the High Court		22,000

SENIOR GRADES OF THE HIGHER CIVIL SERVICE

Pay principles

73. Our terms of reference as they affect the civil service are unchanged. They relate to the grades of Under Secretary, Deputy Secretary and Permanent Secretary (776¹ posts in all) in some 30 major Departments of State.

74. We have continued to adopt two basic criteria in assessing salaries. First, that they should be reasonable compared to what is available outside the civil service for like weight of responsibility, bearing in mind differences in conditions of employment and in remuneration other than pay. Secondly, that they should form part of a coherent salary structure for the civil service as a whole.

75. Between 1 January 1980 and 1 April 1980, there was an overlap of £286 between the maximum of the scale for Assistant Secretary, which is negotiated, and the Under Secretary rate. The immediate cause of the overlap was the Government decision to implement the increases recommended in Report No 10 in three stages, payment of the third stage being deferred until 1 April 1980. However, it is clear that the underlying relationship between the pay of the two grades is unsatisfactory. We have therefore re-examined the methods we have used up to now in order to consider whether any change in our approach is called for. We go into greater detail below (paragraphs 79-82), but make three immediate points.

76. The first is that the very fact of an 'interface' between two different systems for determining the pay of grades at different levels of responsibility is liable to cause difficulties. These can arise precisely because of the underlying differences that have led to the establishment of two systems.

77. The second is that the higher one goes up the civil service structure, the harder it becomes to make direct comparisons and therefore the greater the need for independent review. To the extent that outside comparisons have a part to play account must be taken not only of the relative value of the other items apart from salary in remuneration outside, but also of other aspects of employment that are truly unquantifiable. An alternative approach would be to await the outcome, each year, of the

¹As at 1 January 1980.

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negotiations on the Assistant Secretary scale and then establish a series of differentials between the maximum of that scale and the salaries for which we are responsible. This would not, in our view, be compatible with the existence of the 'special and independent machinery for reviewing remuneration' at these levels envisaged by the Priestley Commission and now embodied in the Review Body system.

78. The third is that widespread interest has been expressed in particular in the value attributed to the inflation-proofed pension arrangements available in the public services. This is to be the subject of an independent inquiry which will cover all groups covered by these arrangements. We hope that the outcome of that inquiry will be available in time for our next review when we intend to look closely at the value of superannuation arrangements for all the groups within our terms of reference.

Assessment of pensions benefits

79. Meanwhile, we are faced with the problem of assessment for the present review. Assessments made in the past by the Government Actuary have been on actuarial principles, whose relevance for actuarial purposes we have always recognised. However, we have also consistently expressed doubts about their direct relevance and adequacy for the purpose of comparing levels of remuneration in the public and private sectors.

80. The value of a pension that is fully index-linked can be expected to be higher for those close to retirement. It is therefore pertinent that those within our remit will be either in mid-career, or in the later stages of a career. This does not mean, however, that the allowance for full index-linking should be greater automatically than the allowance made for the other grades. Other factors have to be taken into account. The first is the difference between the salaries paid inside and outside the civil service for jobs of equal weight and responsibility taking account of the normal life expectancy on retirement. Those now in the most senior positions will have made a notional contribution to their pension during their earlier years of employment in the civil service. Differences in the rate of accrual are also important. In the civil service the standard period of service required to qualify for a full pension is 40 years. In the private sector it is often possible for senior executives to accrue a full pension over a shorter period. It is however indisputable that an inflation-proofed pension continues to be of great value, which should be assessed as part of the total pension package, though we

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recognise that some features, such as the rate of accrual, are not as attractive as those for top executives elsewhere. Our salary recommendations reflect an increase in the value we ascribe to the pension arrangements.

Assessment of fringe benefits, including cars

81. New information about fringe benefits available for the purposes of this review has necessarily been limited. We always have to balance each year our desire for comprehensive data against the load that our demands impose on those who co-operate so generously with the surveys carried out on our behalf. We concluded, on the basis of information available to us when we began this review, that any changes in the incidence of benefit in the private sector at these levels since our last review were unlikely to have been large enough to merit a full survey. We anticipate that this will continue to be the pattern in the future, with a major examination every three years supplemented in the intervening years by a limited salaries survey.

82. The provision of a car continues to be the single most valuable benefit available to those at equivalent levels outside the public services. We noted in earlier reports¹ that the provision of a car at top management levels was a common feature and have no evidence to suggest that the incidence of provision has increased at these levels or that there has been a significant increase in the value of the benefit provided as a proportion of total remuneration. However there is considerable evidence that the provision of a car has become an increasingly important feature of remuneration at lower levels in the private sector. This has had a significant effect on the salaries of those appointments in the public sector that are immediately below our remit and has therefore added to the 'interface' problems to which we have referred. Indirectly, this is a point that we have had to take into account in reaching our recommendations.

Performance-related pay

83. We noted in our last report on 'top salaries'² that a study of performance-related pay in the private and public sectors had been commissioned from the Office

¹ Review Body on Top Salaries, Report No 6: Report on Top Salaries - Cmnd 5846 (paragraph 27).

² Review Body on Top Salaries, Report No 10: Second Report on Top Salaries - Cmnd 7253 (paragraph 25).

³ Review Body on Top Salaries, Report No 11: Third Report on Top Salaries - Cmnd 7536 (paragraph 15).

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of Manpower Economics by the Lord Privy Seal through the Civil Service Department. That report was completed earlier this year but we have not yet received evidence relating to it. We hope to consider this issue next year.

Recommendations

14. The salaries survey which has been carried out on our behalf indicates the order of increase since our last review in outside remuneration at broadly equivalent levels of responsibility. As we have said before¹ we see such comparisons as a valuable and necessary part of the process of making judgments on pay at these levels, but as one element only. Other factors continue to be relevant, including job security and job satisfaction, as well as differences in pension provisions and the provision of fringe benefits. They also include the need for a coherent salary structure for the civil service as a whole. The compression and overlap that has occurred in the nationalised industries at Board level and below has been mirrored by the compression between the maximum of the Assistant Secretary salary scale and the Under Secretary. We regard it as important to relieve the compression that exists, but we also consider it important that the solution should not be achieved simply by boosting the salaries for which we are responsible without proper regard to all other relevant considerations.

15. We recommend the following salaries as appropriate at 1 April 1980.

	£
Head of the Home Civil Service)	
Permanent Secretary to the Treasury)	37,000
Secretary to the Cabinet)	
Permanent Secretary	34,000
Second Permanent Secretary	31,000
Deputy Secretary	27,000
Under Secretary	23,500

¹Review Body on Top Salaries, Report No 6: Report on Top Salaries - Cmnd 5846 (paragraph 57).

CHAPTER 6

SENIOR OFFICERS IN THE ARMED FORCES

86. We discussed in Report No 6 the particular pay principles that we saw as applicable to the circumstances of senior officers in the armed forces in addition to the general principles applicable across the four groups within our remit. With the help of an Advisory Group we concluded that the de facto salary relationship that had grown between the top levels in the civil service and the top ranks in the armed forces remained appropriate. We have had no evidence to suggest that we should change this view formed in 1974.

87. Two issues have been drawn to our attention. The first has been the reduced differential between the military salary of the Brigadier and the salary of the Major-General. This problem is less severe than the problem that has arisen in the civil service between the Assistant Secretary and the Under Secretary. Nevertheless it is important that the salary of the Major General should reflect fully the greater responsibility carried on promotion. Our recommendations are designed to do this.

88. The second issue concerns the relationship between the remuneration of medical and dental officers in the ranks with which we are concerned and that of medical and dental officers in the structure below. As in 1978, written evidence from the British Medical Association to the Review Body on Armed Forces Pay has been brought to our attention in so far as it is relevant to the salaries of medical Major Generals and Lieutenant Generals. As before, the evidence draws attention to the compression of differentials. The solution proposed by the British Medical Association is that all medical ranks should be brought within the terms of reference of the Review Body on Armed Forces Pay. We do not see the division of responsibility for the pay of the medical ranks between two Review Bodies as being in any way a bar to establishing appropriate differentials. We do however see disadvantages in dividing responsibility for medical Major Generals and all other Major Generals. We explained in our 1974 report¹ that a distinction could be drawn between the nature of the overall responsibilities

¹ Review Body on Top Salaries, Report No 6: Report on Top Salaries - Cmnd 5846 (paragraph 64).

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of medical Major Generals and Lieutenant Generals and those of medical ranks below Major General. We concluded then that the responsibilities of the medical Major General did not justify a lead over the 'combatant' Major General. We maintained this view in Report No 10¹ and we have received no evidence in the present review that would lead us to a different conclusion. On the other hand, we attach importance to a unified review process for both 'combatant' and medical senior officers.

Recommendations

39. We recommend that the following salaries should be paid with effect from 1 April 1980.

	£
Admiral of the Fleet)	
Field Marshal)	37,000
Marshal of the Royal Air Force)	
Admiral)	
General)	34,000
Air Chief Marshal)	
Vice-Admiral)	
Lieutenant General)	27,000
Air Marshal)	
Rear Admiral)	
Major General)	23,500
Air Vice-Marshal)	

CHAPTER 7

SUMMARY OF RECOMMENDATIONS

90. We have not on this occasion carried out a fundamental review of the whole of our remit as we did in our 1972-74 and 1977-78 reviews. Instead, we have identified areas of immediate difficulty and where possible have dealt with them in our recommendations. In addition we have brought our previous recommendations up to date.

91. The principles on which we have based our recommendations are largely unchanged. We have given particular attention in this review to the need to maintain a reasonable relationship with salaries at lower levels, notably in the nationalised industries, the civil service and the armed forces. In the case of the nationalised industries we have stressed the need for greater flexibility, within the limits set by our recommendations (paragraph 36). In particular we have recommended wider ranges for nationalised industry Board members and Deputy Chairmen (paragraph 43) and have proposed that the Government should exceptionally be able to make available up to 10 per cent more than the recommended salary for nationalised industry Board Chairmen in the top three tiers (paragraph 47). We have again recommended that there should be greater flexibility in the use of the ranges for Board members (paragraph 59). We have also made suggestions about the content of service contracts given to full-time Board members (paragraph 57).

92. We recommend the following rates as appropriate at 1 April 1980. The average increase is 25.8 per cent¹ and represents an increase of £10.9 million in the annual cost of salaries for the appointments within our terms of reference.

¹ Within a range of 16.2 per cent to 30.6 per cent, excluding changes which result from an industry being moved from one 'tier' to another. Also excluded are the two new additions to the remit.

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	Recommended 1 April 1980 salaries £
<u>a. Senior grades of the higher civil service</u>	
Head of the Home Civil Service)	37,000
Permanent Secretary to the Treasury)	
Secretary to the Cabinet)	
Permanent Secretary	34,000
Second Permanent Secretary	31,000
Deputy Secretary	27,000
Under Secretary	23,500
<u>b. Senior officers in the armed forces</u>	
Admiral of the Fleet)	37,000
Field Marshal)	
Marshal of the Royal Air Force)	
Admiral)	34,000
General)	
Air Chief Marshal)	
Vice-Admiral)	27,000
Lieutenant General)	
Air Marshal)	
Rear Admiral)	23,500
Major General)	
Air Vice-Marshal)	
<u>c. Judiciary</u>	
Lord Chief Justice	43,000
Master of the Rolls)	40,000
Lord of Appeal)	
Lord President of the Court of Session (Scotland))	
Lord Chief Justice (Northern Ireland))	38,500
President of the Family Division)	
Lord Justice of Appeal)	36,500
Lord Justice Clerk (Scotland))	
Lord Justice of Appeal (Northern Ireland))	
Vice-Chancellor	36,000

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	Recommended 1 April 1980 salaries £
High Court Judge)	
Judge of the Court of Session (Scotland))	35,000
Justice Judge (Northern Ireland))	
President, Lands Tribunal (England and Wales))	
President, Transport Tribunal)	
Chief National Insurance Commissioner)	26,000
President, Industrial Tribunals (England and Wales))	
President, Industrial Tribunals (Scotland))	
Sheriff Principal (Scotland))	
Chairman, Scottish Lands Court)	25,250
President, Lands Tribunal (Scotland))	
Official Referee (London))	
Vice-Chancellor of the County Palatine of Lancaster)	
Recorder of Liverpool)	
Recorder of Manchester)	24,500
Senior Circuit Judge, Newington Causeway)	
Recorder of Belfast (Northern Ireland))	
Circuit Judge)	
Chief Metropolitan Magistrate)	
Members, Lands Tribunal (England and Wales and Scotland))	
National Insurance Commissioner)	
Judge Advocate General)	
Sheriff A (Scotland))	24,000
County Court Judge (Northern Ireland))	
Master of the Court of Protection)	
Senior and Chief Masters and Registrars of the Supreme Court)	
Registrar of the Court of Criminal Appeal)	
Regional Chairmen, Industrial Tribunals (England and Wales and Scotland))	
Chairman, Foreign Compensation Commission)	23,500
Sheriff B (Scotland))	
Masters and Registrars of the Supreme Court)	
Metropolitan Magistrate)	
Chairmen, Industrial Tribunals (England and Wales and Scotland))	22,500
Vice-Judge Advocate General)	
Provincial Stipendiary Magistrate)	
Resident Magistrate (Northern Ireland))	
County Court Registrars and District Registrars of the High Court	22,000

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Chairman and members of nationalised industry Boards

	Chairman £	Deputy Chairman or equivalent ¹ £	Board member ² £
British National Oil Corporation)	63,500	43,000-56,000	36,500-47,500
British Steel Corporation)	57,500	40,500-53,000	34,000-44,500
Post Office)			
British Aerospace)			
British Airways Board)			
British Gas Corporation)			
British Rail)	52,500	34,500-45,000	28,500-36,500
British Shipbuilders)			
Electricity Council)			
National Coal Board)			
Central Electricity Generating Board)			
National Enterprise Board)	46,000	33,500-43,000	27,500-35,500
United Kingdom Atomic Energy Authority)			
British Airports Authority)			
British Transport Docks Board)			
Cable and Wireless Limited)			
Civil Aviation Authority)	37,000	27,000-35,000	22,500-29,000
National Bus Company)			
National Freight Corporation)			
National Water Council)			
Scottish Development Agency)			
Commonwealth Development Corporation)			
Crown Agents for Oversea Governments and Administrations)			
Highlands and Islands Development Board)	33,000	23,500-30,500	19,500-25,000
Scottish Transport Group)			
South of Scotland Electricity Board)			
Scottish Development Agency)			
North of Scotland Hydro-Electric Board	32,000	22,500-29,500	18,500-24,000
Regional Water Authorities	26,000-33,500	-----	-----
Area Electricity Boards	26,000-33,500	19,000-25,000	-----
British Waterways Board	23,500	15,500-20,500	11,500-15,000

Notes:

¹ The Deputy Chairman range is intended to remunerate those who have an area of responsibility for which they are fully in command (paragraph 45 of this report).

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² Salaries for full-time appointments. Part-time Board members should be paid on a pro-rata basis according to the time devoted to the appointment, subject to a minimum of £2,750.

93. We are aware that, expressed in percentage terms, these increases are large and the resultant salaries are substantial. But we would draw attention to the constraints within which as a Review Body we necessarily work. First, we have to recommend a coherent salary structure for the groups for which we are responsible, whilst also recognising that, in the civil service and in the nationalised industries, pay for staff below our terms of reference is settled by negotiation. And secondly we have to recommend levels of remuneration which will enable all the groups within our remit to attract and retain people of the right abilities, particularly in the judiciary and the nationalised industries. Given these constraints and the importance of the appointments to which they relate, we believe that our proposals are right. If Government and Parliament feel otherwise, it is for them to provide us with different terms of reference for the future, or to take responsibility for new means of carrying out our present functions.

BOYLE OF HANDSWORTH

HAROLD ATCHERLEY

GEORGE COLDSTREAM

HIRSHFIELD

ANDREW LEGGATT

PLOWDEN

SEEAR

OFFICE OF MANPOWER ECONOMICS

12 June 1980

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APPENDIX A

SALARIES RECOMMENDED IN REPORT NO 11

The following salaries were recommended as appropriate with effect from 1 April 1979 but were not implemented in full until 1 April 1980. The numbers in post at 1 January 1980 are also shown.

	Report No 11 recommended salaries £	Numbers in post at 1 January 1980
<u>a. Senior grades of the higher civil service</u>		
Head of the Home Civil Service)		
Permanent Secretary to the Treasury)	31,000	3
Secretary to the Cabinet)		
Permanent Secretary	28,500	24
Second Permanent Secretary	26,000	15
Deputy Secretary	22,500	156
Under Secretary	18,000	578
<u>b. Senior officers in the armed forces</u>		
Admiral of the Fleet)		
Field Marshal)	31,000	1
Marshal of the Air Force)		
Admiral)		
General)	28,500	20
Air Chief Marshal)		
Vice-Admiral)		
Lieutenant General)	22,500	34
Air Marshal)		
Rear Admiral)		
Major General)	18,000	154
Air Vice-Marshal)		
<u>c. Judiciary</u>		
Lord Chief Justice	37,000	1
Master of the Rolls)		
Lord of Appeal)		
Lord President of the Court of Session)	34,000	12
(Scotland))		
Lord Chief Justice (Northern Ireland))		
President of the Family Division)	32,500	2

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	Report No 11 recommended salaries £	Numbers in post at 1 January 1980
Lord Justice of Appeal)		
Lord Justice Clerk (Scotland))	31,000	22
Lord Justice of Appeal (Northern Ireland))		
Vice Chancellor	29,500	1
High Court Judge)		
Judge of the Court of Session (Scotland))	28,500	98
Justice Judge (Northern Ireland))		
President, Lands Tribunal (England and Wales)	22,250	1
President, Transport Tribunal)		
Chief National Insurance Commissioner)	21,750	3
President, Industrial Tribunals (England and Wales))		
President, Industrial Tribunals (Scotland))		
Sheriff Principal (Scotland))	21,000	9
Chairman, Scottish Lands Court)		
President, Lands Tribunal (Scotland))		
Official Referee (London))		
Vice-Chancellor of the County Palatine of Lancaster)		
Recorder of Liverpool)	20,250	8
Recorder of Manchester)		
Senior Circuit Judge, Newington Causeway)		
Recorder of Belfast (Northern Ireland))		
Circuit Judge)		
Chief Metropolitan Magistrate)		
Members, Lands Tribunal (England and Wales and Scotland))	19,500	350
National Insurance Commissioner)		
Judge Advocate General)		
Sheriff A (Scotland))		
County Court Judge (Northern Ireland))		
Master of the Court of Protection)		
Senior and Chief Masters and Registrars)		
Regional Chairmen, Industrial Tribunals (England and Wales and Scotland))	18,750	78
Chairman, Foreign Compensation Commission)		
Registrar of the Court of Criminal Appeal)		
Sheriff B (Scotland))		
Masters and Registrars)		
Metropolitan Magistrate)		
Chairmen, Industrial Tribunals (England and Wales and Scotland))	17,250	190
Vice-Judge Advocate General)		
Provincial Stipendiary Magistrate)		
Resident Magistrate (Northern Ireland))		

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	Report No 11 recommended salaries £	Numbers in post at 1 January 1980 (full-time) (part-time)	
<u>d. Chairmen and members of nationalised industry Boards</u>			
British National Oil Corporation			
Chairman	53,500	-	1
Deputy Chairman ¹	36,250-45,000	-	1
Board member	29,250-37,750	1	6
National Enterprise Board			
British Steel Corporation			
Post Office			
Chairman	48,500	2	1
Deputy Chairman ¹	34,500-42,000	1	1
Board member	28,500-34,500	9	19
British Rail			
British Gas Corporation			
British Shipbuilders			
National Coal Board			
British Airways Board			
British Aerospace			
Electricity Council			
Chairman	44,000	6	1
Deputy Chairman ¹	29,250-35,750	8	-
Board member	23,250-28,750	37	33
Central Electricity Generating Board			
United Kingdom Atomic Energy Authority			
Chairman	38,500	2	-
Deputy Chairman ¹	27,500-33,500	2	-
Board member	22,750-27,500	6	11
Scottish Development Agency			
National Bus Company			
National Freight Corporation			
Civil Aviation Authority			
British Airports Authority			
Cable and Wireless Ltd			
Chairman	31,000	1	5
Deputy Chairman ¹	22,750-27,750	5	1
Board member	18,500-22,500	11	35
Commonwealth Development Corporation			
North of Scotland Hydro-Electric Board			
South of Scotland Electricity Board			
Welsh Development Agency			
British Transport Docks Board			
Scottish Transport Group			
National Water Council			
Chairman	27,750	1	6
Deputy Chairman ¹	20,000-24,500	5	1
Board member	15,750-19,750	4	52

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	Report No 11 recommended salaries £	Numbers in post at 1 January 1980 (full-time) (part-time)	
Regional Water Authorities			
Chairman	22,250-27,750	-	10
Area Electricity Boards			
Chairman	22,250-26,500	12	-
Deputy Chairman ¹	16,250-19,750	12	-
British Waterways Board			
Chairman	18,000	-	1
Deputy Chairman ¹	13,000-15,750	-	1
Board member	8,500-12,500	-	6

It was also recommended that part-time Board members should be paid on a pro-rata basis according to the time devoted to the appointment. Those whose normal attendance was one day a fortnight should be paid one-eighth of the mid-point of the appropriate salary range of a full-time Board member subject to a minimum of £2,250.

Note:

¹ Or equivalent, including Vice-Chairman, Managing Director or Chief Executive.

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APPENDIX B

NATIONALISED INDUSTRY SALARY COMPRESSION SURVEY

(Carried out by the Office of Manpower Economics
on behalf of the Review Body on Top Salaries)

Organisation of the Survey

1. For this survey, which is similar in form and in coverage to the first such survey covering the period 1974-1977¹, inquiry forms were sent at the end of December 1979 to the 51 nationalised industries and other organisations which fall within the Review Body's remit. Each organisation was asked to show, in thousand pound ranges, the distribution at 1 April of each year² of the salaries³ of the three groups.

- (i) Board Members (full-time only, but excluding the Chairman)
- (ii) Senior executives 1 (defined as those senior staff reporting directly to Board Members)
- (iii) Senior executives 2 (defined as those senior staff whose level of responsibility is next to that of senior executive 1).

In this year's survey respondents were also asked to give information on the extent of compression or overlap of the salaries of senior executives with the salaries of those to whom they normally report. All organisations except one replied in time for its information to be used.

2. The use of thousand pound ranges is a crude measure of salary differentials. For example, a difference of 3 one thousand pound ranges between the salaries for two posts could mean a salary differential of between £2,000 and £4,000 depending on the exact location of each of the salaries in their respective ranges. Other factors which could affect comparisons between years are job vacancies, and changes in the structure of the organisation, but the comments made by respondents suggest that these factors have had little effect this time.

¹The report on the first survey is given in Report No 10 Second Report on Top Salaries (Cmd 7253, June 1978), Appendix H.

²For Board Members' salaries at 1 April 1980 the organisations were asked to give the salary which would result from the implementation of the recommendations made by the Review Body in its Report No 11. For senior staff, if salaries at that date were not known figures for 1 January 1980 were requested.

³The definition of "salaries" to be used was that in published accounts for directors and employees receiving emoluments of more than £10,000, namely, emoluments in cash and kind excluding employers' contributions to superannuation schemes.

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Overlap in pay between Board members and senior executives

3. For reasons of confidentiality, the detailed relationships between the salaries of Board members and senior executives in individual organisations are not shown. An examination of the individual returns shows that for many organisations the degree of overlap or compression between the highest paid senior executives and the lowest and highest paid Board members (excluding Chairmen and Deputy Chairmen) had eased slightly or stayed the same. This was also true for the highest paid senior executive 1 compared with the highest paid senior executive 2.

4. The overall position is summarised below in Table A which compares the salaries of the highest paid senior executive 1, and of the highest paid senior executive 2, with the salaries of the lowest and highest paid Board members. It shows the number of industries in which the senior executive was remunerated in a higher, the same or a lower thousand pound range compared with the highest and lowest paid Board members in the industry. The table suggests a polarisation since 1977 with increases in both the number of organisations showing some overlap and the number showing no overlap.

TABLE A
Organisations in which senior executives 1 and 2 were paid more,
the same or less in 1977 and 1980 compared with Board Members^(a)

Relationship	Number of organisations	
	1977	1980
Highest paid senior executives 2 in:		
higher range than lowest paid Board member	2	3
same range as lowest paid Board member	6	1
lower range than lowest paid Board member	7	15
Total number of organisations	15	19
higher range than highest paid Board member	1	2
same range as highest paid Board member	2	1
lower range than highest paid Board member	12	16
Total number of organisations	15	19
Highest paid senior executives 1 in:		
higher range than lowest paid Board member	9	12
same range as lowest paid Board member	5	4
lower range than lowest paid Board member	1	3
Total number of organisations	15	19
higher range than highest paid Board member	4	7
same range as highest paid Board member	4	1
lower range than highest paid Board member	7	11
Total number of organisations	15	19

(a) Chairmen and Deputy Chairmen are excluded.

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Numbers affected by overlap in pay between Board Members and senior executives

5. For the 19 industries, which, in 1980, had a full-time Board member other than a Chairman or Deputy Chairman, Table B shows the number of organisations in which there was overlap classified according to the number of senior executives (1 or 2) in the organisation who were remunerated more highly than the highest (and lowest) paid Board member.

TABLE B

Number of organisations in 1980 in which senior executives are remunerated more highly than Board members

Number of senior executives (1 or 2)	Number of organisations in which the number of senior executives shown by ranges in the first column were remunerated in a higher thousand pound range than the	
	Lowest paid Board member(a)	Highest paid Board member(a)
	Number	Number
Over 25	0	0
20 - 25	1	0
15 - 19	1	0
10 - 14	2	0
5 - 9	4	5
4	1	0
3	0	0
2	0	1
1	4	2
0	6 ^(b)	11 ^(c)
Total number of organisations	19	19

(a) Chairmen and Deputy Chairmen are excluded.

(b) Includes 4 organisations in which 14 executives are remunerated in the same thousand pound range as the lowest paid Board member.

(c) Includes 1 organisation in which 1 executive is remunerated in the same thousand pound range as the highest paid Board member.

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6. Compared with the corresponding table produced from the 1977 survey¹ the overall distributions are similar with, on average, slightly fewer senior executives being remunerated more highly than the lowest (highest) paid Board member in 1980 than in 1977.

Extent of overlap in remuneration between Board members and senior executives

7. Table C shows the size of the overlap between the highest paid senior executive and the lowest and highest paid Board member. Thus the largest amount by which the salary of the highest paid senior executive exceeded that of the highest paid Board member was 10 thousand pound ranges. The table shows that, in 1980 for 8 out of 19 organisations (42 per cent) the highest paid senior executive was paid in a higher thousand pound range than the highest paid Board member and for 13 out of 19 (68 per cent) the highest paid senior executive was paid in a higher thousand pound range than the lowest paid Board member. The corresponding figures from the 1977 survey are 7 out of 17 (41 per cent) and 11 out of 17 (65 per cent) respectively².

TABLE C

Extent of differential between the salaries of the highest or lowest paid Board member and the highest paid senior executive in 1980

Board member (a)	Number of organisations in which the salary of the highest or lowest paid Board member exceeded (+) or was less than (-) the salary of the highest paid executive by the number of £000 ranges shown															Total number of organisations
	Number of £000 ranges															
	+6 or more	+5	+4	+3	+2	+1	0	-1	-2	-3	-4	-5	-6	-7	-8 or more	
Highest paid	1	0	3	0	4	2	1	1	0	2	0	1	1	0	3	19
Lowest paid	0	0	0	0	1	1	4	3	1	3	0	1	1	0	4	19

(a) Chairmen and Deputy Chairmen are excluded.

¹ Report No 10, Second Report on Top Salaries (Cmd 7253, June 1978) Appendix H, Table B.

² Report No 10, Second Report on Top Salaries (Cmd 7253, June 1978) Appendix H, Table C.

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Area Electricity Boards

8. In all the twelve Area Electricity Boards (which do not normally have full-time Board members) there was either compression or overlap between senior executives 1 and the Deputy Chairman. In several cases there was also compression and in one case overlap between senior executives 2 and the Deputy Chairman.

Compression along reporting lines

9. In some cases an examination of the remuneration of the Board member to whom a senior executive reports (rather than the lowest paid Board member) reveals that there is no compression or overlap. However, this can sometimes be misleading when considering the attractiveness of a position on the Board which would be paid at the bottom end of the range.

Consequences for lower levels

10. In commenting on their returns most organisations felt that where there had been an effect the brunt of overlap and compression had been borne by the salaries of senior executives 1. There were some suggestions of a smaller secondary effect on staff at lower levels.

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APPENDIX C

SURVEY OF TOP SALARIES

(Carried out by the Office of Manpower Economics on behalf of the Review
Body on Top Salaries)

CONTENTS

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SURVEY OF TOP SALARIES

Scope and response

1. On behalf of the Review Body on Top Salaries, the Office of Manpower Economics carried out a survey of salaries and other direct remuneration paid to top management (Chairmen, Deputy Chairmen, main Board Members and senior executives reporting directly to the main Board) in the private sector at 1 January 1980 and 1 January 1979. This survey, which is the fifth of this nature carried out by the OME for the Review Body, did not seek information on superannuation or fringe benefits⁽¹⁾.

2. Questionnaires were sent to 124 organisations. As for the previous (1979) survey, whose reference dates were 1 January 1978 and 1 January 1979, the sample was drawn from among those organisations which had replied to the third survey related to end-September 1977 or which had indicated that they would be willing to be approached on a future occasion. The sample is about a third of the size of that in the third survey, but the proportion of the firms in each net assets size group has been kept about the same (as was done for the 1979 survey). The overall response rate was 77 per cent compared with 69 per cent in the 1979 survey. As in the past the response rates for smaller organisations were generally lower. Altogether this year's survey covers nearly 1,350 posts in 94 companies. The response, both as regards organisations and the posts covered in the analysis of the results, is shown in detail in Table 1 and compared in Table A below with the response to the previous survey. In common with previous surveys, information was requested only for full time posts whose nature and responsibilities had not changed materially during the period covered by the survey, and each organisation was asked to provide information for a maximum of 30 posts.

3. Both the current and the previous survey asked for information at 1 January 1979. The distributions from the two surveys of salary plus bonus etc at this date are shown in Table B below. This year's survey shows a higher level of 1979 salary plus bonus etc than the survey last year, due in part at least, to the higher proportion of Board members - including

(1) Reports on the first four surveys are given in Report No 2, Interim Report on Top Salaries (Cmd 5001, June 1972), Appendix E; Report No 6, Report on Top Salaries (Cmd 5846, December 1974), Appendix L; Report No 10, Second Report on Top Salaries (Cmd 7253, June 1978), Appendix E and in Report No 11, Third Report on Top Salaries (Cmd 7576, June 1979), Appendix C. Pensions and fringe benefits were covered in the second and third surveys.

Table A

Comparison of the coverage and response to the 1980 and 1979 surveys

	1980 survey						1979 survey					
	Questionnaires despatched (a)	Usable replies received	Percentage response rate	Number of posts covered			Questionnaires despatched (a)	Usable replies received	Percentage response rate	Number of posts covered		
				Board members	Senior executives	Total				Board members	Senior executives	Total
	No	No	%	No	No	No	No	No	%	No	No	No
Commercial and industrial with net assets:												
£1,250m and over	3	3	100.0	28	62	90	3	3	100.0	22	40	62
£ 250m but under £1,250m	17	15	88.2	95	165	260	17	12	70.6	79	141	220
£ 50m but under £ 250m	31	22	71.0	131	200	331	30	25	83.3	150	302	452
£ 10m but under £ 50m	37	27	73.0	142	193	335	34	20	58.8	93	137	230
Under £10m	23	16	69.6	73	126	199	25	15	60.0	54	109	163
Total	111	83	74.8	469	746	1,215	109	75	68.8	398	729	1,127
Financial	11	11	100.0	47	81	128	11	8	72.7	12	47	59
Total	122	94	77.0	516	827	1,343	120	83	69.2	410	776	1,186

(a) Excluding 2 organisations found to be out of the scope of the survey.

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Table B

Distribution of salaries plus bonus, commission and profit sharing at 1 January 1979 as shown by (A) the previous survey and (B) the present survey

Range of salary plus bonus etc	(A) Previous survey		(B) Present survey	
	No. of posts	Percentage of posts	No. of posts	Percentage of posts
£	No.	%	No.	%
20,000 and over	11	0.9	26	1.9
15,000-	24	2.0	19	1.4
10,000-	40	3.4	63	4.7
7,500-	43	3.6	52	3.9
5,000-	55	4.6	103	7.7
2,500-	91	7.7	133	9.9
2,500-	86	7.3	97	7.2
2,000-	90	7.6	119	8.9
1,500-	134	11.3	166	12.4
1,000-	179	15.1	174	13.0
750-	138	11.6	120	8.9
500-	174	14.7	162	12.1
Under 500	70	5.9	57	4.2
Under 250	23	1.9	37	2.8
Under 100	28	2.4	15	1.1
Total	1,186	100.0	1,343	100.0

Table C

Mean salaries plus bonus, commission and profit sharing at 1 January 1979: previous survey and present survey

£000

	Previous survey				Present survey			
	Chairmen	Deputy Chairmen	Other main Board members	Senior executives	Chairmen	Deputy Chairmen	Other main Board members	Senior executives
Financial and industrial with net assets:								
20,000 and over	-	-	45.8	35.4	-	69.3	52.5	26.3
15,000 but under £1,250m	53.7	43.8	33.0	21.1	47.4	50.7	32.1	20.3
10,000 but under £250m	35.8	31.3	22.0	14.7	45.1	38.9	27.2	18.1
7,500 but under £50m	30.7	29.6	19.1	12.1	30.3	24.8	17.8	12.5
5,000 but under £10m	26.4	25.2	17.9	11.1	27.6	27.5	18.6	11.7
Total	-	-	27.6	21.1	45.3	38.2	30.2	25.1

Figures are not shown where there are less than 5 posts.

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Chairmen and Deputy Chairmen - in this year's survey⁽¹⁾. A further comparison of the two surveys is made in Table C⁽²⁾ which shows average salaries plus bonus etc for each level of post by size of firm. Differences between corresponding figures in the present survey and the previous one are due mainly to the selection of different organisations in the two surveys. They do not suggest that for a given level of post either survey was recording a consistently higher average for 1979 salary plus bonus etc than the other. The percentage increases at different levels of pay which are shown in Table 3 do not appear to have been significantly affected by the higher proportion of higher level posts in this year's survey.

Increases in pay from 1 January 1978 to 1 January 1979 (Tables 2 and 3)

4. Table 2 shows the levels of average salaries alone and of average salaries plus bonus, commission and profit sharing in January 1979 and January 1980, and the percentage increases between those dates. The percentage increases for salaries plus bonus etc were as follows

Chairmen	15.2 per cent (16.0 per cent for salary alone)
Deputy Chairman	16.5 per cent (15.9 per cent)
Other main Board members	16.9 per cent (17.3 per cent)
Senior executives	20.1 per cent (19.7 per cent)
All posts	18.3 per cent (18.2 per cent)

Clearly, for a given level of post, there is little difference in the size of increase if salary is considered on its own.

5. The average increases in salary plus bonuses etc for senior executives, except in the largest companies (net assets of £1,250 million or more) and finance organisations where they are between 23 and 29 per cent, are between 17 per cent and 20 per cent. For other main Board members, except in finance organisations (where again the average increase is higher at 24 per

(1) In this year's survey 58 per cent of the posts covered had a 1979 salary plus bonus etc of £17,500 and over and 38 per cent of the posts were at Board level or above. In last year's survey the corresponding figure for 1979 salary plus bonus etc was 48 per cent and 35 per cent of posts were at Board level or above.

(2) Means have been omitted where there are less than 5 posts.

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cent) the increases are between 14 per cent and 18 per cent. In neither case is there an obvious relationship between the size of organisation and the size of increase in average salary plus bonus etc. The sample sizes for Chairmen and Deputy Chairmen are really too small to give reliable indications of trends or relationships, except perhaps in total, where the increases are 15 and 17 per cent respectively.

6. Table 3 shows the increase between January 1979 and January 1980 of salary and salary plus bonus, commission and profit sharing, within the ranges of salary plus bonus etc in January 1979. For 1979 salary plus bonus etc. below £50,000 the percentage increases show no evidence of change in differentials. Above this level the number of posts is too small to provide reliable guidance.

Date of last increase in salary (Table 4)

7. Salaries for 17 per cent of the posts in the survey had been increased on 1 January 1980. In 4 per cent of posts there had been no increase since 1 January 1979 or earlier. As with last year's survey January, April, July, August and October were the most popular months for increases accounting for 77 per cent of the increases given in the year up to, and including, 1 January 1980.

Levels and distribution of salaries in January 1979 (Tables 5 and 6A-D)

8. Table 5 shows for each size of organisation the mean, median, upper and lower quartile and highest and lowest decile salaries plus bonus etc for Chairmen, Deputy Chairmen, other Board members and senior executives. Generally, for each measure within each group, the level of salary plus bonus, commission and profit sharing is higher as the size of industrial and commercial firms increases from the group of firms with £10m to £50m net assets. The levels of salary plus bonus etc for the finance organisations in the survey match broadly the corresponding levels for the larger non-finance organisations with net assets of £250m or more, although the correspondence is by no means exact.

9. Tables 6A to 6D relate to Chairmen, Deputy Chairmen, Board members and senior executives respectively and show the detailed distribution of salaries plus bonus, commission and profit sharing payments by size of organisation. As in previous surveys, these tables show a wide range of salary plus bonus etc for each level of appointment within each size group.

	Questionnaires (a) despatched	Usable replies received	Posts Covered					Total
			Chairmen	Deputy Chairmen	Other main Board members	All Board members	Senior executives	
Commercial and industrial with net assets:								
£1,250m and over	3	3	3	6	19	28	62	90
£ 250m but under £1,250m	17	15	10	13	72	95	165	260
£ 50m but under £250m	31	22	14	21	96	131	200	331
£ 10m but under £50m	37	27	12	23	107	142	193	335 ⁺
Under £10m	23	16	12	8	53	73	126	199
Total	111	83	51	71	347	469	746	1,215
Financial	11	11	5	14	28	47	81	128
Total	122	94	56	85	375	516	827	1,343

(a) Excluding 2 organisations found to be out of the scope of the survey because they had been taken over.

Percentage increase in mean salaries, and mean salaries plus bonus, commission and profit sharing between January 1979 and January 1980,
by type of post and by type and size of organisation.

TABLE 2

	Number of posts	Mean Salary			Mean Salary plus bonus etc		
		1979	1980	Percentage increase	1979	1980	Percentage increase
	No.	£000	£000	%	£000	£000	%
Chairmen							
Net assets: £1,250m and over	3	-	-	-	-	-	-
£ 250m -	10	47.4	58.7	23.8	47.4	58.7	23.8
£ 50m -	14	40.6	47.5	16.9	45.1	52.8	17.0
£ 10m -	12	29.3	33.1	13.0	30.3	34.4	13.2
Under £10m	12	23.0	25.8	12.4	27.6	28.6	3.7
Total	51	37.3	43.4	16.2	40.0	46.0	15.1
Financial	5	44.6	50.8	13.8	45.3	52.5	15.8
Total	56	38.0	44.1	16.0	40.5	46.6	15.2
Deputy Chairmen							
Net assets: £1,250m and over	6	66.6	74.2	11.5	69.3	79.8	15.2
£ 250m -	13	50.1	56.6	12.9	50.7	57.3	13.0
£ 50m -	21	37.9	44.5	17.3	38.9	45.7	17.4
£ 10m -	23	22.9	27.0	18.1	24.8	28.9	17.0
Under £10m	8	22.6	26.6	17.8	27.5	31.1	12.9
Total	71	36.0	41.5	15.5	37.8	43.6	15.5
Financial	14	37.0	43.7	18.3	38.2	46.5	21.8
Total	85	36.1	41.9	15.9	37.8	44.1	16.5
Other main Board members							
Net assets: £1,250m and over	19	50.4	57.5	14.0	52.5	61.8	17.5
£ 250m -	72	31.7	36.8	15.9	32.1	37.3	16.1
£ 50m -	96	26.1	30.8	18.0	27.2	32.2	18.2
£ 10m -	107	15.7	18.3	16.3	17.8	20.3	14.3
Under £10m	53	15.2	18.4	20.6	18.6	21.1	13.8
Total	347	23.7	27.8	16.9	25.4	29.5	16.2
Financial	28	29.2	35.5	21.8	30.2	37.5	24.3
Total	375	24.2	28.3	17.3	25.7	30.1	16.9
Senior executives							
Net assets: £1,250m and over	62	25.6	32.0	25.4	26.3	33.9	29.2
£ 250m -	165	19.9	23.3	16.9	20.3	23.9	17.3
£ 50m -	200	17.3	20.4	17.8	18.1	21.4	18.2
£ 10m -	193	11.7	13.8	18.4	12.5	14.7	18.0
Under £10m	126	11.0	13.3	20.3	11.7	14.0	19.9
Total	746	16.1	19.1	19.0	16.7	20.0	19.6
Financial	81	23.6	29.4	24.3	25.1	30.9	23.2
Total	827	16.8	20.1	19.7	17.6	21.1	20.1
All posts							
Net assets: £1,250m and over	90	35.3	42.0	18.9	36.5	44.7	22.6
£ 250m -	260	25.8	30.1	16.7	26.2	30.6	17.0
£ 50m -	331	22.2	26.1	17.7	23.2	27.4	18.0
£ 10m -	335	14.4	16.9	17.3	15.6	18.2	16.2
Under £10m	199	13.3	15.9	19.4	15.1	17.5	15.6
Total	1,215	20.3	23.9	17.7	21.4	25.2	17.7
Financial	128	27.1	33.1	22.1	28.4	34.9	22.8
Total	1,343	21.0	24.8	18.2	22.1	26.1	18.3

Note: Figures are not shown where there are less than 5 posts.

TABLE 3

Percentage changes from January 1979 to January 1980 in mean salaries and mean salaries plus bonus, commission and profit sharing by ranges of 1979 salary plus bonus etc.

Range of 1979 salary plus bonus etc	Number of posts	Mean salary			Mean salary plus bonus etc		
		1979	1980	Percentage increase	1979	1980	Percentage increase
	No.	£000	£000	%	£000	£000	%
£60,000 and over	26	68.6	76.4	11.4	72.9	83.9	15.1
£50,000-	19	52.5	60.9	16.1	53.6	62.3	16.2
£40,000-	63	41.8	49.1	17.6	44.1	52.6	19.3
£35,000-	52	35.5	43.2	21.8	37.1	45.5	22.6
£30,000-	103	29.1	34.3	17.8	31.8	36.8	15.8
£25,000-	133	26.6	30.8	16.2	27.4	31.8	16.1
£22,500-	97	22.1	26.2	18.3	23.5	27.9	18.6
£20,000-	119	19.8	23.7	19.4	21.0	24.9	18.5
£17,500-	166	17.8	21.4	20.0	18.7	22.4	19.4
£15,000-	174	15.6	18.6	19.4	16.2	19.3	19.6
£12,500-	120	13.1	15.7	19.9	13.7	16.5	20.4
£10,000-	162	10.6	12.6	19.6	11.2	13.2	18.4
£ 9,000-	57	9.0	11.0	21.9	9.4	11.4	20.7
£ 8,000-	37	8.1	9.6	18.4	8.5	10.0	18.5
Under £8,000	15	7.4	9.0	21.6	7.6	9.3	22.4
Total	1,343	21.0	24.8	18.2	22.1	26.1	18.3

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Date of last increase in salary for each type of post, by size of organisation

		Number and percentage of posts with salary increase in																		Total			
		Jan 1980	Dec 1979	Nov 1979	Oct 1979	Sept 1979	Aug 1979	July 1979	June 1979	May 1979	Apr 1979	Mar 1979	Feb 1979	Quarter ended				Year ended					
														Jan 1979	Oct 1978	July 1978	Apr 1978	Jan 1978	Jan 1977		Jan 1976 or earlier		
CONFIDENTIAL	Chairmen	No.	7	2	-	8	1	8	11	2	-	6	1	-	3	3	-	-	2	1	1	56	
		%	12.5	3.6	-	14.3	1.8	14.3	19.6	3.6	-	10.7	1.8	-	5.4	5.4	-	-	3.6	1.8	1.8	100.0	
	Deputy Chairmen	No.	10	1	-	9	3	4	24	6	3	12	4	1	5	3	-	-	-	-	-	-	85
		%	11.8	1.2	-	10.6	3.5	4.7	28.2	7.1	3.5	14.1	4.7	1.2	5.9	3.5	-	-	-	-	-	-	100.0
	Other main Board members	No.	41	13	3	48	5	31	83	34	5	63	13	3	23	6	1	-	3	-	-	375	
	%	10.9	3.5	0.8	12.8	1.3	8.3	22.1	9.1	1.3	16.8	3.5	0.8	6.1	1.6	0.3	-	0.8	-	-	100.0		
Senior executives	No.	164	23	38	150	25	87	150	56	13	68	28	17	4	2	1	-	1	-	-	827		
	%	19.8	2.8	4.6	18.1	3.0	10.5	18.1	6.8	1.6	8.2	3.4	2.1	0.5	0.2	0.1	-	0.1	-	-	100.0		
All posts	No.	222	39	41	215	34	130	268	98	21	149	46	21	35	14	2	-	6	1	1	1,343		
	%	16.5	2.9	3.1	16.0	2.5	9.7	20.0	7.3	1.6	11.1	3.4	1.6	2.6	1.0	0.1	-	0.4	0.1	0.1	100.0		

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Mean, Median, quartile and decile salaries including bonus, commission and profit sharing in January 1980
by size of organisation

TABLE 5

	Commercial and industrial						Financial	Total
	Net assets (£m)					Total		
	1,250 and over	250 1,250	50 but 250	10 under 50	Under 10			
	£000	£000	£000	£000	£000	£000	£000	£000
Chairmen								
Highest decile						71.0		73.2
Upper quartile			62.5	36.4	30.8	57.6		60.5
Median		57.6	51.4	32.7	26.8	40.0	60.0	40.0
Lower quartile			40.3	28.1	24.7	28.3		28.7
Lowest decile						23.5		23.0
Mean		58.7	52.8	34.4	28.6	46.0	52.5	46.6
No. of posts	3	10	14	12	12	51	5	56
Deputy Chairmen								
Highest decile			60.0	37.3		67.0	61.3	66.1
Upper quartile		64.7	52.0	32.8		52.4	59.3	55.0
Median	85.5	55.0	42.5	29.0	29.0	40.0	49.5	40.4
Lower quartile		47.2	38.7	26.1		29.3	32.3	29.4
Lowest decile			31.8	21.8		23.8	27.0	24.7
Mean	79.8	57.3	45.7	28.9	31.1	43.6	46.5	44.1
No. of posts	6	13	21	23	8	71	14	85
Other main Board members								
Highest decile		50.4	40.9	26.5	33.2	45.0	58.8	45.0
Upper quartile	82.5	42.6	35.0	24.3	24.0	35.2	38.3	35.7
Median	49.1	37.3	31.8	20.7	20.0	27.3	34.8	28.5
Lower quartile	45.2	32.6	27.7	16.8	16.0	20.1	33.0	20.6
Lowest decile		27.0	22.9	12.0	14.0	15.9	26.3	16.0
Mean	61.8	37.3	32.2	20.3	21.1	29.5	37.5	30.1
No. of posts	19	72	96	107	53	347	28	375

(Continued)

Note: Deciles are not shown if there are 20 posts or less; quartiles are not shown if there are 10 posts or less; medians and means are not shown if there are less than 5 posts.

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TABLE 5 continued

	Commercial and industrial Net assets (£m)					Total	Financial	Total
	1,250 and over	250 1,250	50 but 250	10 under 50	Under 10			
	£000	£000	£000	£000	£000			
Senior executives								
Highest decile	58.7	31.5	29.9	20.2	19.5	30.0	49.8	31.5
Upper quartile	48.1	27.8	24.9	16.5	15.7	24.1	42.9	24.8
Median	27.3	23.8	20.8	13.7	13.2	18.9	23.9	19.4
Lower quartile	23.9	19.0	17.4	11.0	11.5	13.4	21.2	14.0
Lowest decile	22.7	15.6	14.0	10.0	10.0	11.2	20.0	11.4
Mean	33.9	23.9	21.4	14.7	14.0	20.0	30.9	21.1
No. of posts	62	165	200	193	126	746	81	827

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Distribution in ranges of January 1980 salaries plus bonus, commission and profit sharing, by size of organisation

Chairmen

Range of 1980 salary plus bonus etc.	Commercial and industrial												Financial		Total	
	Net assets (£m)								Under 10		Total					
	1,250 and over		250 but 1,250		50 under 250		10 50									
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
£60,000 and over	3	100.0	4	40.0	4	28.6	1	8.3	-	-	12	23.5	3	60.0	15	26.8
£50,000-	-	-	3	30.0	4	28.6	1	8.3	-	-	8	15.7	-	-	8	14.3
£40,000-	-	-	1	10.0	3	21.4	-	-	2	16.7	6	11.8	-	-	6	10.7
£35,000-	-	-	1	10.0	-	-	3	25.0	1	8.3	5	9.8	-	-	5	8.9
£30,000-	-	-	1	10.0	1	7.1	2	16.7	-	-	4	7.8	1	20.0	5	8.9
£25,000-	-	-	-	-	-	-	3	25.0	6	50.0	9	17.6	-	-	9	16.1
£22,500-	-	-	-	-	1	7.1	1	8.3	1	8.3	3	5.9	-	-	3	5.4
£20,000-	-	-	-	-	1	7.1	-	-	-	-	1	2.0	1	20.0	2	3.6
£17,500-	-	-	-	-	-	-	-	-	1	8.3	1	2.0	-	-	1	1.8
£15,000-	-	-	-	-	-	-	1	8.3	1	8.3	2	3.9	-	-	2	3.6
£12,500-																
£10,000-																
£ 9,000-																
Under £9,000																
Mean salary plus bonus etc. £000	-		58.7		52.8		34.4		28.6		46.0		52.5		46.6	

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Distribution in ranges of January 1980 salaries plus bonus, commission and profit sharing, by size of organisation

Deputy Chairmen

Range of 1980 salary plus bonus etc.	Commercial and industrial												Financial		Total	
	Net assets (£m)								Under 10		Total					
	1,250 and over		250 but 1,250		50 under 250		10 under 50						No.	%	No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
£60,000 and over	5	83.3	5	38.5	3	14.3	-	-	-	-	13	18.3	3	21.4	16	18.8
£50,000-	-	-	4	30.8	5	23.8	-	-	-	-	9	12.7	4	28.6	13	15.3
£40,000-	1	16.7	4	30.8	7	33.3	-	-	2	25.0	14	19.7	2	14.3	16	18.8
£35,000-	-	-	-	-	2	9.5	5	21.7	1	12.5	8	11.3	1	7.1	9	10.6
£30,000-	-	-	-	-	3	14.3	5	21.7	-	-	8	11.3	1	7.1	9	10.6
£25,000-	-	-	-	-	1	4.8	8	34.8	2	25.0	11	15.5	2	14.3	13	15.3
£22,500-	-	-	-	-	-	-	2	8.7	1	12.5	3	4.2	1	7.1	4	4.7
£20,000-	-	-	-	-	-	-	1	4.3	-	-	1	1.4	-	-	1	1.2
£17,500-	-	-	-	-	-	-	1	4.3	2	25.0	3	4.2	-	-	3	3.5
£15,000-	-	-	-	-	-	-	1	4.3	-	-	1	1.4	-	-	1	1.2
£12,500-																
£10,000-																
£ 9,000-																
Under £9,000																
Mean salary plus bonus etc. £000	79.8		57.3		45.7		28.9		31.1		43.6		46.5		44.1	

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Distribution in ranges of January 1980 salaries plus bonus, commission and profit sharing, by size of organisation

Other main Board members

Range of 1980 salary plus bonus etc.	Commercial and industrial												Financial		Total	
	Net assets (£m)								Under 10		Total					
	1,250 and over		250 but 1,250		50 250		10 under 50						No.	%	No.	%
£60,000 and over	9	47.4	-	-	2	2.1	-	-	-	-	11	3.2	2	7.1	13	3.5
£50,000-	-	-	10	13.9	-	-	-	-	-	-	10	2.9	2	7.1	12	3.2
£40,000-	6	31.6	16	22.2	10	10.4	-	-	-	-	32	9.2	-	-	32	8.5
£35,000-	4	21.1	20	27.8	13	13.5	2	1.9	4	7.5	43	12.4	9	32.1	52	13.9
£30,000-	-	-	13	18.1	36	37.5	3	2.8	4	7.5	56	16.1	10	35.7	66	17.6
£25,000-	-	-	6	8.3	22	22.9	19	17.8	3	5.7	50	14.4	2	7.1	52	13.9
£22,500-	-	-	2	2.8	6	6.3	17	15.9	7	13.2	32	9.2	3	10.7	35	9.3
£20,000-	-	-	1	1.4	3	3.1	16	15.0	10	18.9	30	8.6	-	-	30	8.0
£17,500-	-	-	1	1.4	4	4.2	19	17.8	6	11.3	30	8.6	-	-	30	8.0
£15,000-	-	-	3	4.2	-	-	10	9.3	9	17.0	22	6.3	-	-	22	5.9
£12,500-	-	-	-	-	-	-	9	8.4	8	15.1	17	4.9	-	-	17	4.5
£10,000-	-	-	-	-	-	-	10	9.3	2	3.8	12	3.5	-	-	12	3.2
£ 9,000-	-	-	-	-	-	-	2	1.9	-	-	2	0.6	-	-	2	0.5
Under £9,000																
Mean salary plus bonus etc. £000	61.8		37.3		32.2		20.3		21.1		29.5		37.5		30.1	

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Distribution in ranges of January 1980 salaries plus bonus, commission and profit sharing, by size of organisation

Senior executives		Commercial and industrial												Financial		Total	
		Net assets (£m)								Under 10		Total					
		1,250 and over		250 but 1,250		50 but 250		10 under 50									
Range of 1980 salary plus bonus etc.		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		
£60,000 and over		5	8.1	-	-	-	-	-	-	-	-	5	0.7	1	1.2	6	0.7
£50,000-		6	9.7	-	-	-	-	-	-	-	-	6	0.8	7	8.6	13	1.6
£40,000-		6	9.7	1	0.6	3	1.5	-	-	-	-	10	1.3	16	19.8	26	3.1
£35,000-		-	-	4	2.4	4	2.0	1	0.5	-	-	9	1.2	2	2.5	11	1.3
£30,000-		7	11.3	21	12.7	13	6.5	3	1.6	1	0.8	45	6.0	1	1.2	46	5.6
£25,000-		13	21.0	44	26.7	30	15.0	5	2.6	-	-	92	12.3	9	11.1	101	12.2
£22,500-		20	32.3	30	18.2	21	10.5	4	2.1	3	2.4	78	10.5	16	19.8	94	11.4
£20,000-		2	3.2	17	10.3	39	19.5	10	5.2	6	4.8	74	9.9	22	27.2	96	11.6
£17,500-		2	3.2	26	15.8	39	19.5	21	10.9	10	7.9	98	13.1	5	6.2	103	12.5
£15,000-		1	1.6	6	3.6	19	9.5	35	18.1	18	14.3	79	10.6	2	2.5	81	9.8
£12,500-		-	-	14	8.5	21	10.5	39	20.2	40	31.7	114	15.3	-	-	114	13.8
£10,000-		-	-	2	1.2	11	5.5	57	29.5	38	30.2	108	14.5	-	-	108	13.1
£ 9,000-		-	-	-	-	-	-	16	8.3	5	4.0	21	2.8	-	-	21	2.5
Under £9,000		-	-	-	-	-	-	2	1.0	5	4.0	7	0.9	-	-	7	0.8
Mean salary plus bonus etc. £000		33.9		23.9		21.4		14.7		14.0		20.0		30.9		21.1	

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APPENDIX D

LIST OF INDIVIDUALS AND ORGANISATIONS WHO GAVE EVIDENCE OR ASSISTED IN OUR
INQUIRIES

Individuals who gave oral evidence

Sir Kenneth Alexander, Chairman of the Highlands and Islands Development Board
Sir Ian Bancroft GCB, Head of the Home Civil Service
Sir William Barlow, Chairman of the Post Office
Mr J D M Bell, Chairman of the North Western Electricity Board
Mr F E Bonner CBE, Deputy Chairman of the Central Electricity Generating Board
Mr M Bosworth CBE, Deputy Chairman of the British Railways Board
Sir Wilfrid Bourne KCB, Permanent Secretary at the Lord Chancellor's Department
Mr D G Brandrick, Secretary of the National Coal Board
Sir Humphrey Browne CBE, Chairman of the British Transport Docks Board
Mr F G Burrett CB, Civil Service Department
Mr G R Burt BEM, Secretary of the British Railways Board
Mr D G Dodds CBE, Chairman of the Association of Members of State Industry Boards
Mr J Driscoll, Director of the Nationalised Industries Chairmen's Group
Mr S A W Eburne, Senior Crown Agent and Chairman of the Crown Agents for Oversea Governments and Administrations
Mr Registrar Elliott TD, Association of County Court and District Registrars
Mr G England, Chairman of the Central Electricity Generating Board
Sir Derek Ezra MBE, Chairman of the National Coal Board
Mr R Farrance, Member of the Electricity Council
The Rt Hon Norman Fowler MP, Minister of Transport
Mr A C Frood, Crown Agent and Managing Director of the Crown Agents for Oversea Governments and Administrations
Mr B A Gillman, General Secretary of the Society of Civil and Public Servants
Mr P W Glover, Director General, Staff, of the National Coal Board
Mr N Irwin, Head of Personnel, British Gas Corporation
Mr E A Johnston CB, the Government Actuary
Mr P D Jones, Secretary of the Council of Civil Service Unions
The Rt Hon Sir Keith Joseph MP, Secretary of State for Industry
Mr W L Kendall, Secretary-General of the Council of Civil Service Unions
Sir Arthur Knight, Chairman of the National Enterprise Board
Mr R L E Lawrence CBE, ERD, Chairman of the National Freight Corporation
Sir Robert Marshall KCB, MBE, Chairman of the National Water Council
Chief Master E J T Matthews, Chief Master of the Supreme Court Taxing Office

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- Mr W McCall, General Secretary of the Institution of Professional Civil Servants
- Mr P A McCunn CBE, Deputy Chairman and Group Managing Director of Cable and Wireless Ltd
- Mr A Morton, Managing Director of the British National Oil Corporation
- Mr G Paige CBE, Deputy Chairman of the National Freight Corporation
- The Hon Mr Justice Parker, High Court Judge
- Mr Peter Parker MVO, Chairman of the British Railways Board
- Mr A W Pearce CBE, Chairman of British Aerospace
- Mr R Phelps, Group Personnel Director, British Airways
- Mr Peter Preston KCB, Permanent Secretary at the Overseas Development Administration
- Mr J Prior CBE, Chairman of the Yorkshire Electricity Board
- Mr Registrar Pritchett, Association of County Court and District Registrars
- Mr Jack Rampton KCB, Permanent Secretary at the Department of Energy
- Mr J Roberts, the Post Office
- Mr Denis Rooke CBE, FRS, Chairman of the British Gas Corporation
- Mr F F Stott CBE, Director General of the National Water Council
- Mr W A Temple CBE, Chief National Insurance Commissioner
- Mr Francis Tombs, Chairman of the Electricity Council
- Mr B Turner, British Airports Authority
- Mr R Utiger CBE, Chairman of the British National Oil Corporation
- Mr Registrar Vincent Davies MBE, Association of County Court and District Registrars
- Mr D Ward, General Secretary of the Association of First Division Civil Servants
- Mr Geoffrey Wardale KCB, Second Permanent Secretary at the Department of the Environment
- Mr C J Workman, Director of the Scottish Courts Administration
- The Rt Hon George Younger MP, Secretary of State for Scotland

Individuals and organisations who gave evidence or advised us

Government Departments

- Civil Service Department
- Department of Energy
- Department of the Environment
- Department of Industry
- Department of Trade
- Department of Transport
- Government Actuary's Department
- Lord Chancellor's Department
- Ministry of Defence
- Overseas Development Administration
- Scottish Office
- Welsh Office

Organisations

- Association of County Court and District Registrars
- Association of Members of State Industry Boards
- Federation of British Industry
- Nationalised Industries Chairmen's Group
- Council of Civil Service Unions (then the Staff Side of the Civil Service National Whitley Council)

Chief Chancery Master
Convener of the Sheriffs Principal
The Council of Her Majesty's Circuit Judges
Judge Advocate General
Masters of the Supreme Court Taxing Office
Members of the Lands Tribunal
President of the Lands Tribunal
President of the Transport Tribunal
Registrars of the Family Division
Scottish Courts Administration
Senior Master of the Queen's Bench Division
Senior Registrar of the Family Division
The Sheriffs' Association

Industry

PRIVATE SECTOR

Over 120 companies in the private sector of industry, commerce and finance co-operated in the salaries survey carried out by the Office of Manpower Economics.

PUBLIC SECTOR

Anglian Water Authority
British Aerospace
British Airports Authority
British Airways Board
British Gas Corporation
British National Oil Corporation
British Rail
British Shipbuilders
British Steel Corporation
British Transport Docks Board
British Waterways Board
Cable and Wireless Ltd
Central Electricity Generating Board
Civil Aviation Authority
Commonwealth Development Corporation
Crown Agents for Oversea Governments and Administrations
Eastern Electricity Board
East Midlands Electricity Board
Electricity Council
Highlands and Islands Development Board
London Electricity Board
Merseyside and North Wales Electricity Board
Midlands Electricity Board
National Bus Company
National Coal Board
National Enterprise Board
National Freight Corporation
National Water Council
North of Scotland Hydro-Electric Board
Northumbrian Water Authority
North Western Electricity Board
North West Water Authority
Post Office
Severn-Trent Water Authority
Scottish Development Agency
Scottish Transport Group

CONFIDENTIAL

South Eastern Electricity Board
Southern Electricity
Southern Water Authority
South of Scotland Electricity Board
South Wales Electricity Board
South Western Electricity Board
South West Water Authority
Tames Water Authority
United Kingdom Atomic Energy Authority
Welsh Development Agency
Welsh Water Authority
Sussex Water Authority
Yorkshire Electricity Board
Yorkshire Water Authority