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## CABINET

## MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

## TOP SALARIES REVIEW BODY (TSRB): 11TH REPORT

Memorandum by the Lord President

This Report (received on 20 April) covers chairmen and members of the nationalised industries, the higher judiciary, senior officers of the armed forces and senior civil servants. It recommends increases from April 1979 of an average 11.7%, costing £4m annually (plus about £1.3m for certain other groups whose pay is adjusted in the light of the TSRB recommendations).

BACKGROUND

2. In 1978 the recommendations of the TSRB's 10th Report involving increases of 31 per cent on average were staged by our predecessors. 10% only was paid from January 1978 with a commitment to pay the balance in two equal stages in April 1979 and April 1980. The full rates were however accepted for pension purposes immediately. The TSRB said it would subsequently recommend new rates appropriate to April 1979 and April 1980.

3. The 1978 recommendations of the Armed Forces Pay Review Body (AFPRB) and the Doctors and Dentists Review Body (DDRB) were staged on the same pattern as those of the TSRB. In the case of these two Review Bodies our predecessors accepted their recommendation that salary levels should be brought up-to-date in 1979 and 1980. They did not take a decision on the similar recommendation in the case of TSRB.

THE ELEVENTH REPORT

4. The 11.7% increase now recommended for April 1979 is additional to the first stage increase deferred from 1978 (which has already been paid from April in accordance with the existing commitment). The last paragraph of the Report reads: "we see it as vital that the recommended salaries be accepted by Government at the levels appropriate at 1 April 1979, and be introduced in full from that date for pensions purposes. We consider it equally important that the salaries to be put into effect from 1 April 1979 should be those actually in payment prior to our recommendations plus the difference in each case between the salary we recommended for 1 April 1978 and the 1 April 1979 salary which we now recommend".

The Review Body also emphasise that "the completion of the staging process not later than 1 April 1980 should result in salary levels that are appropriate at that date".

5. Copies of the full Report are already available to colleagues through their departments. The annex to this paper sets out examples of the recommended increases for the various TSRB groups and explains the staging arrangements and the nature of existing commitments on implementation for all the Review Body groups.

6. The 11.7% is consistent with the similar recommendations of the AFPRB and DDRB and, so far as I can see, there are no grounds for questioning it on fact or judgement.

7. There will, of course, be criticism as there always is, from some quarters about large increases to relatively highly paid people. The many and varied difficulties we face of an economic character mean that this is not an easy time for accepting these recommendations in this Report. But, on the other hand, there never is a good time; and the more these salaries are allowed to fall behind the greater become the difficulties and if the recommendations were not accepted a number of important problems would arise. In the civil service there would be severe problems of "pay compression" immediately below the TSRB levels: in the armed forces, Brigadiers would be paid more than Major Generals; those of my colleagues who sponsor nationalised industries will no doubt have a view on the effect on the boards of those industries; and the Lord Chancellor has expressed his concern to me about his ability to attract able barristers to the Bench.

#### CONCLUSION

8. In my view the arguments have to come down in favour of accepting the Review Body recommendations. Accordingly I invite colleagues to agree:

a. that we should accept the TSRB recommendations (summarised in paragraph 4 above) at least for 1979;

b. that the Report and our decision should be published as soon as possible having regard to the handling of the DDRB Report.

C.S.

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18 May 1979

### SAMPLES OF TSRB 11 RECOMMENDED INCREASES AND EXISTING STAGING ARRANGEMENTS

APPOINTMENT	TSRB 11 RECOMMENDED INCREASE £ pa	TSRB 10 STAGING (FIGURES IN BRACKETS INCORPORATE TSRB 11 INCREASES) SALARY AT		
		1 1 78 £ pa	1 4 79 £ pa	1 4 80 £ pa
a. Senior grades of the Higher Civil Service				
Permanent Secretary	2,500	20,772	23,386 (25,886)	26,000 (28,500)
Under Secretary	2,000	13,429	14,714 (16,714)	16,000 (18,000)
b. Senior officers of the Armed Forces				
General	2,500	19,947	22,974 (25,474)	26,000 (28,500)
Major General	2,000	13,429	14,713 (16,713)	16,000 (18,000)
c. Judiciary				
High Court Judge	2,500	20,772	23,386 (25,886)	26,000 (28,500)
Circuit Judge	2,000	14,530	16,015 (18,015)	17,500 (19,500)
d. Chairmen and members of nationalised industry boards				
British Rail Chairman	4,000	25,890	32,945 (36,945)	40,000 (44,000)
Cable and Wireless Chairman	3,000	14,500	21,250 (24,250)	28,000 (31,000)
British Rail members (range maximum)*	2,750	19,840	22,920 (25,670)	26,000 (28,750)
Cable and Wireless members (range maximum)*	2,500	11,590	15,795 (18,295)	20,000 (22,500)
British Waterways Board Chairman	2,000	14,890	15,445 (17,445)	16,000 (18,000)

\* Nationalised industry board members are on salary ranges. For illustrative purposes the maximum of the recommended ranges is shown.

## STAGING PATTERN IN 1978 AND UPDATING COMMITMENTS

### STAGING PATTERN

1. The recommendations from each Review Body were staged on the same basis. A payment was implemented for 1978 and the balance was to be paid in two approximately equal stages on 1 April 1979 and 1 April 1980.

### UPDATING COMMITMENTS

2. Each of the Review Body reports contained a recommendation that the salary levels be updated by the normal review process in the intervening years in the event of staging so that fully comparable pay rates would be achieved by April 1980. These were accepted for the AFPRB and DDRB, but a decision on the TSRB groups was deferred.

3. The only change from this to date is the Government's decision to implement the fully comparable rates for the Armed Forces recommended by the AFPRB from 1 April 1979 and to keep them at a fully comparable level for the future.