

Original filed - Defence (AFPRB)  
~~Nat. Health (TSRB)~~

Prime Minister's Parliament 2

This note sets out where we stand on each of the Review Bodies reports.

IL 2/74

Ref A 02043

MR WHITMORE

The Reports of the relevant Review Bodies on the pay of the Armed Forces and Doctors and Dentists have already been received; the Report of the TSRB on top salaries generally (Civil Servants, senior officers in the Armed Forces, Judges and National Industries Board members) is expected in June; and the further TSRB on MPs' pay is also expected in that month. We discussed these Reports this morning and Cabinet Office officials have been considering with Departments the way in which these Reports are to be handled, given the degree of inter-linking between them. The position is as follows -

a. The Government is committed to accept the Report of the AFPRB (the statement last year said that: "Having thus fulfilled its undertaking by restoring the pay of servicemen to the levels of their counterparts, it is the Government's intention to maintain it thereafter at those levels"). Mr Pym is anxious to announce the Government's acceptance of the new recommendations - which would apply to forces' pay from 1 April 1980 - before the Defence debate is concluded on Tuesday next. For this purpose he proposes an announcement by way of written answer on Tuesday. (He would prefer the answer to be in the Prime Minister's name). The form of words of this announcement has we understand been agreed between Defence and the Treasury to take account of the cash limit point. Mr Pym will minute the Prime Minister tonight seeking agreement to this procedure.

In the Box

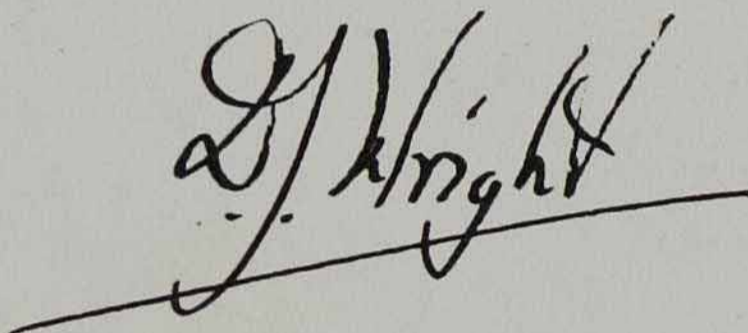
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b. The Doctors and Dentists Report - also operative from 1 April 1980 - presents a slightly different problem. The Government deliberately avoided a commitment to updating in its public announcements last year though we understand that, insofar as they relate to cash limited expenditure, the Report's recommendations can be accommodated within the agreed cash limit

for the NHS (The pay of GP's and Dentists falls outside the cash limited area). The intention here is that Mr Jenkin will put a paper to E Committee towards the end of next week (which can if necessary be conveniently discussed at the meeting arranged for 7 May). In it he will recommend acceptance and immediate implementation of the Report. (Despite the Government's care last year to avoid a commitment to implement this year's Report, there are pre-Election statements on record which support Mr Jenkin's proposal.) At the same time Mr Channon will be advised by his officials to put a short paper to the same E meeting looking ahead to the two TSRB Reports so that the consequences for them of the Government's decisions on the DDRB Report will be in colleagues' minds.

c. The Government has rather greater freedom on handling the TSRB Report on Civil Servants etc. The Press announcement issued last year when the previous Report on these issues was published said explicitly: "No decision has been taken on the Review Body's recommendation that the full rates applicable to 1 April 1980 should be further adjusted next year to take account of adjustments in the intervening period." Colleagues will have to decide, when the Report is available, on the extent, if any, to which they wish to make use of last year's disclaimer to impose different treatment on these groups. The CSD in particular are considering whether, given that the implementation of PRU for the generality of Civil Servants this year was delayed by 5 weeks to keep within cash limits, they should recommend the imposition of a similar delay for the Civil Servants covered by the TSRB Report. If so, and there are strong management arguments to support such a course, it may nevertheless be necessary to let some of the other TSRB groups (eg senior service officers) enjoy full implementation on the due date of 1 April. These matters need not be decided now but Ministers will need to be aware that it may not be possible to maintain complete consistency of treatment as between all of the Review Body Groups over the months ahead.

d. The problem of consistency of treatment may also arise with MPs' pay. Mr St John Stevas said in the House on 9 July last: "The June 1980 increase [ie for MPs] will be further updated, in a manner analogous to that adopted for other Review Body groups". If the pay increase for senior Civil Servants is to be held back for 5 weeks it might be open to the Government to impose a similar delay on Members of Parliament - though the precedents to be set for other Review Body groups could be argued against delay. Again there is no need for Ministers to decide this question in advance of receipt of the relevant Report but it is right that the point should be on the table when the earlier decisions are taken on 7 May.



*RP.* ROBERT ARMSTRONG

25 April 1980