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PRIME MINISTER

cc: Mr. Ingham  
Mr. Vereker  
Mr. Wolfson  
Mr. Hoskyns

TOP SALARIES REVIEW BODY REPORT

We have now received the TSRB's Report on senior public civil servants' pay - copy attached.

As expected, the Report does not make any new recommendations on pay. It simply urges the Government to implement last year's recommendations "in full and as soon as possible". If implemented as from 1 April 1981, this would mean a 12% overall increase in the salary cost of the three groups covered by the Review. For the majority of the individual grades within the three groups, the increase would be less than 10%. But the increase for Under-Secretaries, Rear Admirals, Major Generals and Air Vice Marshals would be 14.6%; and the increase for the comparable judiciary grade would be about 15%.

The Report makes clear that it is only an interim one, and that it will be followed by a Report in 1982 containing "full recommendations on the salary levels which are appropriate at that date". With this in view, the TSRB have commissioned detailed surveys of outside salary levels; some of these surveys, including one on the judiciary, have already been completed and their findings are referred to in the Report - though without any firm recommendations. The two main issues which these surveys have so far thrown up appear to be, firstly, the undesirable narrowing of top salary differentials generally, and, secondly, the inadequacy of judicial salaries.

The main issue for decision on this Report is how far we can go in implementing last year's recommendations. If we cannot implement them in full, what increase in the pay bill of the three groups would be acceptable, and how should it be distributed? One possibility which we have had in mind is to ask the TSRB for private advice on how a given figure - i.e. lower than 12% overall - should be distributed.

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The Cabinet Office will be providing early advice on how, and when, the Report should be considered by Ministers. There is an obvious link between this Report and decisions on MPs and Ministers pay - the <sup>Chancellor of the Duchy</sup> ~~Lord President~~ will be bringing forward a paper on the latter in the next two weeks. It would probably be better to defer considering the present Report until we have the Lord President's paper. By that time, we may also have a clearer view of the likely outcome of the Civil Service dispute, the Doctors' and Dentists' Review Body's Report, and possibly the Armed Forces Review Body's Report - all of which are relevant.

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1 April 1981

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