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J. Vereker

PRIME MINISTER

DRAFT LETTER TO LORD PLOWDEN

I have a number of comments on the draft letter to the Chairman of the Top Salaries Review Body (TSRB) which the Secretary of the Cabinet circulated with his minute of 10 April to the Lord Chancellor.

2. First, the Government does not "propose" increases for the groups concerned (last paragraph on page 1). I suggest "adopt".

3. Secondly, I suggest the omission of the phrase "a little" in the final sentence of the last paragraph but one, in order not to restrict our options unduly at this stage.

4. Finally, and most importantly, although I am content that the draft letter should ask for advice on the basis of an increase of 7 per cent, I should record that there may be strong arguments in favour of a lower figure; and we must be careful not to prejudice the position. The current offer of 7 per cent to the Civil Service is the effect of a 6 per cent pay factor combined with a squeeze on numbers; and it is not clear to what extent the latter factor will apply to TSRB groups. Secondly, we shall need to co-ordinate

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our decisions on the TSRB groups with our decision on the doctors and dentists: in view of arguments which the Secretary of State for Social Services has advanced in other contexts, it may well be that 6 per cent is all that we can afford to give the doctors and dentists. It would be significantly more difficult to do this if we gave more than 6 per cent to the TSRB groups.

5. I am sending copies of this minute to the Lord Chancellor, the Lord President, the Secretaries of State for Defence and Social Services, and the Secretary of the Cabinet.

R.I. Toole,  
for,  
(G.H.)

14 April 1981

[ Approved by the Chancellor  
and signed in his absence ]