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CC(83) 24th  
Conclusions

COPY NO 80

CABINET

CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on

THURSDAY 21 JULY 1983

at 10.00 am

P R E S E N T

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon Lord Hailsham  
Lord Chancellor (Items 1-5)

The Rt Hon Leon Brittan QC MP  
Secretary of State for the Home Department

The Rt Hon Sir Keith Joseph MP  
Secretary of State for Education and Science

The Rt Hon Peter Walker MP  
Secretary of State for Energy

The Rt Hon George Younger MP  
Secretary of State for Scotland

The Rt Hon John Biffen MP  
Lord Privy Seal

The Rt Hon Norman Tebbit MP  
Secretary of State for Employment

The Rt Hon Lord Cockfield  
Chancellor of the Duchy of Lancaster

The Rt Hon Michael Jopling MP  
Minister of Agriculture, Fisheries  
and Food

The Rt Hon Peter Rees QC MP  
Chief Secretary, Treasury

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## ALSO PRESENT

The Rt Hon John Wakeham MP  
Parliamentary Secretary, Treasury

## SECRETARIAT

Sir Robert Armstrong  
Mr P L Gregson (Items 5 and 6)  
Mr A D S Goodall (Items 2-4)  
Mr D F Williamson (Items 2-4)  
Mr D H J Hilary (Item 1)  
Mr M S Buckley (Items 5 and 6)  
Mr R Watson (Item 1)

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PARLIAMENTARY  
AFFAIRS

1. The Cabinet were informed of the business to be taken in the House of Commons during the following week. The House would rise for the Summer Adjournment on Friday 29 July and return on Monday 24 October.

Televising  
Proceedings  
in the House  
of Lords

THE LORD PRESIDENT OF THE COUNCIL said that in 1966 the House of Lords had passed a motion in favour of their proceedings being televised for an experimental period, and an experiment on closed circuit had taken place in 1968. A number of Peers wished to raise the matter again, and it was possible that there would be a debate in the autumn and that, if the House approved a further experiment, the Sound Broadcasting Committee would hold discussions with the television authorities.

The Cabinet -

Took note

FOREIGN  
AFFAIRS

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Zimbabwe

Previous  
Reference:  
CC(83) 11th  
Conclusions,  
Minute 2

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that Thames Television had made a film of the trial in Zimbabwe of a number of officers of the Zimbabwe Air Force who were accused of treason. The film, which was believed to comment critically on the conduct of the trial, was to be broadcast that evening. The verdict in the trial had not yet been delivered. At the request of the defending Counsel, Lord Goodman had approached the Government to see whether action could be taken to prevent the film being shown at this juncture, since this could only be prejudicial to the interests of the accused, several of whom were citizens of the United Kingdom as well as of Zimbabwe. He was satisfied that it would be an act of grotesque irresponsibility by Thames Television to show the film as planned. Even if the film went ahead despite representations from the Government, it would be helpful that the Zimbabwean authorities should be aware that such representations had been made.

THE LORD CHANCELLOR said that by showing the film Thames Television would be putting the lives and liberties of their fellow citizens at risk for no legitimate reason. If the trial were taking place in the United Kingdom, those responsible for showing the film would be liable to proceedings for contempt of court: but no legal action could be taken against them in respect of a foreign trial. He was not aware of any case in which filmed comment on a British trial had been shown abroad before the trial had finished.

In discussion it was pointed out that Lord Goodman had already approached the Independent Broadcasting Authority (IBA) which alone had power to prevent the film being shown, and had received a reply from the Deputy Director General declining to stop the broadcast; but it did not seem that he had made a direct approach to the Chairman, who might be more receptive. Home Office officials were in touch with

the IBA urging that the film should be seen by the Chairman and members of the Authority personally before a decision was taken to allow the broadcast to go ahead. Conveying the views of the Cabinet to the Authority might be interpreted as political interference: but it might be appropriate to apprise them of the legal implications that would ensue from showing such a film in respect of a trial in the United Kingdom. It would however be important to avoid creating the impression that the Government was endorsing the conduct of the trial or the actions of the Zimbabwean authorities in relation to it. Comparisons might also be made with televised commentaries on the trials of dissidents in the Soviet Union and elsewhere to which no exceptions had been taken.

THE PRIME MINISTER, summing up the discussion, said that, subject to the views of the Attorney General, it would be desirable to endorse the approach already made to the IBA by Home Office officials; and to state publicly that the Government had asked for the film to be seen by the Chairman and senior members of the Authority before a decision was taken on whether to show it as planned.

The Cabinet

1. Took note.

THE FOREIGN AND COMMONWEALTH SECRETARY said that his visit to Washington the previous week had gone well. He had seen the President of the United States, the Vice-President and senior members of the Administration, all of whom had expressed their satisfaction at the outcome of the British General Election and their admiration for Britain and for the Prime Minister personally. It was clear that Britain's standing in the United States was high, and that there was a fund of goodwill towards Britain of which judicious use should be made. He had been able to discuss all the principal issues of mutual concern to the two Governments. The United States Secretary of State, Mr Shultz, and the Secretary of the Treasury, Mr Regan, had made it clear that they had opposed the recent decision by the United States Government to impose import restrictions on special steel; and they had insisted that these measures should not be seen as a step down the protectionist road following the Williamsburg Economic Summit. Despite these disclaimers, however, he feared that further protectionist measures might follow. He had raised the matter in the Foreign Affairs Council of the European Community on 18 July, and the Community was proposing to pursue its right in the General Agreement on Tariffs and Trade vigorously. He had expressed the British Government's concerns to the United States Administration on unitary taxation (in which Mr Regan had expressed agreement) and on the Export Administration Act. He had not been altogether reassured by his conversation about the American economy with Mr Regan and Mr Volker, the Chairman of the Federal Reserve Board, which had given him the impression that the Administration lacked the necessary policies and resolution to deal

United States

Previous Reference: CC(83) 21st Conclusions, Minute 2

**CONFIDENTIAL**

with the United States budget deficit and bring American interest rates down. The Americans had made no reference to the dispute arising from the United States anti-trust actions against British airlines. On foreign affairs, the United States Administration saw little hope of progress in the Middle East and would probably be less active there as the Presidential election approached. On East-West relations they were pleased that the re-election of the Christian Democrat-Free Democrat coalition in the Federal Republic of Germany and of the Conservative Government in the United Kingdom made it possible for the Alliance to maintain its firm policies towards the Soviet Union. They faced great difficulties in Central America, where their genuine concern at the advance of Soviet and Cuban influence was involving them in supporting some unattractive regimes. President Reagan and Mr Schultz had urged on him the importance of maintaining the British garrison in Belize. On the Falkland Islands, the American attitude was conditioned by their concern at the prospect of the elections due to take place in Argentina in October producing a left-wing Government there, and they were looking to the United Kingdom for help in averting this outcome. He had made it clear that the United Kingdom would welcome normal relations with Argentina, but that there could be no question of negotiating with the Argentines about sovereignty over the Falkland Islands. He had also sought American help in applying pressure on Argentina through the International Monetary Fund to end discrimination against British banks and firms. The question of anti-trust legislation had not been raised. Almost all his interlocutors in the Administration and in the Senate had expressed interest in Ireland and had welcomed the resumption of high-level contacts between the British and Irish Governments. There was some feeling that the failure of this year's St Patrick's Day Parade in New York to demonstrate support for the cause of the Provisional Irish Republican Army might mark a turning point in Irish-American opinion, although this was probably over optimistic. He had expressed appreciation of the action taken by the United States Administration to clamp down on arms sales to Irish terrorist organisations and had urged that this pressure should be maintained.

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that he had seen the United States Trade representative, Mr Brock, in London on 18 July, who had warned him that the United States textile industry was becoming restive and that President Reagan was likely to come under pressure for protectionist action in this area. It was important to impress on the United States Administration, as he had done on Mr Brock, that the United States would have nothing to gain by such action, which would re-open the whole question of low cost imports and seriously damage trade relations between Britain and the United States.

**CONFIDENTIAL**

Conference on Security and Co-operation in Europe

Previous Reference: CC(83) 22nd Conclusions, Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the final document of the Madrid Conference on Security and Co-operation in Europe had now been agreed by all the participating states except Malta. Although it contained nothing dramatic, it marked a further step in the Helsinki process, which gave the West useful leverage against the Soviet Union on human rights. The document was due to be signed by Foreign Ministers in Madrid on 7-9 September, which would provide an opportunity for him to talk privately to the Spanish Foreign Minister, Senor Moran, about Gibraltar.

The Cabinet -

2. Took note.

COMMUNITY AFFAIRS

Community Budget and United Kingdom Refunds

Previous Reference: CC(83) 23rd Conclusions, Minute 3

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that, at the meeting of the Council of Ministers (Budget) which was continuing today, the Financial Secretary, Treasury would be insisting that provision for the United Kingdom's 1983 refund of 750 million ecu net should be made in the Community's 1984 draft budget. In the discussion in the Council so far other member states had not raised too many difficulties about the net figure. Discussion had not yet begun about the allocation to specific budget lines or to Chapter 100. There was, however, difficulty over the provision in the 1983 supplementary budget for the refunds due to the United Kingdom under the 1982 risk-sharing arrangement. The Commission's proposal was on the payments basis which had been used before and which the United Kingdom supported. France, Germany and Denmark, however, were arguing for a different basis of calculation (the so-called "assiette") which would reduce the payments to the United Kingdom. The Greek Chairman of the Council had also suggested that the Commission's figure should be reduced by 100 million ecu. The Financial Secretary had made clear that this was unacceptable. If necessary, the United Kingdom would seek to postpone the vote until September. Contacts had already been made with the Federal Chancellor's office with a view to influencing the German position. It was not recommended that the United Kingdom should use the Luxembourg compromise to block the supplementary budget at this stage.

In discussion it was pointed out that it was unsatisfactory that, when agreements such as the 1982 risk-sharing arrangement had been reached by Heads of Government, some member states sought to whittle them away when they came to be implemented. The German position was the key to the present dispute. It would be preferable that the Financial Secretary should not have explicitly to invoke the Luxembourg compromise, but he should do everything possible to prevent the adoption by the Council of an unsatisfactory supplementary budget.

THE FOREIGN AND COMMONWEALTH SECRETARY also reported that at the special Council of Ministers on 19 July he had outlined the main elements of two papers which the United Kingdom would be submitting on the budgetary safety-net and on the strict financial guideline for agricultural expenditure. He had received support from the Dutch on agricultural spending and from the Germans on the budgetary safety-net.

**CONFIDENTIAL**

Enlargement  
of the  
Community  
Mediterranean  
Agriculture

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that at the Council of Ministers (Agriculture) on 18 July the Italians had refused, because their new Government had not yet been formed, any real discussion of the proposed changes in the Community regimes for certain Mediterranean agricultural products.

Fisheries

Previous  
Reference:  
CC(83) 23rd  
Conclusions,  
Minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that the group of Community officials had arrived at almost the same conclusion as the Commission on North Sea herring. Once again, therefore, it would be for the Danes to decide to accept or to block the agreement of the nine member states on this point at the Council of Ministers (Fisheries) on 25-26 July.

The Cabinet -

Took note.

HOME  
AFFAIRS

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The Stock  
Exchange

4. THE SECRETARY OF STATE FOR TRADE AND INDUSTRY reported that the Council of the Stock Exchange was discussing that day whether they could put forward changes in their rules and practices intended to satisfy the Office of Fair Trading and effectively make the proposed case before the Restrictive Trade Practices Court redundant. If the Council of the Stock Exchange did agree to put forward these changes, it would be his intention to make a statement in the House of Commons on 27 July to the effect that the Government would be prepared to lay an Order which would exempt the revised arrangements of the Stock Exchange from the provisions of the Restrictive Trade Practices Act; court proceedings on the existing arrangements should thus become unnecessary.

The Cabinet -

Took note.

**CONFIDENTIAL**

ECONOMIC  
OUTLOOK  
AND PUBLIC  
EXPENDITURE

5. The Cabinet considered the following memoranda:
- i. A memorandum by the Chancellor of the Exchequer (C(83) 23) on economic prospects;
  - ii. a memorandum by the Chief Secretary, Treasury (C(83) 26) on objectives for public expenditure;
  - iii. a memorandum by the Chief Secretary, Treasury (C(83) 24) on Civil Service numbers after 1984;
  - iv. a memorandum by the Chief Secretary, Treasury (C(83) 25) on privatisation and contracting out.

Economic  
Prospects  
and Public  
Expenditure

THE CHANCELLOR OF THE EXCHEQUER said that the United Kingdom economy was likely to grow a little more rapidly than forecast at the time of the Budget. Output was likely to increase by perhaps 2½ per cent in 1983 and at a similar rate in 1984. The prospects for inflation had also improved since the Budget. Inflation was likely to be running at about 5½ per cent by the end of 1983 and at a similar rate in 1984. Against these favourable developments, the prospects for the world economy had deteriorated. Recovery in Europe and Japan was relatively slow. Output was growing strongly in the United States; but the very high budget deficit there was a cause for concern. It would put upward pressure on United States interest rates, which would unfavourably influence interest rates in this country. Financial developments in the United Kingdom were giving cause for concern. The increase in the money supply since 1 April 1983 had been running at an annual rate of about 17 per cent, some way above the 7 to 11 per cent target. Public expenditure and borrowing had also been well above planned levels. It was essential that the Government should continue to pursue a responsible and consistent monetary and fiscal policy within the framework of the medium-term financial strategy. This required firm control over public spending and borrowing. The budgetary prospect for 1984-85 was not easy. There was a case for trying to reduce public expenditure plans for that year below the levels published in the White Paper on the Government's Expenditure Plans 1983-84 to 1985-86 (Cmnd.8789); but he was not seeking this. What was vital was not to exceed the published plans, while maintaining a contingency reserve of £3 billion in order to be able to cope with such uncertainties as lower than expected shortfall, overruns of demand-determined expenditure programmes, excessive expenditure by local authorities, uncertainties about the refund from the European Community, and the effects of the recently-introduced scheme of end-year flexibility on central Government capital programmes.

THE CHIEF SECRETARY, TREASURY said that for the reasons set out by the Chancellor of the Exchequer the objective for the 1983 Public Expenditure Survey should be to adhere to the planning totals for 1984-85 and 1985-86 published in Cmnd.8789 and to keep the total at approximately the same real level in 1986-87, including adequate planning reserves. Looking further ahead, the aim should be to hold the total of public expenditure, in cost terms, up to 1988-89 at the level of about £103 billion at 1980-81 prices which it reached in 1982-83 and which Cmnd.8789 projected for 1985-86. If annual



economic growth averaged 2½ per cent up to 1988-89 this would permit the ratio of taxation to the gross domestic product (GDP) to be reduced to about 36½ per cent. For 1984-85 Departments had proposed increases in expenditure totalling some £6.1 billion over existing plans. The figure for 1985-86 was £6.8 billion and for 1986-87 £7.0 billion. Some of the bids were unavoidable. He estimated that bids totalling about £2½ billion would have to be accepted for 1984-85. Savings elsewhere of that order would be needed simply to stay within the published total. Reductions of at least the same order would be needed for later years. He proposed to discuss with colleagues bilaterally how these savings might best be achieved. He would report the results to the Cabinet towards the end of October.

In discussion, there was general agreement with the assessment presented by the Chancellor of the Exchequer and the Chief Secretary, Treasury. It was not easy for spending Ministers to commit themselves to achieving a specified level of savings over the totality of public expenditure programmes without an indication, which inevitably could not be given at this stage, of the detailed implications for their own programme. Some members of the Cabinet also took the view that the Government's priority should be to stimulate economic growth; and that the best way of doing so was by mounting a substantial programme of capital investment to improve the nation's infrastructure, coupled with encouragement of private investment. The Government had however fought the General Election campaign on a platform of financial responsibility and firm control of public expenditure within the plans published in Cmnd.8789; and it was vital to the Government's credibility to adhere to those plans. It would strengthen the confidence of commerce and industry if the Government was seen to be adhering to a steady and pre-determined course on public expenditure.

In further discussion, the following main points were also made -

a. It was essential, and particularly appropriate at the present stage in the life of a Parliament, for Ministers to have a fundamental review of long-term prospects for the economy and public expenditure. There were many conflicting considerations to be weighed. It was a matter for concern that the trend towards increased consumption in the public sector at the expense of capital investment had continued, though admittedly far from all public sector capital projects were economically productive. There was a strong case for reducing the proportion of national output absorbed by the public sector and so reducing the burden of taxation. On the other hand, the Government was also committed to, and people wanted to see, the maintenance of social services of a high quality. Demographic trends, such as the rising number of very old people, would add to the cost of honouring that commitment; but to abandon or weaken it would raise very great political difficulties. It would be helpful to stimulate an informed and constructive public debate, perhaps by such means as commissioning appropriate research from academic bodies. This would allow radical ideas to be aired more easily, and with less political embarrassment, than studies within Government.

b. The expenditure plans for 1984-85 assumed that the 'GDP deflator' would increase by 5½ per cent. But it should be possible to secure a smaller increase in that part of the plans which was accounted for by pay. The lower public service pay settlements, the greater the capital investment and the higher the standard of service that could be afforded within published plans. It would be highly desirable to make this point in public discussion: an early opportunity to do so would arise if the Government, as was currently proposed, made a statement in early August on local authority current expenditure in 1984-85.

c. It would be easier for spending Ministers to find the necessary amount of savings if they were allowed greater flexibility to switch expenditure between programmes and if there were more flexibility in dealing with receipts from the sale of assets. Such sales would be encouraged if those responsible for them received some benefit in additional resources for their programmes. This was seldom possible if, as current practice appeared to require, receipts were allowed to offset higher expenditure only if they occurred in the same financial year.

Civil  
Service  
Numbers

THE CHIEF SECRETARY, TREASURY said that the Cabinet had agreed in December 1982 (CC(82) 53rd Conclusions, Minute 8) that targets for Civil Service numbers should be set for April 1988. The total was to be built up from individual figures agreed for each Department, so that the numbers matched more closely the needs of the work. Departments had accordingly been asked for a statement of their likely manpower needs from 1984 to 1988 and the scope for further reductions. There was already a good prospect of reducing the size of the Civil Service to 605,000 by 1 April 1988, provided that the Royal Ordnance Factories were hived off. He believed that it should be possible to go further and to reduce the overall target to below 600,000. He proposed to pursue the possibilities with his colleagues as part of his bilateral discussions of expenditure programmes. He asked the Cabinet to agree that the general aim should be to secure rather larger reductions than those so far offered, but consistently with the conclusions reached by the Cabinet in December 1982.

Contracting  
Out and  
Privati-  
sation

THE CHIEF SECRETARY, TREASURY said that the Government was committed to reducing the size of the public sector. Some functions could be transferred completely to the private sector. Others, though necessarily retained within the public sector, could be contracted out to private enterprise. Up to December 1982 savings within central Government had been achieved of nearly 15,000 staff and at least £9 million a year. Further proposals were under consideration. The Local Government, Planning and Land Act 1980 required local authority direct labour organisations to bid for a substantial proportion of their work against competitive tenders from private contractors. In consequence, staff numbers had fallen by 11 per cent between April 1981 and October 1982. Regulations which would substantially increase the proportion of general highways, new buildings and maintenance work which had to be put out to competitive tender (or given to contractors) had been laid before Parliament. Otherwise, the Government's efforts in the

local authority field had focused on exhortation. To go further would, for the most part, require legislation. He would discuss with the Ministers principally concerned how best to make progress. In the National Health Service (NHS) about £160 million worth of work was contracted out. But there was substantial scope for an increase. The Secretary of State for Social Services was actively pursuing possibilities with health authorities. Under commercial pressures, and financial and other pressures from central Government, the nationalised industries contracted out a wide range of services. He proposed that Treasury and Departmental officials should continue in the course of annual corporate planning discussions to press the industries to increase the amount of work contracted out and report the results. He proposed to pursue possibilities for contracting out work in Government Departments as part of his bilateral discussions with spending Ministers; Health Ministers should continue their policy of increasing the amount of contracting out from the NHS. With the other Ministers concerned he intended to make a further report in twelve months' time.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet endorsed the Chancellor of the Exchequer's appraisal of economic prospects and the Chief Secretary, Treasury's proposals on the objectives and conduct of the 1983 Public Expenditure Survey, Civil Service numbers after 1984, and privatisation and contracting out. It was essential that the Government should adhere to the expenditure planning totals published in Cmnd.8789, on which they had fought the last Election. Ministers should take every opportunity publicly to emphasise the united view of the Cabinet on this matter. Ministers with spending responsibilities should rigorously examine their programmes for possible economies, and should actively review the functions and staffing of their Departments. Some areas of activity might need more staff; but there were undoubtedly many others where economies could be made. It might well be necessary to establish early retirement terms which would facilitate premature retirement from the higher ranks of the Civil Service where that would improve the promotion prospects of talented younger staff.

The Cabinet clearly wished to have a fundamental review of longer-term prospects for public expenditure and the economy. Before this was possible, a good deal of preparation would be needed. It would also be desirable to stimulate an informed public debate. Commissioning appropriate academic studies outside Government might have a useful contribution to make to this. She would consider how progress could best be made. Meanwhile, Ministers in charge of Departments, in consultation with the Treasury, should again review the scope for fundamental changes in policies and the management of programmes in order to reduce public expenditure and make it more cost-effective.

The Cabinet -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.
2. Endorsed the appraisal of economic prospects in C(83) 23.
3. Approved the proposals in C(83) 24 and 25.

4. Approved the proposals in C(83) 26 relating to the objectives and conduct of the 1983 Public Expenditure Survey; and invited the Chief Secretary, Treasury to hold bilateral discussions accordingly with spending Ministers and to report in late October.

5. Took note that the Prime Minister would consider how discussion of the longer-term prospects for the economy and public expenditure could best be arranged.

6. Invited spending Ministers to review the programmes for which they were responsible on the lines indicated by the Prime Minister in her summing up.

TOP SALARIES  
REVIEW BODY  
REPORTS  
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Salaries of  
Ministers and other  
Office  
Holders  
  
Previous  
Reference:  
CC(83) 23rd  
Conclusions,  
Minute 1

6. THE PRIME MINISTER said that, following the resolutions passed by the House of Commons on 20 July on Parliamentary pay and allowances, it would be necessary to seek Parliament's approval for a draft Order in Council relating to the salaries of Ministers and other office holders. After consultation with a small group of Ministers, she had concluded that the right course would be to follow the pattern established for increasing the pay of Members of Parliament (MPs) by five instalments, the first in July 1983, and the remaining four on 1 January of the years 1984 to 1987. In the light of previous Government statements, however, the percentage increase for the first instalment should be less than the 5.5 per cent increase of MPs; Cabinet Ministers would receive only 4 per cent and the increase for junior Ministers would be in the range 4.7 to 5.4 per cent. Subsequent instalments would involve the same percentage increases as those for MPs, i.e. 3.2 per cent on 1 January 1984, declining to 4.5 per cent on 1 January 1987. There would be no provision for Ministerial salaries to parallel that in the resolution on MPs' pay for a further increase in January 1988 to be determined by the movement between 1983 and 1988 of a civil servant's salary currently at or about £18,500. The salary of the Lord Chancellor would need to be treated differently. At present the Lord Chancellor's notional salary was at the same level as that of the Lord Chief Justice. The Top Salaries Review Body Report No 20 had recommended that the Lord Chancellor's salary should be fixed at a level £2,000 above that of the Lord Chief Justice to mark the Lord Chancellor's position as head of the judiciary, and this recommendation should be accepted. The Lord Chancellor would however elect to continue to receive, as now, the same Ministerial salary as other Cabinet Ministers in the House of Lords.

In discussion it was pointed out that Ministers would be criticised for choosing to receive the same percentage increase as MPs had voted for themselves, and for appearing to set a pattern of pay increases for several years ahead of around 5 per cent when the Government's policy would be to secure a lower level of pay settlements. It was however desirable to maintain the differentials between the salaries of junior Ministers and that of an MP. It would be difficult for the Government in future years to bring forward Orders in Council providing for increases in Ministerial salaries when no parallel resolution would be required in respect of MPs' pay. There was much to be said for taking this opportunity to settle Ministerial salaries for the period up to 1987. If circumstances arose in future years which made it desirable for Ministers to forgo the increases already provided for by Order in Council, this could be done by administrative action and would have greater public impact than if the Government confined themselves now to dealing only with 1983 and refrained from tabling new Orders in Council in future years.

The Cabinet -

1. Agreed that a draft Order in Council should be laid later that day providing for increases in the salaries of Ministers and other office holders on the lines proposed by the Prime Minister.

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Pthg

Top Salaries  
Review Body  
Report No 19  
on Top  
Salary Groups  
Previous  
Reference:  
CC(83) 22nd  
Conclusions,  
Minute 6

THE PRIME MINISTER said that the one remaining Review Body Report on which decisions were still outstanding was Report No 19 by the Top Salaries Review Body (TSRB) on the salaries of senior civil servants (Under Secretaries and above), senior officers in the armed forces (Major General and equivalent and above) and the judiciary. She had instructed the Secretary of the Cabinet to circulate a note (C(83) 27), which set out two options for dealing with the Report. Option A was based on the principle of consistency with the treatment of the 1983 Report of the Doctors and Dentists Review Body. The current year increase of 6.9 per cent would be paid from 1 April 1983. The abatement of the TSRB's earlier recommendations amounting to just under 5 per cent would be restored with effect from 1 January 1984. The cost within the financial year 1983-84 would be £4.1 million (8.2 per cent). Option B followed the principle of containing the percentage increase in cost within the current financial year at approximately the same level as the percentage increase in MPs' pay within the current financial year. The increase of 6.9 per cent would be paid from 1 August 1983 rather than 1 April 1983. The abatement of just under 5 per cent would be restored with effect from 1 January 1984. The cost within the financial year 1983-84 would be £2.9 million (5.85 per cent). There was a strong case for ensuring that in April 1984 the TSRB was able to make recommendations for the top salary groups without having to deal with any backlog. Option B, which she favoured, secured this result at a modest cost within the current financial year, although it would involve postponement of the current year increase for the top salary groups for four months beyond their normal date for a salary review. She had it in mind to announce the Government's decision later that day in a Written Parliamentary Answer.

The Cabinet -

2. Agreed that the Government's response to Report No 19 of the Top Salaries Review Body on top salary groups should be on the lines of Option B as set out in C(83) 27.
3. Took note that the Prime Minister would announce the Government's decision later that day in a Written Parliamentary Answer.

Cabinet Office

22 July 1983