

CONFIDENTIAL



MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

FUTURE OF THE TOP SALARIES REVIEW BODY

As I cannot be at your meeting on this subject on 16 January - because it clashes with Standing Committee on the Museum of London Bill - I am sending you this minute to let you and my colleagues know my views.

In the minute I sent you on 15 November 1985 I expressed some reservations about the proposal for abolition of the Top Salaries Review Body (TSRB), and suggested that we should consider whether that would produce fewer problems than retaining it, perhaps with a modified remit. The views expressed by the Secretary of State for Defence in his minute of 14 November 1985, by the Lord Chancellor in his minute of 25 November 1985 and by the Chancellor of the Duchy of Lancaster in his minute of 8 January have reinforced these reservations.

Others have referred to the difficulty of any system under which senior civil servants were seen to be able to negotiate their own pay. I think that this is a real problem in the Chancellor of the Exchequer's proposal. I also think he overstates the argument that the TSRB tends to look at its 'client' groups horizontally rather than vertically: there is (as the Secretary of State for Defence pointed out) a reality about the horizontal link between senior civil servants and senior armed forces officers, and the TSRB has always taken account of the relationships between their groups and 'the work forces to which they belong'. Nor do I think that the TSRB can fairly be accused of excessive regard for comparability: their own figures last year demonstrated that, if they had thought simply about comparability, they could have come up with even higher figures than they did.

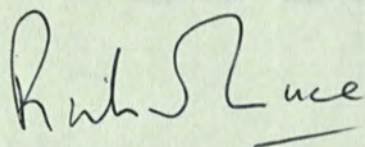
I think we are in danger of shooting the messenger because we didn't like the last message. I am also concerned about how we would reconcile abolition with our efforts to reach a long term pay agreement with the Civil Service unions and with the retention of independent bodies to review the pay of the senior armed forces and judiciary. So I, like the Chancellor of the Duchy, favour keeping the TSRB but redirecting its orientation, either by refining the terms of reference or by putting in suitable evidence, so as to remedy its deficiencies.

CONFIDENTIAL

CONFIDENTIAL

There is one other consideration, on which the Chancellor of the Duchy also touches. We are now only twelve weeks or so from the time when the TSRB is due to produce its next report, and I understand that it has already started work. I think, therefore, that we have left it a bit late to abolish it now. The coming review is to be no more than an updating. That gives us time to consider how we might redirect the TSRB, and to do whatever in the light of that we think is right to do, after the coming review but well before the 1987 review is put in hand.

I am sending copies of this minute to the Lord Chancellor, the Chancellor of the Exchequer, the Secretary of State for Defence, the Chancellor of the Duchy of Lancaster, the Lord Privy Seal and Sir Robert Armstrong.



RICHARD LUCE
10 January 1986

CONFIDENTIAL

ECON POL PTG

TSRB



CONQUEROR

