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The Rt Hon Margaret Thatcher MP  
10 Downing Street  
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*Dear Prime Minister*

REVIEW BODY ON TOP SALARIES

I enclose our Ninth Report on Top Salaries. This sets out our recommendations on salary levels at 1 April 1986 for senior civil servants, senior officers in the armed forces and the judiciary.

Last year we did a fundamental review of the grades for whom we make recommendations. The government accepted for the most part the proposals on pay and ranking which we recommended for immediate implementation, subject to staging.

However, there was one basic part of our recommendations - discretionary range pay for up to 25 per cent of those in the ranks of under secretary and deputy secretary - which we said would take about a year to study and organise and should we believe come into force by 1 April 1986. This was an integral and most important part of our recommendations. In our opinion discretionary range pay is not an optional extra, but is the least expensive way of providing the remuneration that is needed for the most effective individuals in Grades 2 and 3.

We are most distressed that little progress appears to have been made with this proposal, an important tool of management adopted a generation ago by large organisations in the private sector. Better management of the civil service is something that has been advocated and accepted as a goal for many years. We recognise all the difficulties in introducing a system of this kind into any organisation, particularly one like the civil service without profits as a method of measurement and with its long tradition of collegiate organisation. But a purely collegiate organisation however admirable and however successful in the circumstances of the past will not do in the modern world however much people yearn for its retention.

In the last few years progress has been made in positively managing the civil service. But management of the civil service cannot and must not ignore methods and tools of management that have been found essential worldwide in the private sector. Of course there are difficulties but:

"Nothing will be achieved if all possible objections must be overcome first".

*Yours sincerely*  
*P. Plowden*

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