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MR NORGROVE

29 April 1986

PAY REVIEW BODY REPORTS.

As promised, I enclose a copy of a short summary note on the Pay Review Body reports that (in fair form) Sir Robert Armstrong will circulate to the Permanent Secretaries of the Treasury, MOD, DHSS and Lord Chancellor's Department tomorrow, in preparation for a meeting with them on Thursday.

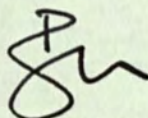
2. I hope that the outcome of the meeting will be a remit to me, with help from the Permanent Secretaries concerned, to prepare a paper for Sir Robert Armstrong to submit to the Prime Minister for a meeting with the group of Ministers already identified after her return from the Summit next week. The aim should then be a paper for Cabinet on 15 May.

3. The attached note touches only briefly on the considerations that Ministers will need to take into account. Affordability will, of course, be a major consideration and my guess is that the awards recommended will be most difficult for the NHS to bear. As I understand it, the maximum that DHSS Ministers think they can absorb without serious damage to resources is about 5.5 per cent. MOD will no doubt also argue that they would need extra resources in a budget that has now ceased to grow in real terms. I believe, however, that internally they have assumed a 7 per cent increase for all armed forces personnel, so that it ought to be possible to absorb these awards if they are accepted in full. Similarly, given the small absolute amounts involved, the

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Treasury would expect the TSRB awards to be absorbed.

4. There is, of course, an infinity of possible combinations for abating or staging the awards, but we shall want to narrow these down before preparing the paper for Ministers.

A handwritten signature in black ink, appearing to be 'J B Unwin', written in a cursive style.

J B UNWIN

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PAY REVIEW BODY REPORTS 1986.

Decisions are now required on the four pay review body reports, which it ^{is proposed} seems ~~sensible to~~ handle together. Their main recommendations, for proposed implementation from 1 April 1986, are as follows:

ARMED FORCES PAY REVIEW BODY (AFPRB)

2. The AFRB estimate that the net cost of their recommendations will add 7.46 per cent (£217.4m) to the estimated 1986-87 pay bill for the regular forces ~~of £3200 million~~. Individual increases range from 5.5 - 9.5 per cent. The number affected is 330,000. The 1985 award represented a 7.3 per cent increase.

3. Increases for selected ranks are:

	Current	£	Proposed
Brigadier & equivalent	29,401		32,160
Major & "	15,443 - 18,509		16,721 - 20,049
Sergeant & "	9,088 - 10,939		9,793 - 11,7 ³ / ₉
Private & "	6,344 - 8,026		6,811 - 8,625

REVIEW BODY FOR NURSING STAFF, MIDWIVES, HEALTH VISITORS AND PROFESSIONS ALLIED TO MEDICINE (NRB)

4. (a) NRB recommendations for nursing staff, midwives and health visitors.

The NRB estimate that the cost of their recommendations will add 7.8 per cent (£280.8m) to the estimated 1986 - 87 pay bill of £3,616 million (excluding employers' NIC and superannuation contributions), ^{agency staff & London weighting}.

The number affected is some 487,000.

5. Increases for selected grades are:

	Current	£ Proposed
Regional Nursing Officer (RI)	21,520 - 27,550	23,240 - 29,750
District Nursing Officer (England) (DHAI(T))	21,060 - 26,580	22,745 - 28,705
Nursing Sister II	7,480 - 10,000	8,070 - 10,800
Staff Nurse/Staff Midwife	6,000 - 7,175	6,475 - 7,750
Nursing Auxiliary/Assistant (age 18 or over)	3,950 - 5,120	4,265 - 5,525

6. (b) NRB recommendations for professions allied to medicine (PAMs)

The NRB estimate that the cost of their recommendations will add 8.2 per cent ^{some} ~~(some £26.2m)~~ to the estimated 1986-87 pay bill of £317.7 million (excluding NIC, superannuation, etc). *contributions, agency staff & London weighting*

The number affected is some 38,000.

7. Increases for selected grades are:

	Current	£ Proposed
District I Physiotherapist etc	14,880 - 15,410	16,075 - 16,645
Basic Grade	6,200 - 7,450	6,695 - 8,045

DOCTORS & DENTISTS REVIEW BODY (DDRDB)

8. The DDRB estimate that their recommendations will add 7.6 per cent (some £161 million) to the estimated 1986-87 pay bill of some ~~£2,200~~ million ^{£2,120} (excluding NIC, superannuation etc). This comprises £89 million for the Hospital & Community Health Services and £72 million for the Family Practitioner services. The total number affected is some ~~92,000~~

106,000

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9. Increases for selected grades are:

	£	
	Current	Proposed
Consultant	21,460 - 27,700	23,500 - 30,340
General medical practitioner (intended average net remuneration after practice expenses)	23,440	25,080
General dental practitioner (target average net income)	20,280	21,700
Registrar	10,760 - 13,030	11,510 - 13,950

TOP SALARIES REVIEW BODY (TSRB) ON HIGHER CIVIL SERVICE, SENIOR SERVICE OFFICERS AND THE JUDICIARY.

10. The TSRB estimate that their recommendations will add some 6½ per cent to the 1986-87 pay bill. The numbers affected ^{are} some 660 higher civil servants of Under Secretary rank and above; 206 senior armed forces of the rank of Major General (and equivalent) and above; and 1,084 members of the judiciary.

11. Increases for selected grades are:

	£	
	Current	Proposed
Permanent Secretary/General and equivalent	60,000	63,500
Deputy Secretary (after one year's service)/Lieutenant General & equivalent	42,000	44,500
Under Secretary (after two year's service)/ Major General & equivalent	34,000	36,250