



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

22 May 1986

David Norgrove Esq
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LONDON SW1

Dear David

REVIEW BODIES

... I attach a copy of briefing, prepared in the Treasury, on the Review Bodies announcement this afternoon.

I am copying this, with enclosures, to Private Secretaries to all Cabinet Ministers.

Yours ever

Tom

A W KUCZYS
Private Secretary

1986 REVIEW BODY AWARDS

GENERAL BRIEFING BY HM TREASURY.

A copy of the Prime Minister's statement is at Annex 1. A copy of the Chancellor's letter to MPs is at Annex 2. General briefing is at Annexes 3 to 7.

General questions about the Review Bodies, and about public expenditure and pay should be referred to the Treasury. Detailed questions about the AFPRB report and armed forces officers covered by the TSRB should be referred to MOD; on the DDRB and NPRB report to DHSS and, insofar as there are specific questions about Scotland and Wales, to the Scottish and Welsh Offices respectively; and on the judiciary to the Lord Chancellor's Department. The Treasury will deal with general TSRB issues and specific questions relating to the Civil Service.

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**Poor quality
text due to the
nature of the
material.**

**Image quality is
best available.**

Thursday 22nd May 1986

ANNEX 1

(Answered by the Prime Minister on Thursday 22nd May 1986)

UNSTARRED Mr Edward Leigh: To ask the Prime Minister, if she
No. 237 will make a statement on the latest reports of the
pay review bodies.

THE PRIME MINISTER:

The 1986 reports of the Review Bodies on the pay of Nursing Staff, Midwives, Health Visitors and Professions Allied to Medicines, Doctors and Dentists, and the Armed Forces, and of the Top Salaries Review Body, have been published today. Copies are now available in the Vote Office. The Government are grateful to members of the Review Bodies for these reports and the time and care which they have put into their preparation.

2. The reports recommend pay increases from 1 April 1986 which it is estimated would increase the 1986-87 pay bill for nurses, midwives and health visitors by 7.8 per cent, that for the professions allied to medicine by 8.2 per cent, that for doctors and dentists by 7.6 per cent, that for the armed forces by 7.5 per cent, and that for senior grades of the higher Civil Service, senior officers in the armed forces and the judiciary by 6.5 per cent. These figures are all very substantially above the rate of inflation, and above the general level of current wage settlements.

3. The Government have nevertheless decided that the increases recommended by the Review Bodies, with the exception of those recommended by the Top Salaries Review Body, should be implemented in full; but having regard to the sums involved, with effect from 1 July 1986. The resulting increases in the pay bills concerned in 1986-87 will average a little under 6 per cent, and this year's costs will be generally met from within existing public expenditure plans.

4. This year the Hospital and Community Health Services (HCHS) programme will benefit from lower inflation, which has already fallen well below the 4.5 per cent expected when the planning total was agreed; and it will also have resources available from planned cost improvements. Nevertheless the Government recognise that implementation as proposed might adversely affect services to patients, and have therefore decided, exceptionally, to provide an extra £60 million for health authority cash limits from within the total of planned public expenditure this year.

5. The Top Salaries Review Body (TSRB) last year carried out a major review of the remuneration of those covered by their remit, as a result of which they recommended increases, some of them substantial, in the salaries of those concerned. The recommended salaries have been fully in effect since 1 March 1986. This year the Government have decided that the TSRB's recommendations should be scaled down to an average 4 per cent to take effect from 1 July 1986, thus keeping the effect of the increase in the pay of this group in 1986-87 in line with inflation, that is 4 per cent. In addition the Government have decided in principle to accept the recommendations, first put forward by the TSRB last year, for discretionary pay at Civil Service Grades 2 and 3, as part of the arrangements for strengthening the link between pay and performance at these levels. A fuller account of these proposals is being sent to staff interests, with whom there will be consultation.

6. Details are as follows:

| | <u>Recommendation</u> | | <u>Average Effective Percentage Increase in 1986-87</u> | <u>Estimated Cost (£m)*</u> | |
|--------|-----------------------|--------------|---|---------------------------------|----------------|
| | <u>Average</u> | <u>Range</u> | | <u>Recommended</u> | <u>1986-87</u> |
| Nurses | 7.8 | 5.4-8.0 | 5.9 | 326 | 244 |
| PAMs | 8.2 | 6.5-8.0 | 6.1 | 30 | 23 |
| DDRB | 7.6 | 6.8-9.6 | 5.7 | 179 | 134 |
| AFPRB | 7.5 | 5.5-9.5 | 5.6 | 234 | 175 |
| TSRB | 6.5 | 5.3-7.3 | 3.0 | 5 | 2½ |

* Review Body figures, amended as necessary

Full year effects for groups other than TSRB are as recommended; for TSRB groups the full year average is 4.0 per cent and the range 3.2 per cent to 4.4 per cent.

7. The pay rates and scales resulting from the decisions will be promulgated as soon as possible for National Health Service and Armed Forces groups. Rates for TSRB groups are set out below. Pensions will be based on the salaries actually in payment in accordance with the principle set out in my Written Answer of 13 April 1984 Col 383. The Government is considering separately certain points of detail in the recommendations.

| | Salaries currently in payment | Salaries effective from 1 July | Staff in post (note 1) |
|--|--|---|---------------------------------|
| SENIOR GRADES OF THE HIGHER CIVIL SERVICE. | | | |
| Head of the Civil Service (and Secretary of the Cabinet) | £ 75,000 | 77,400 | 1 |
| Permanent Secretary of the Treasury | 70,000 | 72,400 | 1 |
| Grade 1 (Permanent Secretary) | 60,000 | 62,100 | 21 |
| Grade 1A (Second Permanent Secretary) | 55,000 | 56,800 | 14 |
| Grade 2 (Deputy Secretary) | | | |
| - on promotion | 40,000 | 41,500 |) 140 |
| - after 1 years service in the grade | 42,000 | 43,500 |) |
| discretionary |) | 45,500 |) |
| |) | 47,825 |) |
| |) | 50,150 |) |
| Grade 3 (Under Secretary) | | | |
| - on promotion | 31,000 | 32,350 |) 482 |
| - after 1 years service in the grade | 32,500 | 33,850 |) |
| - after 2 years service in the grade | 34,000 | 35,350 |) |
| discretionary |) | 36,850 |) |
| |) | 38,425 |) |
| |) | 40,000 |) |

| | Salaries currently in payment | Salaries effective from 1 July | Staff in Post (note 1) |
|--|--|---|---------------------------------|
| SENIOR OFFICERS IN THE ARMED FORCES | | | |
| Admiral of the Fleet |) | | |
| Field Marshal |) 75,000 | 77,400 | 1 |
| Marshal of the Royal Air Force |) | | |
| Admiral |) | | |
| General |) 60,000 | 62,100 | 19 |
| Admiral Chief Marshal |) | | |
| Vice-Admiral |) | | |
| Lieutenant General |) 42,000 | 43,500 | 33 |
| Air Marshal |) | | |
| Rear Admiral |) | | |
| Major General |) 34,000 | 35,350 | 154 |
| Air Vice-Marshal |) | | |

| | Salaries currently in payment | Salaries effective from 1 July | Staff in post (note 1) |
|--|--|---|---------------------------------|
| JUDICIARY | | | |
| Lord Chief Justice | 75,000 | 77,400 | 1 |
| Lords of Appeal |) | | |
| Master of the Rolls |) | | |
| Lord President of the Court of Session |) 69,000 | 71,400 | 12 |
| Lord Chief Justice (N.Ireland) |) | | |
| Lord Justice Clark |) | | |
| Lords Justice of Appeal |) | | |
| Lords Justices of Appeal (N.Ireland) |) 66,000 | 68,400 | 28 |
| President of Family Division |) | | |
| High Court Judges |) | | |
| Judges of the Court of Session |) 60,000 | 62,100 | 102 |
| Puisne Judges (N.Ireland) |) | | |
| Chairman, Scottish Land Court and President, Lands Tribunal (Scotland) |) | | |
| Sheriffs Principal |) | | |
| Official Referees |) | | |
| Vice-Chancellor of the County Palatine of Lancaster |) | | |
| Senior Circuit Judges |) | | |
| Recorder of Liverpool |) | | |
| Recorder of Manchester |) | | |
| Recorder of Belfast |) | | |
| Chief Social Security Commis- sioners (England, Wales and Scotland and N.Ireland) |) 44,500 | 46,000 | 30 |
| Presidents, Industrial Tribunals (England and Wales, Scotland and N.Ireland) |) | | |
| Judge Advocate General |) | | |
| President Social Security Appeal Tribunals and Medical Appeal Tribunals (England, Wales and Scotland) |) | | |
| Chairman, Criminal Injuries Compensation Board. |) | | |

| | Salaries currently in payment | Salaries effective from 1 July | Staff in post (note 1) |
|---|--|---|---------------------------------|
| Presidents, Lands Tribunal (England and Wales and N.Ireland)(note 2) | 40,000 | 46,000 | 1 |
| Circuit Judges) | | | |
| Sheriffs) | | | |
| County Court Judges (N.Ireland)) | | | |
| Social Security Commissioners) | | | |
| (England, Wales and Scotland) | | | |
| and N.Ireland)) | | | |
| Registrar of Criminal Appeals) | | | |
| Chief Metropolitan Magistrate) | | | |
| Senior and Chief Masters and) | | | |
| Registrars) | | | |
| Master, Court of Protection) | | | |
| Chairman, Foreign Compensation) | | | |
| Commission) | | | |
| Regional Chairmen, Industrial) 40,000 | | 41,500 | 507 |
| Tribunals (England and Wales) | | | |
| and Scotland)) | | | |
| Judge Advocate General) | | | |
| President Value-Added Tax) | | | |
| Tribunals) | | | |
| President Immigration Appeal) | | | |
| Tribunal) | | | |
| Presiding Special Commissioner) | | | |
| of Income Tax) | | | |
| President, Social Security) | | | |
| Appeals Tribunals and Medical) | | | |
| Appeals Tribunals (N.Ireland)) | | | |
| Regional Chairman, Social) | | | |
| Security Appeal Tribunals and) | | | |
| Medical Appeal Tribunals) | | | |
| Members, Land Tribunals (England) and Wales, Scotland and N.Ireland) (note 2) | 30,500 | 41,500 | 9 |

| | Salaries currently in payment £ | Salaries effective from 1 July | Staff in post (note 1) |
|---|---|---|---------------------------------|
| Chairmen, Industrial Tribunals (England and Wales and N.Ireland) |) | | |
| Metropolitan Magistrates |) | | |
| Provincial Stipendiary Magistrates |) | | |
| Resident Magistrates (N.Ireland) |) | | |
| Masters and Registrars of the Supreme Court |) | | |
| Masters of the Supreme Court (N.Ireland) |) | | |
| Registrar of Civil Appeals |) | | |
| County Court Registrars and District Registrars of the High Court |) 30,500 | 31,850 | 395 |
| Circuit Registrars (N.Ireland) |) | | |
| President Pensions Appeal Tribunal |) | | |
| Vice-Presidents, Immigration Appeal Tribunal |) | | |
| Vice-President (Scotland) and Chairmen, Value-Added Tax Tribunals |) | | |
| Chairmen, Social Security Appeal Tribunals and Medical Appeal Tribunals |) | | |
| Special Commissioners of Income Tax |) | | |

NOTES

1. At latest available date
2. Post rebanded for salary purposes



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Dear Colleague

22 May 1986

PAY REVIEW BODY REPORTS

The Government has today announced decisions on the Reports of the Pay Review Bodies.

Despite the marked fall in inflation to 3 per cent we have agreed to implement all the recommendations, with the exception of those made by the Top Salaries Review Body, in full, but as from 1 July. They will provide increases averaging 8.2 per cent for professions allied to medicine, 7.8 per cent for nurses, and 7.6 per cent for doctors and dentists. The increase for nurses comes on top of a rise in their pay of 33 per cent more than inflation since 1979 while the number of nurses and midwives has increased by more than 60,000. This reflects the importance we attach to the National Health Service and those who work in it. For the armed forces there are increases averaging 7.5 per cent from 1 July.

But the implications of these pay awards in this financial year have to be faced. The addition to the paybills for 1986-87 is 6 per cent. Defence will live within its budget. For health, implementation as proposed might have adversely affected services to patients and we have therefore decided, exceptionally, to provide a further £60 million for health care this year, from within the total of planned public expenditure.

I mentioned that we have not accepted the Top Salaries recommendation. This group last year received very substantial increases: we did not judge it necessary this year to go beyond the amount necessary broadly to maintain last year's pay levels in real terms, while also further improving the link between pay and performance. We have therefore allowed a paybill increase for 1986-87 of 3 per cent, equal to the rate of inflation, which will be secured by paying an average 4 per cent increase from 1 July. This compares with the recommended increases averaging 6.5 per cent.

Since the Review Bodies took their evidence lower inflation has dramatically increased the real value of pay increases. It would be wrong, therefore, to look at these pay increases as in any way a guide for future settlements, either here or elsewhere. In the public services, as in private firms, we have to be conscious of what can be afforded; if we are not, services and jobs will suffer.

There will be many in your constituency with an interest in these awards. I hope that this letter will help to explain the approach which, faced with the Review Body recommendations, we have decided to take.

How far
1/1/86

NIGEL LAWSON

Annex 3DECISIONS1. What did the Review Bodies recommend, and what is being awarded?

| <u>Review Body</u> | <u>Numbers</u> | <u>Percentage Paybill Increases</u> | | |
|--|----------------|--|--------------------------------------|---|
| | | <u>Recommended from</u> <u>1.4.86</u> | <u>Awarded from</u> <u>1.7.86</u> | <u>Average increase</u> <u>for '86-'87</u> |
| <u>Armed Forces</u> | | | | |
| (up to Brigadier and equivalent) | 330,000 | 7.46 | 7.46 | 5.6 |
| <u>Doctors and Dentists</u> | 101,300 | 7.6 | 7.6 | 5.7 |
| comprising: | | | | |
| - In the Hospital & Community Service | 53,300 | 8.1 | 8.1 | 6.1 |
| - the Family Practitioner Service | 48,000 | 7.0 | 7.0 | 5.25 |
| <u>Nurses, Midwives, PAMs</u> | 518,190 | 7.8 | 7.8 | 5.9 |
| comprising: | | | | |
| - nurses, midwives health visitors | 482,000 | 7.8 | 7.8 | 5.85 |
| - professions allied to medicine | 36,190 | 8.2 | 8.2 | 6.15 |
| <u>TSRB</u> | 1,951 | 6.5 | 4.0 | 3.0 |
| comprising | 1,951 | 6.5 | 4.0 | 3.0 |
| - judiciary | 1,085 | 6.7 | 4.1 | 3.1 |
| - senior armed forces | 207 | 6.4 | 3.8 | 2.9 |
| - higher civil service | 659 | 6.5 | 3.9 | 2.9 |

Effect on Individuals (All increases from 1 July)Nurses

An Enrolled nurse (maximum) gets a £10 per week increase. A Staff nurse (maximum) gets £11 per week extra and will now earn nearly £150 per week. A Sister (maximum) gets an extra £15 per week and a weekly salary of £208 per week.

Doctors

A House Officer (minimum) gets an extra £10 per week and an annual salary of £8,140. A senior Consultant will get an increase of £50 per week (more than the Cabinet Secretary) and an annual salary of over £30,000 per year.

Armed Forces

The minimum pay of a private will increase more than £5 per week to £100 per week. Maximum pay for a private increases £11.50 per week to nearly £170 per week. The maximum for a Sergeant increases by £16.50 per week to £230 per week. The maximum for a Captain increases by over £1,000 per year to a salary of over £15,000 and a Major on maximum salary gets an increase of £1,500 per year and an annual salary of over £20,000 per year.

COSTS

2. What will the awards cost in 1986-87 and what is the saving from not implementing them in full from 1 April 1986?

| <u>Review Body</u> | <u>Full Year Cost (£m) of Recommendations</u> | <u>1986-87 Cost (£m) (£m) of Awards</u> | <u>Difference</u> |
|---|---|---|-------------------|
| Armed Forces | 234 | 175 | 59 |
| * NPRB - Nurses, Midwives, Health Visitors | 326 | 244 | 82 |
| - Professions Allied to Medicine | 30 | 23 | 7 |
| * DDRB | 179 | 134 | 45 |
| TSRB | 5 | 2½ | 2½ |
| TOTAL | 774 | 578½ | 195½ |

* Includes allowance for employers National Insurance Contributions, Superannuation and agency staff (not included in Review Body reports.)

BLIC EXPENDITURE IMPLICATIONS

3. How is the award to be financed?

TSRB award will be financed within running cost limits. AFPRB award will be financed out of the Defence Budget cash limit. In order to allow Health Authorities to implement the NPRB and DDRBR awards, and at the same time meet the costs of pay settlements for other health service employees and maintain patient services, health authority cash limits will be increased by £60 million in 1986-87. [The Hospital and Community Health Services cash limits will increase as follows: England £50 million; Scotland £6 million; Wales £3 million; Northern Ireland £1 million].

4. What does this imply for NHS service levels?

The HCHS programme will benefit from the fall in inflation below the 4½ per cent expected earlier to 3 per cent. In addition Health Authorities have the benefit of cost improvement programmes. After taking account of these factors together with the extra money being provided exceptionally from the Reserve it should be possible to finance the Review Body increases and maintain service levels.

5. Isn't this just financing pay increases from the Reserve?

No. The RB increases will cost the Health Service £400 million in 1986-87, £60 million is being provided from the Reserve because the pressures on the Health Service from demography, increasing cost of medical technology, and demand for services mean that health authorities would not be able to finance the Review Body awards this year and still maintain service levels. Extra money being provided to maintain services to patients.

6. Will access to the Reserve be allowed to finance other NHS pay increases?

No. The Prime Minister's statement makes it clear that extra money is being provided exceptionally to maintain service levels. No further increases will be made.

7. Further squeeze on already strained Defence Budget

Allowing for delayed increases in food and accommodation charges set by the AFPRB deferment saves MOD £54 million in 1986-87. Remaining cost of increases can be financed within existing Defence Budget without displacing equipment programme.

8. Recommendations should have been paid from 1 April and extra cost met from the £4½ billion Reserve

£60 million has been allocated from the Reserve to maintain NHS services that would otherwise have been under pressure from the NHS Review Body awards. There is no question of automatic access to the Reserve to meet pay increases.

9. Does this mean the Reserve is in trouble?

No.

10. Effect on public expenditure in future years?

Matter for next public expenditure survey: wait for Autumn Statement and Public Expenditure White Paper. Government committed to sticking to totals for public spending in 1987-88 and 1988-89 published in last White Paper. Extra cost will need to be absorbed within that.

REASON FOR DEFERMENT

11. Why has implementation for DDRB, NPRB, AFPRB been deferred?

There is a continuing need to restrain public expenditure and pay awards generally. The recommended rates could not have been paid in full from 1 April without unacceptable implications for NHS service levels. The Government has to consider the interests of the NHS and the patient services it provides in judging how much can be afforded for pay increases. There are also increasing pressures within the Defence Budget.

12. Failure to implement reports fully is breach of faith with the groups concerned

No. All Governments, since establishment of Review Bodies, have reserved right not to implement Review Body recommendations in full if there are "clear and compelling" reasons for not doing so. Affordability is a clear and compelling reason and one that the Government, which has ultimate responsibility for public service pay, must decide upon in the light of fairness to the groups concerned but also the implications for service levels and the interests of taxpayers.

13. What is the point of Review Bodies if the Government does not accept their judgement?

● The Government has, with the exception of the TSRB (see below) accepted the Review Bodies' judgements about the appropriate rates of pay for the groups. It has simply deferred their implementation for three months in the light of the need to restrain public expenditure and pay awards and to protect service levels in the NHS. Government not the Review Bodies has ultimate responsibility for these matters and has to raise the taxes to pay them. The Review Bodies did not take sufficient account of the overall affordability and the wider economic position in their recommendations.

14. Does the Government consider all the Review Body awards to be excessive? In which case why didn't it implement lower increases?

All the Review Bodies have made recommendations whose average level is well above inflation and also above prevailing level of outside settlements. Nevertheless the Government's general policy is to implement such recommendations, and it has done so except for TSRB, albeit with some small delay. This delay reduces their cost in 1986-87.

15. Government hardly ever implements the reports in full. [TSRB report has never been implemented from due date, DDRB report has been staged for last 5 years, AFPRB was staged in 1984, NPRB staged last year.]

Government has to have regard to the implications for service levels and taxpayer of recommendations. This has often required staging/deferment. Previous Governments have done this also. See Annex 5 for details. Public money is limited. However, the recommended rates have nearly always been paid in full by the year end (except for TSRB) by this Government and (except for TSRB) will be in place by 1 July 1986.

EFFECT ON REVIEW BODY CLIENTS

16. These groups are being badly treated

Real pay of the Review Body groups has increased substantially under this Government, which has a much better record than last Labour administration (see Annex 4 for details).

17. Cash increases for TSRB higher than nurses eg Head of Civil Service £2,400 per year, Nursing Sister £800 per year.

TSRB groups held to 3 per cent this year and 4 per cent next year: half percentage increases of Nurses. Obviously cash increases large for those already high paid. Relative gains much greater for rest.

18. Outrageous that nurses should have to wait 3 months for any increase

With inflation running at around 3 per cent the pay of qualified nurses will increase by 3 per cent more than inflation in 1986-87 as a whole and 5 per cent more than inflation by the year end. This is also against a background of a TPI increasing at an annual rate of 1 per cent, and on top of a rise in nurses pay of 33 per cent more than inflation since 1979. [See Annex 4 for details]. [The TPI, Tax Price Index, measures the increase in gross taxable income needed to compensate taxpayers for any increase in retail prices. As well as changes in retail prices it takes account of changes to direct taxes (and employee's National Insurance contributions) facing a representative cross-section of taxpayers. It is thus a more comprehensive index than the RPI. The TPI increase is lower than the RPI increase in the 12 months to April because of the increase in personal tax allowances and reduction in the basic rate of income tax announced in the April 1986 Budget].

19. Review Body groups treated less favourably than police, whose pay increases are linked to average earnings growth.

Police pay determined by mechanical formula with no scope for judgement.

20. Groups with Review Bodies favoured compared with rest of the public services

No reason for treating all public service groups the same. Each has its own (and different) recruitment, retention and affordability situation.

21. Contrast with Civil Service 6 per cent

Review Bodies have done much better than Civil Service over last few years. And, by end of year the Review Body groups (except TSRB) will on average have received larger increases than Civil Service.

22. Will pay awards be backdated for pensions?

No. Long standing rule that pensions are based on salaries in payment. However, to avoid a pensions trough for Armed Forces personnel, those retiring between 1 April and 30 June will exceptionally be given the pensions increase paid to those retiring on or before 31 March.

23. Manifesto promise to Armed Forces broken

No. The Government's record is good. It restored comparability on coming to office and has consistently maintained it ever since. Staging in 1984 and deferment this year does not undermine the manifesto commitment. The full rates recommended by the AFPRB will be paid from 1 July.

REPERCUSSIONS

24. Implications for public service groups yet to settle eg NHS ancillaries

No automatic read-across. Each group considered in its own negotiating context and in the light of individual recruitment and retention situation.

TSRB

25. Why have the TSRB recommendations been reduced, alone of the Review Bodies

These groups received very substantial increases last year as a result of a full study of appropriate salary levels. The Government accepted these recommendations and implemented them in full from 1 March 1986. All that was needed this year was simple updating, implying an increase broadly in line with price movements. TSRB recommendations are for increases averaging 6½ per cent, well beyond updating. Inflation running at 3 per cent.

26. Government reneging on 1985 award. What became of retention and motivation?

Large increases following fundamental looks at appropriate salary levels last year. These cannot have changed much since then. Limited uprating was all that was needed this year.

27. Government is picking on TSRB because they are well paid

No. Government implemented substantial increases last year for them and from 1 July is updating them.

28. Unfair to US's, who lost London Weighting last year and are now held down again

London Weighting was withdrawn in two stages on advice of TSRB. Government has reduced all TSRB rates by same percentage so the US's do better than rest of the Senior Civil Service as TSRB intended.

29. Why bother having Review Body if its advice is to be ignored

Government has to take all factors into account, including interests of taxpayer and fairness between groups. In light of last year's high awards it did not believe further increases averaging 6½ per cent were justified.

30. Decisions distort relativities

No. Government has reduced all increases by about one-third, keeping relativities established by TSRB. Relativities between TSRB/AFPRB groups are somewhat compressed but the Government believes they are adequate to encourage sufficient people of the right quality to undertake the responsibilities of higher rank.

DISCRETIONARY PAY

31. When will discretionary pay be introduced?

As soon as criteria for awarding it have been worked out and the necessary arrangements for implementation have been made.

32. Cost of discretionary pay?

The TSRB has estimated that it will add about 3 per cent to the salary bill for G2s and G3s when fully implemented (ie under £½ million per year). But this will take some time to build up. Cost will depend upon date of implementation and time it takes to become fully established. Guesstimate for Year 1 are less than £¼m.

JUDICIARY

33. Why does the President of England & Wales Land Tribunal receive 15 per cent and members of Land Tribunals 36 per cent

TSRB explains that they were allocated to the wrong tier of judicial remuneration in the 1985 Report on judicial relativities and their position is now being put right. The increases are therefore of a "regrading" nature.

FUTURE

34. Is the TSRB going to be abolished?

Nothing is immutable but no current plans to change present arrangements. If any substantive changes to present arrangements were envisaged there would be consultation with those affected.

35. What if TSRB resign in protest at rejection of their recommendations?

No reason for expecting this. TSRB recommendations have been set aside in previous years without leading to resignations.

ANNEX 4

This annex covers the record of the last Labour and present Conservative Governments on the real pay increases received by the groups covered by Review Bodies. The figures reflect increases actually implemented during the periods of office of the Governments. Thus the increases under Labour are calculated by comparing the increases in pay rates that took place between February 1974 and May 1979. [Thus any increases in pay that took effect from April 1979 after backdating are excluded if they were not implemented until after the May 1979 election. Similarly any increases from April 1979 implemented before the election are included.] Similarly the increases in pay under the Conservative Government compare present rates of pay with those in payment immediately before they took office. [Thus the increases that were implemented after the 1979 election but backdated to April 1979 are included in the Government's record]. The increases in pay are deflated by the actual changes in the retail price index between February 1974 and May 1979, and May 1979 and today respectively.

This presentation means that the Labour period covers five pay rounds (1974 to 1978 inclusive). During the Conservative period seven pay rounds have taken place (1979 to 1985). Hence annual averages are also given.

ARMED FORCES PAY REVIEW BODY

History. Established 1971. Effectively suspended in 1976 and 1977 and awards restricted to pay policy norms. Reported in 1978, Labour Government limited April 1978 award to 13 per cent (10 per cent + 3 per cent for the "x" factor); remainder to be staged over two years. Increase of 24.2 per cent announced by Labour just before 1979 election. Manifesto commitment of 1979 to restore fully comparable pay levels and to keep them there. Backlog from 1978 was implemented at once. 1983 Manifesto confirmed that the 1979 pledge had been honoured. Since 1979 all AFPRB recommendations have been implemented, although implementation was staged in 1984. (Annex 5 for details).

Record of Different Administrations

MOD construct an index of military salaries for AFPRB ranks. The average pay increases that took place in real terms during the last Labour and present Conservative Governments were as follows:

| <u>Labour</u> | <u>Conservative</u> |
|---------------|---------------------|
| 11.7 | 1.8 |

The above apparently more impressive Labour record is only because of the implementation of a 24.2 per cent average increase just before the 1979 election. Up to that point a fall of 8.6 per cent had occurred in real terms, causing acute recruitment, retention and morale problems. The Conservative Government immediately paid the remaining backlog from the 1978 award upon taking office and has since then kept military salaries in line with those of broadly comparable civilian occupations.

The above index covers military salaries for all adult males (except some specialists). The tables below set out the records of the two administrations for specific ranks.

Real increases in salary scales (%)

| | <u>Labour</u> | <u>Conservative</u> |
|---|---------------|---------------------|
| Private. Class 1, Band 2, Scale B (max) | 15 | - |
| Staff Sergeant. Band 6, Scale C (max) | 19 | 4 |
| Captain (max) | - | 9 |
| Brigidier (max) | (6) | 17 |

The reason for the apparently more impressive Labour record for the lower ranks is again the increase averaging 24.2 per cent implemented just before the May 1979 election. Up to that point the record was of real falls as follows: Private 5 per cent, Staff Sergeant 4 per cent, Captain 18 per cent and Brigadier 22 per cent.

Points to Make

- (a) Under last Government military salaries fell well below the levels recommended by AFPRB and by about 8½ per cent in real terms until just before the election. Larger falls for some grades, notably officers. Result: poor morale, recruitment and retention problems for Labour's period of office.
- (b) Present Government has honoured Manifesto commitments to restore and maintain comparable salary levels for the Armed Forces with civilian earnings. All AFPRB recommendations have been implemented.
- (c) The Government is implementing this year's recommendations in full from 1 July. This will increase average military salaries by about 2½ per cent more than inflation in this financial year and by around 4½ per cent by the end of the year.

NURSES PAY REVIEW BODY

History. Established in 1983 because most nurses did not take part in industrial action in the Health Service in 1982. First report in 1984 was implemented in full. 1985 report staged but recommended rates in payment from 1 February 1986. (Annex 5 for details). Prior to 1984, pay set by collective bargaining. Two major reviews: Halsbury, implemented in 1974 by Labour; Clegg, staged awards completed in 1980.

Record of different Administrations

The index below shows the percentage real increases in the index of average nursing salaries prepared by DHSS and those received by professions allied to medicine during the Labour and Conservative Governments.

| | <u>Labour</u> | <u>Conservative</u> |
|--------|---------------|---------------------|
| Nurses | 13 | 26 (a) |
| PAMs | 12 | 18 |

(a) Treats hours reduction in 1981 as pay rise

The real increase in pay during the Labour Administration reflects the implementation of the 1974 Halsbury Committee report which recommended increases of 40 per cent. However, from then on in its period of office real pay for nurses and PAMs fell. Over this Government's period of office the real pay of nurses has increased by around 3½ per cent per year and PAMs by 2½ per cent per year.

The increases under this Government can be put in a wider context. Nurses basic pay has risen 33% more than inflation [i.e. pay + 112%; RPI + 79%] since May 1979 and there has also been a cut of 2½ hours in the working week. There are an extra 60,000 nurses in GB now compared with 1979.

The above table is based on an index of all nursing salaries. It is weighted in accordance with the grading structure in the mid-70s and is somewhat out of date. A better comparison of nursing salaries is gained by looking at relative pay increases for particular nursing grades. The table below sets out the records of the two administrations for specific grades.

Real increases in salary scales (%)

| | <u>Labour</u> | <u>Conservative</u> |
|-------------------------|---------------|---------------------|
| Ward Sister (max) | 2 | 36 |
| Staff Nurse (max) | 7 | 28 |
| Nursing Auxiliary (max) | 6 | 20 |

(a) Treats hours reduction in 1981 as pay rise.

The pattern of increases above reflects the policy of improving the relative pay of qualified staff, implemented by this Government.

Points to Make

- (i) Under Labour nurses pay rose after implementation of Halsbury award but then fell in real terms. Labour were forced to set up another review - Clegg - to deal with this and this Government honoured it.
- (ii) Nurses have had increases in basic rates of 33% more than the increase in prices since 1979 and a reduction of 2½ hours in the working week. There are 60,000 more nurses and midwives than there were in 1979.
- (iii) Counting the reduction in hours as a pay increase real pay of nurses on average rose under the Conservatives by 26 per cent. Pay for qualified nurses by even more.
- (iv) Government gave the nurses and pams a Review Body in 1983 and has implemented the recommended rates, although staging was necessary last year.
- (v) Recommended rates will be in payment by 1 July. Taking account of deferment nurses will receive a further real pay increase of about 3 per cent in this financial year and 5 per cent in a full year.
- (vi) Following the implementation of these awards the real pay of nurses will have risen by about a third since the Government took office, with some qualified staff gaining increases of over 40 per cent.

DOCTORS AND DENTISTS REVIEW BODY

History. Established in 1971. Previous independent machinery for advising on pay (Kindersley Committee) collapsed just before June 1970 election when Labour Government tried to delay publication of the report, leading to the Committee's resignation. The DDRB's recommendations were staged in 1975 and it was effectively suspended in 1976 and 1977 when awards were limited to those allowed by pay policy norms. DDRB Report in 1978 recommended a three year phased award, which the present Government honoured. The 1981 recommendations were abated by 3 per cent, but this was subsequently restored in 1983. The recommended rates have been paid since then although always with staging. (Annex 5 for details).

Record of different Administrations

The table below sets out the percentage increases in pay for doctors in the Hospital and Community Health Service under the last Labour and present Conservative Governments.

| <u>Labour</u> | <u>Conservative</u> |
|---------------|---------------------|
| (31) | 30 |

Real pay for hospital doctors fell on average 6 per cent per year under Labour but rose by about 4 per cent per year under the Conservatives. After taking account of the deferment of the 1986 recommendations doctors pay will increase by a further 2½ per cent in 1986-87 and by 4½ per cent by the year end.

The above index covers only doctors in the Hospital and Community Services. The table below sets out the records of the two administrations for specific grades and also for GPs.

Real increases in salary scales (%)

| | <u>Labour</u> | <u>Conservative</u> |
|---------------------|---------------|---------------------|
| Consultant (max) | (33) | 30 |
| House Officer (max) | (21) | 21 |
| GP | (25) | 36 |

Points to Make

- (a) Under Labour the salaries of hospital doctors fell 30 per cent in real terms; under the Conservatives they rose by that amount.
- (b) This year decisions imply a further real increase of $2\frac{1}{2}$ per cent in the 1986-87 financial year as a whole and $4\frac{1}{2}$ per cent by year end.

TOP SALARIES REVIEW BODY

History. Established 1971. Staged in 1974. Suspended 1975 to 1978 during incomes policy. Reported in 1978 but recommendations cutback to 10 per cent and remainder staged. 1979 recommendations staged. 1980, 1981 and 1982 recommendations reduced. Staging 1983, 1984 and 1985. (Annex 5 for details).

Records of Different Administrations

The table below sets out the relative increases in real pay rates that took place during the previous Labour and present Conservative administrations for selected grades:

Real Increases in Salary Scales

| | <u>Labour</u> | <u>Conservative</u> |
|-----------------------|---------------|---------------------|
| High Court Judge | (45) | 45 |
| Circuit Court Judge | (33) | 41 |
| Major-General | (23) | 31 |
| General | (34) | 48 |
| Under Secretary (max) | (26) | 24 |
| Permanent Secretary | (45) | 45 |

Even with the reduction and deferment of this year's TSRB recommendations the average increase in salaries in 1986-87 is worth just over 3 per cent, which is about the present inflation figure. By the year end, the average salary will have increased a further 1 per cent in real terms.

Points to Make

- (a) The previous Labour Government imposed massive real reductions in the pay of the judiciary, senior military and higher Civil Service through the operation of pay policies which discriminated against the public services and (because of the flatrate element of some of them) against these groups in particular;
- (b) The position has been put right by this Government and the grades concerned have received high real increases since the Government took office;

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(c) This year's increases - although lower than recommended by the TSRB - are in line with inflation and will allow them to maintain their living standards. In a full year the Government's decisions will increase average salaries by about 1 per cent in real terms. Indeed if account is taken of the Budget tax cuts which brought the annual increase in the Tax Price Index in April down to 1.2 per cent their living standards should improve.

ANNEX 5

REVIEW BODY RECOMMENDATIONS AND AWARDS -1971-85

| | <u>AFPRB</u> | <u>DDR</u> | <u>NPRB</u> | | <u>TSRB</u> | <u>judiciary</u> |
|--------------------|--------------|---------------|---------------|-------------|---|------------------|
| | | | <u>nurses</u> | <u>pams</u> | <u>senior civil service & senior military</u> | |
| <u>1971</u> | | | | | | |
| Recommendation | - | 8% | - | - | - | - |
| Implemented | - | 8% | - | - | - | - |
| <u>1972</u> | | | | | | |
| Recommendation | 10% | 8% | - | - | 6.8% | 6.8% |
| Implemented | 10% | 8% | - | - | 6.8% | 6.8% |
| <u>1973</u> | | | | | | |
| Recommendation (a) | 6.5% | 4.5% | - | - | £250 pa | £250 pa |
| Implemented | 6.5% | 4.5% | - | - | £250 pa | £250 pa |
| <u>1974</u> | | | | | | |
| Recommendation (a) | 13% | 7.4% | - | - | £350 pa | £350 pa |
| Implemented | 13% | 7.4% | - | - | £350 pa | £350 pa |
| <u>1975</u> | | | | | | |
| Recommendation | 29.5% | 30% (b) | - | - | (c) | (c) |
| Implemented | 29.5% | 15% | - | - | (c) | (c) |
| <u>1976</u> | | | | | | |
| Recommendation (a) | £6 pw | £6 pw | - | - | £6 pw | £6 pw |
| Implemented | £6 pw | £6 pw | - | - | £6 pw | £6 pw |
| <u>1977</u> | | | | | | |
| Recommendation (a) | 5% | £208 pa (2½%) | - | - | £208 pa | £208 pa |
| Implemented | 5% | £208 pa (2½%) | - | - | £208 pa | £208 pa |
| <u>1978</u> | | | | | | |
| Recommendation | 32% | 10% | - | - | 35% | 35% |
| Implemented | 13% (d) | 10% | - | - | 10% | 10% |
| <u>1979</u> | | | | | | |
| Recommendation | 32.5% | 25.7% | - | - | 23.2% | 22.9% |
| Implemented | 32.5% (e) | 25.7% (f) | - | - | 13.4% (f) | 12.5% (f) |

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until announcement on 22 May

| | <u>AFPRB</u> | <u>DDRB</u> | <u>NPRB</u> | | <u>TSRB</u> | <u>judiciary</u> |
|----------------|--------------|-------------|---------------|-------------|---|------------------|
| | | | <u>nurses</u> | <u>pams</u> | <u>senior civil service & senior military</u> | |
| <u>1980</u> | | | | | | |
| Recommendation | 16.8% | 31.4% | - | - | 38.2% | 35.7% |
| Implemented | 16.8% | 31.4% | - | - | 12.3% | 12.1% |
| <u>1981</u> | | | | | | |
| Recommendation | 10.3% | 9% | - | - | 23.0% | 21.1% |
| Implemented | 10.3% | 6% | - | - | 7.0% | 7.0% |
| <u>1982</u> | | | | | | |
| Recommendation | 6.1% | 9% | - | - | 19.4% | 24.3% |
| Implemented | 6.1% | 6% | - | - | 14.3% | 18.6% |
| <u>1983</u> | | | | | | |
| Recommendation | 7.2% | 9.7% (b) | - | - | 11.7% (b) | 11.7% (b) |
| Implemented | 7.2% | 7.7% | - | - | 5.8% | 5.9% |
| <u>1984</u> | | | | | | |
| Recommendation | 7.6% (b) | 6.9% (b) | 7.5% | 7.8% | 6.5% (b) | 6.5% (b) |
| Implemented | 4.9% | 4.6% | 7.5% | 7.8% | 4.5% | 4.5% |
| <u>1985</u> | | | | | | |
| Recommendation | 7.1% | 6.3% (b) | 8.6% (b) | 12.1% (b) | 12.2% (b)(g) | 16.3% (b) |
| Implemented | 7.1% | 5.3% | 5.6% | 5.6% | 5.1% (g) | 7.1% |

Notes

- (a) Review Body recommendations and awards restricted to those allowed under pay norms.
- (b) Staging reduces in-year cost. Full rates paid by year-end.
- (c) A second TSRB report in 1974 recommended increases of 28.8%. The Government implemented increases varying between 14.4% and 28.8% for individuals on 1.1.75 and announced an intention to pay the second stage on 1.1.1976. However, the second stage was not paid because of pay policy.
- (d) 10% pay policy norm plus 3% for introduction of the 'x' factor.
- (e) Labour Government implemented 24.2% increase just before May 1979 election. Incoming Conservative Government implemented a further 8.3% to restore fully comparable salaries.
- (f) Implemented by Conservative Government.
- (g) Figure is for senior civil service. Senior military recommendations were 17.6 per cent. Award was 7.3 per cent in-year.

ANNEX 6.

| | Salaries currently in payment £ | Cash TSRB recomm- endation £ | Increases Awarded £ | Salaries effective from 1 July £ | Staff in post (note 1) | Percentage TSRB recomm- endations | Increases Awarded Full- year | 1986- 1987 |
|--|---|--|---------------------------|--|----------------------------------|--|---------------------------------------|---------------|
| SENIOR GRADES OF THE HIGHER CIVIL SERVICE | | | | | | | | |
| Head of the Civil Service (and Secretary of the Cabinet) | 75,000 | 4,000 | 2,400 | 77,400 | 1 | 5.33 | 3.20 | 2.40 |
| Permanent Secretary of the Treasury | 70,000 | 4,000 | 2,400 | 72,400 | 1 | 5.71 | 3.43 | 2.57 |
| Grade 1 (Permanent Secretary) | 60,000 | 3,500 | 2,100 | 62,100 | 21 | 5.83 | 3.50 | 2.63 |
| Grade 1A (Second Permanent Secretary) | 55,000 | 3,000 | 1,800 | 56,800 | 14 | 5.45 | 3.27 | 2.45 |
| Grade 2 (Deputy Secretary) | | | | | | | | |
| - on promotion | 40,000 | 2,500 | 1,500 | 41,500 | 140 | 6.25 | 3.75 | 2.81 |
| - after 1 years service in the grade | 42,000 | 2,500 | 1,500 | 43,500 | 1 | 5.95 | 3.57 | 2.68 |
| | | | | 45,500 | | | | |
| discretionary (note 2) | | | | 47,825 | | | | |
| | | | | 50,150 | | | | |
| Grade 3 (Under Secretary) | | | | | | | | |
| - on promotion | 31,000 | 2,250 | 1,350 | 32,350 | 482 | 7.26 | 4.35 | 3.27 |
| - after 1 years service in the grade | 32,500 | 2,250 | 1,350 | 33,850 | 1 | 6.92 | 4.15 | 3.12 |
| - after 2 years service in the grade | 34,000 | 2,250 | 1,350 | 35,350 | 1 | 6.62 | 3.97 | 2.98 |
| | | | | 36,850 | | | | |
| discretionary (note 2) | | | | 38,425 | | | | |
| | | | | 40,000 | | | | |

SENIOR OFFICERS IN THE ARMED FORCES

| | Salaries currently in payment £ | Cash TSRB recomm- endation £ | Increases Awarded £ | Salaries effective from 1 July | Staff in post (note 1) | Percentage TSRB recomm- endations | Increases Awarded Full- year | 1986- 1987 |
|---|---|--|---------------------------|---|----------------------------------|--|---------------------------------------|---------------|
| Admiral of the Fleet Field Marshal Marshal of the Royal Air Force | 75,000 | 4,000 | 2,400 | 77,400 | 1 | 5.33 | 3.20 | 2.40 |
| Admiral General Admiral Chief Marshal | 60,000 | 3,500 | 2,100 | 62,100 | 19 | 5.83 | 3.50 | 2.63 |
| Vice-Admiral Lieutenant General Air Marshal | 42,000 | 2,500 | 1,500 | 43,500 | 33 | 5.95 | 3.57 | 2.68 |
| Rear Admiral Major General Air Vice-Marshal | 34,000 | 2,250 | 1,350 | 35,350 | 154 | 6.62 | 3.97 | 2.98 |

| | Salaries currently in payment £ | Cash TSRB recomm- endation £ | Increases Awarded £ | Salaries effective from 1 July (note 1) | Staff in post (note 1) | Percentage TSRB recomm- endations | Increases Awarded Full- year | 1986- 1987 |
|---|---|--|---------------------------|---|-----------------------------------|--|---------------------------------------|---------------|
| JUDICIARY | | | | | | | | |
| Lord Chief Justice | 75,000 | 4,000 | 2,400 | 77,400 | 1 | 5.33 | 3.20 | 2.40 |
| Lords of Appeal | 69,000 | 4,000 | 2,400 | 71,400 | 12 | 5.80 | 3.48 | 2.61 |
| Master of the Rolls | | | | | | | | |
| Lord President of the Court of Session | | | | | | | | |
| Lord Chief Justice (N.Ireland) | | | | | | | | |
| Lord Justice Clerk | 66,000 | 4,000 | 2,400 | 68,400 | 28 | 6.06 | 3.64 | 2.73 |
| Lords Justices of Appeal | | | | | | | | |
| Lords Justices of Appeal (N.Ireland) | | | | | | | | |
| President of Family Division | | | | | | | | |
| Vice-Chancellor | | | | | | | | |
| High Court Judges | 60,000 | 3,500 | 2,100 | 62,100 | 102 | 5.83 | 3.50 | 2.63 |
| Judges of the Court of Session | | | | | | | | |
| Pulene Judges (N.Ireland) | | | | | | | | |
| Chairman, Scottish Land Court and President, Lands Tribunal (Scotland) | 44,500 | 2,500 | 1,500 | 46,000 | 30 | 5.62 | 3.37 | 2.53 |
| Sheriffs Principal | | | | | | | | |
| Official Referees | | | | | | | | |
| Vice-Chancellor of the County Palatine of Lancaster | | | | | | | | |
| Senior Circuit Judges | | | | | | | | |
| Recorder of Liverpool | | | | | | | | |
| Recorder of Manchester | | | | | | | | |
| Recorder of Belfast | | | | | | | | |
| Chief Social Security Commissioners (England, Wales and Scotland and N.Ireland) | | | | | | | | |
| Presidents, Industrial Tribunals (England and Wales, Scotland and N.Ireland) | | | | | | | | |
| Judge Advocate General | | | | | | | | |
| President Social Security Appeal Tribunals and Medical Appeal Tribunals (England, Wales and Scotland) | | | | | | | | |
| Chairman, Criminal Injuries Compensation Board | | | | | | | | |

| | Salaries | Cash | Increases | Salaries | Staff | Percentage Increases | | |
|---|---------------------------------|----------------------------------|--------------|-----------------------------|-------------------------|------------------------------|--------------------------|---------------|
| | currently in payment £ | TSRB recomm- endation £ | Awarded £ | effective from 1 July | In post (note 1) | TSRB recomm- endations | Awarded Full- year | 1986- 1987 |
| Presidents, Lands Tribunals (England and Wales and N.Ireland) (note 3) | 40,000 | 7,000 | 6,000 | 46,000 | 1 | 17.50 | 15.00 | 11.25 |
| Circuit Judges } Sheriffs } County Court Judges (N.Ireland) } Social Security Commissioners (England, Wales and Scotland and N.Ireland) } Registrar of Criminal Appeals } Chief Metropolitan Magistrate } Senior and Chief Masters and Registrars } Master, Court of Protection } Chairman, Foreign Compensation Commission } Regional Chairmen, Industrial Tribunals } (England and Wales and Scotland) } Judge Advocate of the Fleet } Vice-Judge Advocate General } President, Value-Added Tax Tribunals } President, Immigration Appeal Tribunal } Presiding Special Commissioner of Income Tax } President, Social Security Appeals Tribunals } and Medical Appeals Tribunals (N.Ireland) } Regional Chairmen, Social Security Appeal } Tribunals and Medical Appeal Tribunals } | 40,000 | 2,500 | 1,500 | 41,500 | 507 | 6.25 | 3.75 | 2.81 |
| Members, Land Tribunals (England and Wales, Scotland and N.Ireland) (note 3) | 30,500 | 12,000 | 11,000 | 41,500 | 9 | 39.34 | 36.07 | 27.05 |

| | Salaries currently in payment £ | Cash TSRB recomm- endation £ | Increases Awarded £ | Salaries effective from 1 July £ | Salaries in post (note 1) £ | TSRB recomm- endations | Awarded Full- year | 1986- 1987 |
|---|---|--|---------------------------|--|--|------------------------------|--------------------------|---------------|
| Chairmen, Industrial Tribunals (England and Wales, Scotland and N.Ireland) | | | | | | | | |
| Metropolitan Magistrates | | | | | | | | |
| Provincial Stipendiary Magistrates | | | | | | | | |
| Resident Magistrates (N.Ireland) | | | | | | | | |
| Masters and Registrars of the Supreme Court | | | | | | | | |
| Masters of the Supreme Court (N.Ireland) | | | | | | | | |
| Registrar of Civil Appeals | 30,500 | 2,250 | 1,350 | 31,850 | 395 | 7.38 | 4.43 | 3.32 |
| County Court Registrars and District Registrars of the High Court | | | | | | | | |
| Circuit Registrars (N.Ireland) | | | | | | | | |
| President, Pensions Appeal Tribunal | | | | | | | | |
| Vice-Presidents, Immigration Appeal Tribunal | | | | | | | | |
| Vice-President (Scotland) and Chairmen, Value-Added Tax Tribunals | | | | | | | | |
| Chairmen, Social Security Appeal Tribunals and Medical Appeal Tribunals | | | | | | | | |
| Special Commissioners of Income Tax | | | | | | | | |

NOTES

1. At latest available date
2. Proposals under consideration
3. Post rebanded for salary purposes

ANNEX 7CRETIONARY PAY

1. What are the "rigorously applied criteria" that will merit discretionary pay?

Discretionary pay will depend on performance assessed within a formal appraisal system. The details are under consideration.

2. How will discretionary pay improve "flexibility for other purposes"?

Additional incremental points could be used to tailor pay rates more specifically to market pressures for certain posts.

3. Why are performance bonuses being withdrawn for Grade 3's?

Introduction of discretionary pay makes them unnecessary.

4. Will the money saved from withdrawing these bonuses from Grade 3's be recycled to the other grades eligible for performance bonuses?

Yes.

5. Does the move to discretionary pay indicate that the Government will be moving in this direction with lower grades as well?

The Government would like to strengthen the link between pay and performance generally within the Civil Service. The performance bonus experiment is a move in this direction. The Government intends to pursue further steps in the future but has no plans to extend discretionary pay beyond Grades 2 and 3 at present.

6. How will discretionary pay work?

Discretionary increments for Grades 2 and 3 will have two elements. Existing increments will not be automatic for new entrants to these grades but provided performance is satisfactory these increments would normally be given although a positive decision based on performance will be required before the increment is awarded. There will also be additional increments above the present scales. These will be beyond the normally attainable maximum and will be awarded to only a limited number of people in these grades. Sustained high performance measured against demanding standards will be required to receive these.