

PRIME MINISTER

TOP SALARIES REVIEW BODY

In his minute at Flag A the Chancellor addresses two points:

- (i) the structure and the remit of the TSRB; and
- (ii) its membership.

On (i) he concludes that, although he himself favours abolition, since there is very little support for this view we should continue with more or less the same approach.

On (ii) he proposes a number of changes. Sir David Orr wishes to resign, while the appointments of Sir Harold Atcherley, Sir Robin Ibbs and Sir Thomas Skyrme have expired. The Chancellor proposes to renew Sir Robin Ibbs' membership, but not those of the other two. The candidates he proposes are at the Annex to his note. His proposals are Sir John Kingman, Frank Harvey (the Archdeacon of London) and Lord Barnett.

Although there is no serious dissent from the Chancellor's views on the structure and remit of the TSRB, there are widely varying views on individual members.

The Chancellor of the Duchy (Flag C) suggests that there should be a new Chairman, and that the field should be greatly widened to include more industrialists and employers in small firms.

The Lord Chancellor (Flag D) dissents from the proposal that Sir Thomas Skyrme should be dropped; prefers Lord Bruce-Gardyne to Joel Barnett; and proposes Sarah Hogg.

The Lord Privy Seal also favours Sarah Hogg.

Mr. Luce (Flag E) favours Sarah Hogg as well; and adds the name of James McFarlane, the Director General of the Engineering Employers Federation, to the list.

The Secretary of State has also commented (Flag F).

Sir Robert Armstrong (Flag B) believes that a meeting will be necessary to resolve this, given the range of disagreement, and suggests one in September. (I should mention that the Treasury want to press on and make the appointments, but with the range of disagreements suggested I do not see how this is possible without a meeting). Sir Robert also proposed that Lord Plowden should be consulted. This must be right. If he is to remain as Chairman, he will have to work with whoever is chosen.

(i) Agree to adopt the approach suggested by Sir Robert Armstrong? *Yes*

(ii) Do you have any comments on individual candidates?

Not at present - except why the Archdeacon of London?

DF

Timothy Flesher

1 August 1986

CCBG
CCAPPTS

Prime Minister

FUTURE OF THE TOP SALARIES REVIEW BODY

Nigel Lawson sent me a copy of his minute to you of 22nd July. I am inclined to agree with the line that he takes.

So far as membership of the Review Body is concerned, my only dissent is in respect of the proposal that Sir Thomas Skyrme should be dropped. He is in quite a different position from Mr Morrith, and ought not to be treated in the same category. Skyrme was, until his retirement, a member of my office and a distinguished Civil Servant. Although he was legally qualified he was in no sense a distinguished lawyer, and ought not to be regarded as such. More to the point, he has acted as a very useful member of the Board because of his former experience as a member of my Department and of his wide knowledge of the work of the judiciary. Inevitably, Mr Morrith tends to look on the issue of judicial salaries from the point of view of the Bar, from whom the judiciary are mainly drawn. Skyrme can be more detached and objective, and I would not like to lose him without putting someone of comparable experience in his place. I have no one to suggest for this at the moment, and I therefore recommend that he be re-appointed.

Although I have nothing against Joel Barnett in personal terms, he is an Opposition Front Bench spokesman and I think that this would make him unsuitable for the Review Body. I would therefore prefer Jock Bruce-Gardyne.

The only other name that I need comment on is Mrs Sarah Hogg. She is a distinguished economic journalist and would, I am sure, make



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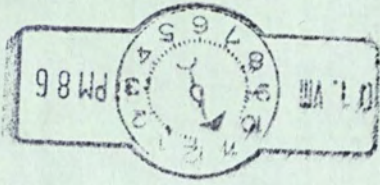
a useful contribution to the work of the Review Body, provided that the fact that she is my daughter-in-law is not seen as an objection.

I am copying this to Nigel Lawson, John Biffen, Norman Tebbit, George Younger and Richard Luce and to Sir Robert Armstrong.

H: of S: M.

31st July 1986

ECON POL: TSB: P. 8





Chancellor of the Duchy of Lancaster

cc B/C/P
JAPATS

PRIME MINISTER

FUTURE OF THE TOP SALARIES REVIEW BODY

I have seen a copy of Nigel Lawson's minute to you of 22 July. I have read the paper attached to Nigel's minute with interest.

I remain of the view, expressed in my minute to you of 8 January, that we should seek to re-orientate the method of working of the TSRB. The report by Officials provides helpful suggestions about this.

In particular, I think that we should adopt the suggestion (para 20) that the TSRB should report later so that its awards come at the end of the pay round - and after the civil service pay is settled. I also agree that we should aim for a substantial change in its membership.

In the wake of these changes and in advance of the TSRB report next year, I hope that we can agree revised terms of reference, with which the new members are content, and which would reflect our priorities. I would hope that, in addition to the points made in the draft at Annex E of the paper, the terms of reference would be able to restrict horizontal links to those justified by managerial needs (on which, of course, the Government evidence will comment) and will require the TSRB to have regard, for the Senior Civil Service awards, to the pay settlement agreed for the Civil Service as a whole, and to the need to justify the level of pay differentials on managerial grounds.

As regards the membership of the TSRB, I agree that Sir Harold Atcherley and Sir Thomas Skyrme's membership should not be renewed, but that Sir Robin Ibbs' should be.

I do not, however, see why we should continue to have an academic member nor can there be any conceivable reason to have journalists, churchmen, headmasters nor semi-retired politicians and trades union leaders. I should prefer that we add further industrialists and particularly employers in small firms.

I also question the desirability for us to retain Lord Plowden's services as Chairman. If we plan to make thorough-going changes to the TSRB's outlook, we should clear out from the top.

I am sending a copy of this minute to Quintin Hailsham, Nigel Lawson, John Biffen, George Younger, Richard Luce, and to Sir Robert Armstrong.

PP *Ash*
NORMAN TEBBIT

(Approved by the Chancellor of the Duchy and signed in his absence).

30 July 1986

ECON POL: TBRB: PE 8.



COMPTON

STREET NUMBER



A B/f

MO 4/4V

PRIME MINISTERFUTURE OF THE TOP SALARIES REVIEW BODY

I have seen a copy of the Chancellor of the Exchequer's minute to you of 22nd July.

I agree with his conclusion that, failing abolition of the Body altogether (Option D) which does not seem to me politically viable at this stage, a modified Option A (changing the membership) is the best way forward. The average age of the present Body is high, and the range of background experience relatively narrow. Whilst I have no particular comments on the names that he puts forward, their selection would certainly widen the range of background experience and do something to bring down the overall age.

I would also emphasise the point made in paragraph 10c of the report by officials - that brigading the senior military officer with the higher civil service rather than with the AFPRB grades probably helps to keep the lid on senior service pay. Our experience over the last three years with the AFPRB very much supports this view.

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I am sending copies of this minute to the Chancellor of the Exchequer, the Lord Chancellor, the Lord Privy Seal, the Chancellor of the Duchy of Lancaster, the Minister of State, Privy Council Office and to Sir Robert Armstrong.

Q.Y.

Ministry of Defence

29th July 1986

CONFIDENTIAL

TSRB; ECON POL.

PT8.



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PRIME MINISTER

25 July 1986

DRW
25/7
TOP SALARIES REVIEW BODY

Whatever the composition of the TSRB, it is not realistic to expect it to ignore comparability. Affordability, recruitment and retention are all strictly issues for the Government, comparability is probably the only area where the TSRB can sensibly make an independent input. Paragraph 6 of the officials' note shows how successive attempts to persuade the TSRB away from comparability have founded on the rock of bitter experience.

So long as there is a TSRB, top people will be seen as special cases with their salaries moving at a different rate to that of other Government employees. We continue firmly to believe that the only way of avoiding the continuing embarrassment of the TSRB is to abolish it, as the Chancellor would like, along the lines of option D in the officials' paper.

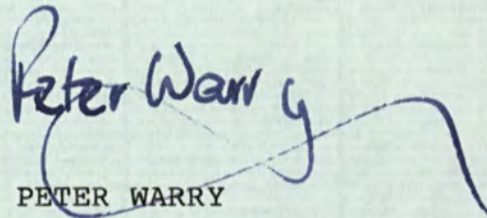
None of the objections to this approach seem well-founded. Officials frequently advise on policy issues from which they can gain: tax policy is perhaps the most obvious, but even advising on general civil service pay awards must ultimately influence TSRB rates. Despite these influences there is no evidence to show the advice has been flawed, indeed the opposite is more likely the case.

The TSRB is not widely respected. A system whereby all civil servants, junior and senior alike, got much the same award would appear much more above board than a cosy committee perceived by the public to be under the influence of the mandarins with a predilection for giving large pay rises to top civil servants.

CONFIDENTIAL

Relativities would be much less of a problem under a system where all people within a group got broadly the same level of rise. Relativities between Major Generals and Under Secretaries may, of course, widen. There is nothing wrong in this: they may be inter-changeable in some civilian jobs but this does not argue for identical pay. Moreover, however good an army officer is it will take him 10 years longer to reach the same grade as the equivalent official, (for example the best Brigadiers are rarely appointed before they are 45, whereas for Assistant Secretaries it is 35).

We strongly recommend abolition of the TSRB along the lines of option D; this is both the right approach to top peoples' pay and also the most politically sensible one.

A handwritten signature in blue ink that reads "Peter Warry". The signature is stylized with a large, sweeping flourish that extends to the right and loops back under the name.

PETER WARRY