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E P Kemp
Deputy Secretary

PRINCIPAL ESTABLISHMENT OFFICERS

22 May 1986

Dear Establishment Officer

PAY OF THE SENIOR OPEN STRUCTURE IN THE CIVIL SERVICE

I attach a note showing revised rates of pay for the Senior Open Structure of the Civil Service which result from the Prime Minister's announcement earlier today. A copy of this statement is also attached.

Advance copies of a Code Memorandum authorising new rates will be circulated shortly. The Code Memorandum will also set out the information we need to calculate revised rates for consequential departmental grades.

If further information is required in advance of the issue of the Code Memorandum Derek Hicks (01 233 8754) or Steve Willis (01 233 7891) will be available to help you.

I also attach a copy of a letter I have today given to the Council of Civil Service Unions amplifying the proposals for strengthening the link between pay and performance, and a copy of some suggested answers to points that may immediately come up. The main thing to emphasise is that while the decision to move in this direction has in principle been taken, there will be full consultation with staff interests before implementation. We shall keep Departments in touch with developments.

Copies go to all Members of EOM and EOM(SD).

Yours sincerely

E P KEMP

● OPEN STRUCTURE - SENIOR

	Current salary	Revised salary from 1.7.86
	£	£
Head of the Home Civil Service	75,000	77,400
Permanent Secretary of the Treasury) Secretary of the Cabinet (1))	70,000	72,400
Grade 1	60,000	62,100
Grade 1A	55,000	56,800
Grade 2 UIPP(H)	48,500	50,150
Grade 2	42,000 40,000	43,500 41,500
Grade 3 UIPP(L)	37,000	38,425
Grade 3	34,000 32,500 31,000	35,350 33,850 32,350

NOTES

- (1) If not also Head of the Home Civil Service
- (2) The rates from the dates stated are the operative ones for pension purposes.
- (3) The cost of these increases are to be absorbed within running cost limits set.
- (4) The rates of pay for these grades do not attract London Weighting.
- (5) It is proposed that additional discretionary increments beyond the normally obtainable maximum for Grades 2 and 3 should be introduced following consultation and the necessary preparatory work. The rates proposed are: Grade 2 £45,500, £47,825 and £50,150; Grade 3 £36,850, £38,425 and £40,000. At the same time the increments on the normal scales introduced last year would no longer be automatic for new entrants to these grades.
- (6) The recommended rates were: Head of the Home Civil Service £79,000; Permanent Secretary of the Treasury £74,000; Grade 1 £63,500; Grade 1A £58,000; Grade 2 £42,500, £44,500; Grade 3 £33,250, £34,750, £36,250.
- (7) Rates for Grade 4 will be promulgated as soon as possible.

Thursday 22nd May 1986

(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 effective increase in the pay of this group in 1986-87 in line with inflation, that is 3 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)
		45,500)
discretionary		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 Commissioners (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