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10 DOWNING STREET

LONDON SW1A 2AA

16 June 1986

From the Private Secretary

REMUNERATION OF THE LEGAL PROFESSION

The Prime Minister this morning held a meeting to discuss the remuneration of the legal profession. Present were the Lord President, Lord Chancellor, Home Secretary, Chief Secretary, Attorney General, Solicitor General, Chief Whip and Sir Robert Armstrong. The meeting had before it a draft Cabinet paper EA(86)28 prepared by the Cabinet Office, EA(86)24 which had been circulated by the Lord Chancellor and a draft paper by the Attorney General, EA(86)25.

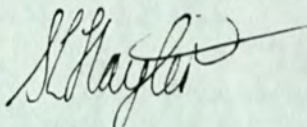
The Lord Chancellor explained the background to his proposals. His position was in many ways unique because he was required by a 1974 statute to have regard to fair remuneration for work reasonably performed. The position was further complicated by different estimates of barristers' earnings which had been produced by Coopers and Lybrand and by his own Department. The proposal he would now be prepared to accept was set out in paragraph 3 of the draft paper EA(86)28, namely an immediate offer to the Bar of a further 3 per cent and a further 2 per cent beyond that linked to productivity, with corresponding figures of 4 1/2 per cent and 2 per cent for solicitors. The Lord Chancellor recognised that prosecution generally commanded more experienced counsel than defence and on the whole required more preparation and presentation. Whilst there could be no exact comparison between prosecution and defence, equally their remuneration could not be allowed to get out of kilter. If there were any question of an increase beyond that now proposed by the Attorney General, there would also have to be a further increase in payments for defence. The payments now proposed were in any case likely to cause difficulties with the profession. Both the Bar and the Law Society were also seeking a review body. The Lord Chancellor was not at present prepared to agree to it. The combination of the obligation on the Lord Chancellor to provide fair remuneration and a review body could not be accepted. If a review body were in the end to be accepted it would be necessary to change the legislation. The Lord Chancellor would not recommend that, but there was a case for an arrangement to help establish each year the facts about lawyers' remuneration.

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The Attorney General indicated that he too could accept the proposals set out in the draft Cabinet paper EA(86)28.

After a short discussion, the Prime Minister expressed the gratitude of the meeting to the Lord Chancellor and the Attorney General for their willingness to reach an agreement in this very difficult area. Officials of the Attorney General's Office, the Lord Chancellor's Department and the Cabinet Office should now consider the presentation of the proposals. The proposal for an advisory committee would need to be discussed further. Papers EA(86)25 and 28, amended as necessary, should now be circulated to EA with a view to securing agreement of colleagues to the proposals by correspondence if possible.

I am copying this letter to Richard Stoate (Lord Chancellor's Office), Stephen Boys Smith (Home Office), Jill Rutter (Chief Secretary's Office), Michael Saunders (Law Officers' Department), Murdo Maclean (Chief Whip's Office) and Michael Stark (Cabinet Office).

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David Norgrove

Miss Joan MacNaughton
Lord President's Office