



OFFICE OF MANPOWER ECONOMICS

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21?
16th July 1980

The Rt. Hon. Margaret Thatcher, M.P.,
10 Downing Street,
London, S.W.1.

Dear Prime Minister

I am grateful to you for agreeing to see me at 5.30 pm on 21st July to discuss the position of the Top Salaries Review Body in the light of the Government's decisions on Reports Nos 14 and 15. The Review Body is due to meet later in the month to consider the implications of what has happened, and I know my fellow-members will be pleased to learn that you and I will already have had a talk.

There are two points, in particular, that I had it in mind to raise. First, if as you indicated to me it is the Government's wish that we should carry on as a Review Body, I would hope that an early opportunity might be taken to say so publicly. There has been a tendency, perhaps in the circumstances inevitable, to relate us closely to Clegg and to suggest that the TSRB is simply one more link in a circular chain of 'comparability' which causes public sector pay to escalate. I do not think it is sufficiently realised that, in direct contradistinction to Clegg, TSRB is concerned only with non-negotiated pay; nor that, even leaving out of account the Higher Civil Service, there must be some review machinery for the Higher Judiciary no less than for Doctors and Dentists; nor that, except for the Chairmen and board members of Nationalised Industries, we have ourselves been consistently sceptical of comparability as a means of getting the answer as nearly right as possible. In other words, I believe (and so do my colleagues) that the TSRB still has a role to perform, and that we would be justified in asking the Government to make it explicit that they are of the same mind.

Secondly, I should like tentatively to make one suggestion for the future. As members of the TSRB we recognise that there will always be occasions when the government of the day will feel bound to modify our recommendations, and we also acknowledge the deep-seated public as well as governmental, concern over public sector pay at the present time. Yet we remain convinced, as I have already said, that there is still a worthwhile job for an independent Review Body drawing attention to a number of relevant factors (like the growing mobility of management, or steeply rising trends in bar earnings) which cannot safely be disregarded for long. The question therefore arises: how can the potential gap between the Government and the Review Body be narrowed? For on this last occasion it did appear disturbingly wide.



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For my part, I should be sceptical of any further changes in the Review Body's terms of reference, and I do not see, for instance, how a formal requirement that we should take into account the "national interest" could be defined except in terms which either involved the Review Body in making a political judgement, or the Government in effectively nullifying our independent status. But I think there could be more advantage in an informal understanding between us that, before the Review Body reaches conclusions on any future recommendations, we should be able to receive oral evidence at senior ministerial level on how the Government views the overall pay situation, in addition to the more detailed evidence we have regularly received from Ministers and their Departments relating to particular groups within our ambit. For instance I think that, looking back, it would have been helpful if we could have been reminded that the timing of our Reports Nos 14 and 15 meant that these Reports were bound to be viewed by the Government in their relation to the next pay-round, rather than as an exercise in 'catching up' on the last twelve months. Incidentally the decision to relieve us of responsibility for recommending salaries for Chairmen and members of nationalised industry Boards, while I think it may land Ministers with greater problems than they realise, will certainly have the effect of making the rest of our task more manageable, so that we can hope to be more punctual in future in the timing of our Reports.

Contrary to widespread belief, pay is not an easy subject - I remember Paul Chambers once saying to me that it was the only subject on which he ever heard even so acute an economist as D.H. Robertson deliver a 'dud' lecture - and you will gather, I hope, that the Review Body doesn't view the future in any spirit of complacency or ill-humour. But I think some clarification is needed at the present time, perhaps on the sort of lines I have indicated.

I shall look forward to our meeting.

Yours sincerely
Edward Boyle

BOYLE OF HANDSWORTH
CHAIRMAN
TOP SALARIES REVIEW BODY



10 DOWNING STREET

PRIME MINISTER

I attach Lord Boyle's letter to you and a note from the Lord President about the points raised by Lord Boyle.

The Chancellor is very much in sympathy with the points raised by Lord Boyle: this is reflected in his paper for E, of which you have already seen an advance copy (*1 chunk*)

MA

18 July, 1980