

Prime Minister

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one refers to
a 5% abatement;
the other to a
1/3 abatement

Ref. A08313

PRIME MINISTER

Please would you sign both *
the attached letters? I will
despatch the appropriate one after
Cabinet tomorrow, via Sir R Armstrong.

MLs 5/5

TSRB

If the Cabinet decides on Thursday morning both to abate the TSRB's
recommendations and to announce that decision, along with the decisions about
the Civil Service Arbitration Tribunal and the other review bodies on Thursday
afternoon, we shall need to consider how best to handle Lord Plowden.

2. It is, as you know, the normal procedure to give the Chairmen of the
review bodies advance notice of the Government's decision on their reports. The
Secretary of State for Social Services will, I understand, be arranging to see the
Chairman of the Doctors and Dentists Review Body on Wednesday ^(this) evening. It
would clearly not be possible for you to see Lord Plowden yourself between the
Cabinet's decision on Thursday and the time of an announcement on Thursday
afternoon. I therefore suggest that the best course would be for you to write to
--- Lord Plowden on the lines of the draft attached, which would need to be revised
after Cabinet to incorporate the substance of the Cabinet's decision. If you agree,
we could arrange for a letter to be submitted to you for signature over Thursday
lunchtime, and I would try to make arrangements to see Lord Plowden early on
Thursday afternoon to deliver it personally to him.


No-see
above
MLs

RIA

ROBERT ARMSTRONG

5 May 1982

* please note: letters not sent. *
6/5/82.



DRAFT LETTER FROM THE PRIME MINISTER TO
LORD PLOWDEN

I shall be announcing this afternoon the Government's decisions on the recommendations of the three pay review bodies, including those of the Top Salaries Review Body. We have given a great deal of thought to the recommendations and to the arguments set out in the Review Body's Report, which we found most helpful.

We recognise the need to give adequate rewards to those who bear heavy responsibilities in senior positions in the public services, and the strength of the arguments which the Review Body has adduced in support of its recommendations. But we have also to take account, as the Review Body itself has recognised, of the importance of pay restraint in current economic circumstances, and of the effect that full implementation of the large increases recommended by the Review Body could have at a time when other public service groups on lower levels of remuneration are being expected to accept much smaller increases. We have concluded that it would be right to abate the increases recommended by the Review Body by (5 percentage points) (one-third). Even this, of course, will still entail very substantial pay increases for the groups concerned, which will in the Government's view go a long way towards meeting the arguments set out in the Review Body's report. But we recognise that they will still leave the salaries of these groups at levels lower than those which the Review Body believes would be right, and that that is a fact which both the Review Body and the Government will have in mind when next the salaries are revised.

I should like to thank you and the other members of the Review Body most warmly for the work you have put into preparing your report. As I have said, although we did not feel able in present circumstances to give full effect to its recommendations, we were impressed by the force of its arguments and we found it of invaluable assistance in reaching our decisions.