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6 May 1982

Michael Scholar Esq.
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Dear Michael

TSRB REPORT NO 18

You may like to have a copy of the contingency draft briefing material which we have prepared for the possibility of including in tomorrow afternoon's pay announcement Government decisions on the TSRB report. This will have to be revised as soon as we know the decision which Cabinet has reached about this. We would then propose to circulate briefing material to other interested departments (MOD, DHSS, Lord Chancellor's Office). But at this stage we are only sending it to you.

*Yours ever
Peter*

P.S. JENKINS
Private Secretary



10 DOWNING STREET

From the Private Secretary

7 May 1982

Many thanks for your letter of 6 May with which you enclosed contingency draft briefing material on the TSRB Report.

S/F 1

We now have the Cabinet's decision on the Report, and it may be that an announcement will be made on Tuesday or Wednesday of next week. No decision has been made about which day next week the announcement will be made, but I think we should prepare ourselves against the possibility of a Written Answer on Tuesday. We here will accordingly put a Question down on Monday, and I would be grateful if you would let us have a draft Answer during the course of Monday.

The Prime Minister has commented that two points need to be made very strongly in the announcement. The first is that the TSRB group are the only group not to have enjoyed a catching up in pay since the Government took office. She would like the awards - Clegg, other review body reports etc - of the other groups listed so as to make this point more clearly. She would also like it to be said, if this is indeed the case, that the TSRB group is the only one whose present salary is below that recommended for 1 April 1980. Finally, the Prime Minister would like the announcement to prepare the ground for next year's decision to include some element of making good this year's abatement of the catching-up process.

M. C. SCHOLAR

Peter Jenkins, Esq.,
H.M. Treasury.

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TSRB ANNOUNCEMENT

Q1 Increases too large?

A1 The Government believe they are fully justified. It is essential to ensure an adequate supply of candidates of sufficient calibre for the Bench and to provide an adequate career structure and differentials in the higher levels of the Civil Service and Armed Forces.

Since the pay of these groups has been held down since 1960 it is not surprising that by now recruitment and career structure considerations make above average increases necessary.

Q2 Other public sector groups will be encouraged to press for large increases?

A2 All pay claims must be considered in the light of their own particular circumstances. The pay of other groups has not been held down in recent years to the same degree as the TSRB groups.

Q3 Why not implement TSRB in full?

A3 The Government decided it had to reduce the increase recommended for doctors and dentists by the DDRB and in these circumstances did not feel able to implement the TSRB report in full.

Q4 Are not the TSRB groups being treated more harshly than doctors and dentists?

A4 The precise level of abatement is bound to be a matter of judgement and no two groups are precisely comparable. The Government considers that the reductions in the increases recommended for the two groups are fair given their different circumstances.

Q5 What is the rationale for the pattern of increase/level of reduction

The Government has broadly maintained the structure of the TSRB's recommendations while reducing the level of increase in each case.

Q6 Should not large increases of this kind be postponed?

A6 There is no time when large increases for senior public servants are easy to implement, but recruitment and career structure considerations point to action being taken now. To put off a decision to do so for a year or more would only make the ultimate decision to go ahead more difficult.

Q7 Have recruitment considerations been applied to the increase for senior civil servants and armed forces officers?

A7 It is difficult to apply recruitment considerations direct to the senior levels of a career service. But an inadequate career structure is demotivating and induces good staff to leave.

Q8 Why larger increases for the Judiciary?

A8 This was what TSRB recommended and it reflects the need to attract high calibre lawyers to the Bench.

Cost of proposals?

A9 Minimal. The cost is spread over a large number of cash limits and can easily be contained.

Q10 Will full TSRB rates be promulgated for pension purposes?

A10 No. The Government considers that the rates to be implemented are appropriate ones. It would not be appropriate to promulgate other rates for pension purposes.

Q11 Will the TSRB report again next year?

A11 The Government at present has no plans to alter existing arrangements. But TSRB's future will have to be considered in the light of anything the Megaw Committee might have to say about the pay of the higher Civil Service and appropriate machinery for handling this.

Q12 Nationalised industry board salaries?

A12 These are now determined by Ministers on a board by board basis following proposals from the individual boards themselves. No proposals for 1982 have yet been considered by Ministers.

Q13 MPs' pay

A13 The Government will put proposals to the House of Commons in due course.

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TOP SALARIES REVIEW BODY (TSRB) : BACKGROUND NOTE

1. The TSRB (chaired by Lord Plowden) advises the Prime Minister on the remuneration of the judiciary, senior civil servants and senior officers of the armed forces.
2. In 1980 TSRB recommended increases averaging 26% for members of these groups. The Government felt unable to accept these recommendations because of its wish to reduce the levels of pay increases in the public sector at that time. It decided that the groups concerned should have increases averaging 12½% in 1980. In 1981 the TSRB urged the Government to implement in full their 1980 recommendations but did not recommend any new rates. They said that they would be producing a comprehensive report in 1982. Again the Government did not feel able to implement the TSRB's recommendation in full but awarded increases averaging 7% to the three groups in 1981. This meant that they were still some 5% behind the 1980 recommended levels.
3. This year the TSRB have recommended salaries which are 19.4% above the rates currently in payment for the Civil Service and Armed Forces, 24.3% for the judiciary, and 21.9% on average. As compared with their recommendations in 1980 the figures are 13% for the Civil Service and Armed Forces, 20% for the judiciary, or 16.6% overall. The Government has decided that these increases should be reduced by some 5½ percentage points on average. The attached table shows the new salaries that will be paid to the higher Civil Service and senior officers of the Armed Forces and to the holders of the main judicial offices. The total cost of the increases is some £7½ M. It will be contained within existing cash limits where these apply.
4. Until 1980 nationalised industry board members were included in the TSRB's remit. They were removed by the Government so that greater account could be taken of market and managerial factors in settling their salaries. These salaries are now determined directly by Ministers following proposals by the individual boards. No proposals have yet been received for 1982 by the Treasury.

TOP SALARIES REVIEW BODY GROUPS : SCHEDULE OF NEW SALARIES

	1	2	3	4	5	6	7
	Current	TSRB	TSRB	New	%	%	Number
	salary	recom-	recom-	salary	increase	increase	in
		menda-	menda-		over	over	group
		tion	tion		current	TSRB	
		for	for		salary	'80	
		1.4.80	1.4.82				
	£	£	£				
<u>... Senior grades of the higher civil service</u>							
Permanent Secretary to the Treasury Secretary to the Cabinet	35,845	37,000	45,000	42,000	17	14	2
Permanent Secretary	33,170	34,000	40,000	37,750	14	11	22
Second Permanent Secretary	30,495	31,000	37,000	35,000	15	13	16
Deputy Secretary	26,215	27,000	32,000	30,250	15	12	141
Junior Secretary	21,935	23,500	26,000	25,000	14	6	524
<u>... Senior officers in the armed forces</u>							
Admiral of the Fleet Field Marshal Chief of the Royal Air Force	35,845	37,000	45,000	42,000	17	14	1
General Lieutenant General Air Chief Marshal	33,170	34,000	40,000	37,750	14	11	20

	1	2	3	4	5	6	7
	Cur- rent salary	TSRB recom- menda- tion for 1.4.80	TSRB recom- menda- tion for 1.4.82	New salary	increase over current salary	increase over TSRB 80	Number in group
	£	£	£	£			
Vice-Admiral)							
Lieutenant General)	26,215	27,000	32,000	30,250	15	12	37
Air Marshal)							
Medical Rear Admiral)							
Medical Major General)	23,005	23,500	26,000	25,000	9	6	17
Medical Air Vice-Marshal)							
Rear Admiral)							
Major General)	21,935	23,500	26,000	25,000	14	6	141
Air Vice-Marshal)							
<u>c. Judiciary</u>							
Lord Chief Justice)	44,500	43,000	56,000	52,500	18	22	1
Master of the Rolls)							
Lord of Appeal)							
Lord President of the Court of Session)	41,000	40,000	51,500	48,250	18	21	11
(Scotland))							
Lord Chief Justice (Northern Ireland))							
President of the Family Division)	39,000	38,500	50,000	47,000	21	22	2
Lord Justice of Appeal)							
Lord Justice Clerk (Scotland))	37,500	36,500	48,500	45,500	21	25	22
Lord Justice of Appeal (Northern Ireland))							
Chancellor)	37,500	36,000	48,500	45,500	21	26	1

	1	2	3	4	5	6	7
	Cur- rent salary	TSRB recom- menda- tion for 1.4.80	TSRB recom- menda- tion for 1.4.82	New salary	increase over current salary	increase over TSRB 80	Number in group
	£	£	£	£			
High Court Judge)							
Judge of the Court of Session (Scotland))	35,000	35,000	45,000	42,500	21	21	99
Justice Judge (Northern Ireland))							
President, Lands Tribunal (England and Wales))							
President, Transport Tribunal)							
Chief Social Security Commissioner)	25,500	26,000	31,500	30,000	18	15	4
(England and Wales and Scotland))							
President, Industrial Tribunals)							
(England and Wales))							
President, Industrial Tribunals (Scotland))							
Sheriff Principal (Scotland))	24,750	25,250	30,500	29,000	17	15	9
Chairman, Scottish Land Court)							
President, Lands Tribunal (Scotland))							
Official Referee (London))							
Vice-Chancellor of the County Palatine of)							
Lancaster)							
Recorder of Liverpool)							
Recorder of Manchester)	24,500	24,500	30,500	29,000	18	18	10
Senior Circuit Judge, Newington Causeway)							
Recorder of Belfast (Northern Ireland))							
President of the Lands Tribunal)							
(Northern Ireland))							
Chief Social Security Commissioner)							
(Northern Ireland))							

	1	2	3	4	5	6	7
	Cur- rent salary	TSRB recom- menda- tion for 1.4.80	TSRB recom- menda- tion for 1.4.82	New salary	% increase over current salary	% increase over TSRB 80	Number in group
	£	£	£	£			
Circuit Judge)						
Chief Metropolitan Magistrate)						
Member, Lands Tribunal (England and Wales and Scotland))						
Social Security Commissioner (England and Wales and Scotland))						
Judge Advocate General)						
Sheriff A (Scotland))						
County Court Judge (Northern Ireland))						
Master of the Court of Protection	)	23,250	24,000	29,000	27,750	19	16
Senior and Chief Masters and Registrars of the Supreme Court	)						385
Registrar of Criminal Appeals)						
President, Industrial Tribunal (Northern Ireland) ¹)						
Member, Lands Tribunal (Northern Ireland) ¹)						
Social Security Commissioner (Northern Ireland) ¹)						
Sheriff B (Scotland)	)	23,250	23,500	29,000	27,750	19	18
Regional Chairmen, Industrial Tribunals (England and Wales and Scotland)	)	22,750	23,500	27,000	25,750	13	10
Chairman, Foreign Compensation Commission	)						17
Vice-Judge Advocate General	)	22,000	22,500	27,000	25,750	17	14
	)						1

	Cur- rent salary	TSRB recom- menda- tion for 1.4.80	TSRB recom- menda- tion for 1.4.82	New salary	% increase over current salary	% increase over TSRB 80	Number in group
	£	£	£	£			
Justices and Registrars of the Supreme Court))))			
Metropolitan Magistrate))))			
Chairmen, Industrial Tribunals (England and Wales and Scotland)))))			
Provincial Stipendiary Magistrate	)	)	)	)	16	7	181
Resident Magistrate (Northern Ireland) ¹))))			
Chairman, Industrial Tribunal (Northern Ireland) ¹))))			
Master, Supreme Court (Northern Ireland) ¹))))			
County Court Registrars and District Registrars of the High Court	)	)	)	)	17	9	153

Note = ¹ These appointments were added to the remit after Report No 14. The salaries shown for the appointments in Column 2 are those recommended in Report No 16 in 1 April 1980 terms.

ANNOUNCEMENT ON PAY OF MPs AND MINISTERS

Q1 Why a smaller increase than senior civil servants/officers of armed forces/judges?

The circumstances of the groups are different. The problems of recruitment, career structure and differentials that affect the judiciary, higher Civil Service and senior officers of the armed forces do not apply to MPs. Moreover, whereas before the increase just announced the pay of the former groups was on average some 5% below the level recommended by TSRB in 1980, MPs' pay was £200 a year above this level.

Q2 Why 4% : 6% now the going rate?

There is no "going rate". Many civil servants and members of the armed forces will be getting less than 6%. In the absence of a TSRB recommendation on the right level for MPs' pay this year, the Government felt it appropriate to propose increases no higher than the pay factor included in Estimates.

Q3 Why any increase at all: no recruitment problems?

It is important that able people should not be deterred from seeking to become MPs because of inadequate pay. If MPs pay is allowed to drop too far behind it becomes more difficult to bring it up to appropriate levels.

Q4 Why no TSRB recommendations on MPs?

The Government did not consider it appropriate to ask the TSRB to report on MPs' pay whilst a Select Committee was considering the subject.

Q5 What is the Government's view on the Select Committee's recommendations?

The Government is still considering these recommendations.

Q6 What does Government think about a link with New Earnings Survey?

The Select Committee report as a whole is still being considered by the Government but it should not be assumed that all the recommendations will necessarily be accepted.

Q7 Have the Government given up using the TSRB altogether for MPs' pay?

The fact that the TSRB was not asked to report this year was solely due to the existence of the Select Committee. The Select Committee itself recommended periodic reviews of MPs' pay by the TSRB and this is one of the points the Government is considering.

Q8 Are the increases for MPs firm decisions?

They are firm proposals by the Government but the House of Commons has the final decision about increases in MPs' pay and allowances. The Government's proposals will be debated by the House in the next few weeks.

Q9 What if the House rejects the Government's proposals?

The Government will have to reconsider its position. The Government's agreement is necessary before any increases can be implemented.

Q10 Will the Select Committee report be debated at the same time?

That depends on the outcome of the Government's consideration of the report but it seems likely.

Q11 Why was secretarial allowance only increased by 4%?

As with pay, in the absence of a TSRB recommendation on the right level, the Government considered that an increase in line with the provision in Estimates would be appropriate.

Q12 Detailed questions about the structure of the secretarial allowance

In the absence of advice from the TSRB the Government did not think it appropriate to make any major changes to the secretarial allowance. MPs will have the opportunity to put forward in the debate any specific points they have concerning the allowance.

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MPs' PAY : BACKGROUND NOTE

1. In 1979 the Top Salaries Review Body recommended that MPs' pay should be increased from £6,897 pa to £12,000. The Government accepted that the amount was right but because the increase was so large it proposed, and the House accepted, that it should be implemented in three stages. The third and final stage was paid with effect from 13 June 1981. The TSRB reported again in 1980 and recommended a further 14.6% increase in Members' pay. However as part of its policy of pay restraint in the public sector, the Government persuaded the House to accept an increase of only 9.6% in 1980. The TSRB did not make any new recommendations in 1981 but urged the Government to implement in full and as soon as possible its 1980 recommendations. The Government considered, and the House accepted, that a 6% increase in 1981 would be appropriate. Hence from 13 June 1981 MPs' pay rose to £13,950 (as against the figure of £13,750 recommended by the TSRB as appropriate in 1980). A table showing the movement in MPs' pay since 1979 is attached.

2. In 1980 the House voted, against the Government's advice, for a link between the salary of Members and the salary of a specified grade in the public service. Following consultations, the Government agreed that a Select Committee should be set up to consider the question of linkage on the basis of periodic independent reviews of MPs' pay and a link to a basket of outside occupations between such reviews. The report of the Select Committee was published in March 1982. It recommended a review of MPs' pay by the TSRB once during the fourth year of each Parliament and annual automatic interim adjustment of salaries between reviews by reference to the increase in the nearest percentile in the New Earnings Survey. The Government is still considering its response to these recommendations.

3. The TSRB was not asked to report on MPs' pay and allowances this year because of the existence of the Select Committee. At the latest time when TSRB could have been asked to begin a review (late autumn 1981), it was not clear whether the Select Committee would be making any recommendations about the right level of MPs' pay in 1982.

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4. The increase of 4% in MPs' pay in 1982 is only a proposal. The final decision rests with the House of Commons. The next step is for the Government to table motions containing its proposals on MPs' pay and secretarial allowance and to lay an Order in Council on Ministers' pay, and for the Commons to debate them (the increase for Ministers' must also be debated in the Lords). If the Government were defeated, it would need to reconsider its position. No increase can be implemented without both the agreement of the Government (because of the public expenditure implication) and a resolution of the Commons (and the Lords in the case of Ministers' pay).
5. The normal pay settlement date for MPs and Ministers is 13 June. However whereas the resolution increasing MPs' pay can be retrospective, the Order increasing Ministers' pay cannot.
6. The pay of Members of the European Assembly is linked to and identical with that of MPs'. It increases automatically when effective resolutions on MPs' pay are passed. However MEPs do not receive MPs' allowances (they have their own allowances which are regulated by the European Assembly itself).