



10 DOWNING STREET

*From the Private Secretary*

11 May 1983

*Dear Mary*

Review Body Reports

I attach a copy of the written statement that the Prime Minister will be making tomorrow. It will be released at 1530. The reports themselves will be made available in the Vote Office at the same time.

I am copying this to Nick Evans (MOD), Margaret O'Mara (HMT), Carole Souter (DHSS), David Heyhoe, and Richard Hatfield.

*Yours ever*

*Willie Rickett*

Mary Brown  
Office of the Lord Privy Seal

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File

(Answered by the Prime Minister on Thursday 12 May 1983)

UNSTARRED Mr Antony Buck: To ask the Prime Minister, if she  
NO. will make a statement on the Reports of the Review  
Bodies on the Pay of the Armed Forces, the Doctors  
and Dentists and Top Salaries.

The reports of the Armed Forces Pay Review Body, the Doctors' and Dentists' Review Body and the Top Salaries Review Body on certain top salary groups and on parliamentary pay and allowances have been laid before the House today and will be published as Command Papers shortly.

Copies are now available in the Vote Office. The Government is grateful to the members of the review bodies for these reports and for the time and care which they have put into their preparation.

The report of the Armed Forces Pay Review Body recommends new rates of pay for Service men and women applicable from 1 April 1983 which will amount on average to 7.2 per cent of the pay bill for the rates currently in payment. The Government accepts the report, and the necessary steps to implement the new rates of pay, and inform servicemen of the details of the report, will be taken as soon as possible.

The report of the Doctors' and Dentists' Review Body recommends with effect from 1 April 1983 increases in the pay of doctors and dentists which the Review Body estimates would add 6 per cent to the pay bill over and above the costs of implementing in full their recommendations for 1 April 1982; in addition they recommend changes in certain

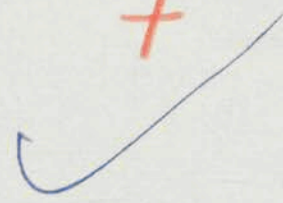
supplementary payments to take account of the hours worked by junior hospital doctors and dentists, which will add a further 1 per cent to the total pay bill.

The House will recall that since 1981 there has been an abatement of the review body's recommendations for doctors and dentists which now amounts to 2.7 per cent of the pay bill. The Review Body has strongly urged that this abatement should now be made good. The Government accepts the recommended increases for this year with effect from 1 April 1983. It proposes to make good the abatement with effect from 1 January 1984.

The scales and rates resulting from these decisions will be promulgated as soon as possible.

The two reports from the Top Salaries Review Body, one dealing with the salaries of the higher civil service, senior officers in the Armed Forces and the judiciary, and the other dealing with the salaries of Members of Parliament and of Ministers and other office holders and Parliamentary allowances, will be for consideration after the Election.

So far as the proposed salaries for Cabinet Ministers are concerned, members of the Cabinet take the view that the increases proposed are of a magnitude which they could not possibly accept, and trust that Members of Parliament will take a similar view about recommendations affecting their own salaries. The Government believes that any decisions which are reached in the new Parliament about resettlement arrangements should apply also to Members of the present Parliament in relation to their present salaries. The Government acknowledges the need to consult opinion widely before the House reaches a conclusion on the recommendations.



Ref. A083/1319

MR SCHOLAR

Review Bodies: Draft Written Answer

We have revised <sup>the</sup> draft Written Answer about the Review Bodies in the light of this morning's discussion in Cabinet; I attach the redraft herewith.

2. You will see that this draft, like the earlier one, does not put any value on the changes in the supplementary payments for junior hospital doctors and dentists. If the Prime Minister wanted to do so, she could add at the end of paragraph 3 of the draft the words "which will add a further 1 per cent to the total pay bill".

3. You will wish to make sure that the first paragraph of the draft Answer is consistent with the arrangements which are being made for laying the reports tomorrow afternoon.

4. I am sending a copy of this minute and of the draft Written Answer to the Lord President's Private Secretary, so that the Lord President can consider whether he is content with the last two paragraphs of the draft.

ROBERT ARMSTRONG

10 May 1983

DRAFT WRITTEN ANSWER

To ask the Prime Minister whether she will make a statement about the reports of the Review Bodies on the pay of the armed forces, doctors and dentists, top salary groups, and parliamentary pay and allowances.

The reports of the Armed Forces Pay Review Body, the Doctors' and Dentists' Review Body and the Top Salaries Review Body on certain top salary groups and on parliamentary pay and allowances have been laid before the House today and will be published as Command Papers shortly.

Copies are now available in the Vote Office. The Government is grateful to the members of the review bodies for these reports and for the time and care which they have put into their preparation.

The report of the Armed Forces Pay Review Body recommends new rates of pay for Service men and women applicable from 1 April 1983 which will amount on average to 7.2 per cent of the pay bill for the rates currently in payment. The Government accepts the report, and the necessary steps to implement the new rates of pay, and inform servicemen of the details of the report, will be taken as soon as possible.

The report of the Doctors' and Dentists' Review Body recommends with effect from 1 April 1983 increases in the pay of doctors and dentists which the Review Body estimates would add 6 per cent to the pay bill over and above the costs of implementing in full their recommendations for 1 April 1982; in addition they recommend changes in certain

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supplementary payments to take account of the hours worked by junior hospital doctors and dentists.

The House will recall that since 1981 there has been an abatement of the review body's recommendations for doctors and dentists which now amounts to 2.7 per cent of the pay bill. The Review Body has strongly urged that this abatement should now be made good. The Government accepts the recommended increases for this year with effect from 1 April 1983, and also agrees that the abatement should be made good before next year's Report. In order to ease the cost within the current financial year this will be done with effect from 1 January 1984.

The scales and rates resulting from these decisions will be promulgated as soon as possible.

The two reports from the Top Salaries Review Body, one dealing with the salaries of the higher civil service, senior officers in the Armed Forces and the judiciary, and the other dealing with the salaries of Members of Parliament and of Ministers and other office holders and Parliamentary allowances, will be for consideration after the Election.

So far as the proposed salaries for Cabinet Ministers are concerned, members of the Cabinet take the view that the increases proposed are of a magnitude which they could not possibly accept, and trust that Members of Parliament will take a similar view about recommendations affecting their own salaries. The Government believes however that any decisions which are reached in the new Parliament about resettlement arrangements should apply also to Members of the present Parliament in relation to

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their present salaries. As my right hon Friend the Lord President of the Council and Leader of the House has already made clear, the Government acknowledges the need to consult opinion widely before the House reaches a conclusion on the recommendations.

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FROM: P L GREGSON, CB, DEPUTY SECRETARY

COPY 5 OF 7 COPIES



CABINET OFFICE  
70 WHITEHALL  
LONDON SW1A 2AS

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cc Mr. Schick ✓

01-XXXXXXXX 233 8339

P.01015

Mr P Le Cheminant CB  
Deputy Secretary  
H M Treasury  
Parliament Street

6 May 1983

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*Dear Peter*

REVIEW BODY REPORTS 1983

I am attaching on a personal basis the draft Note by the Secretary of the Cabinet which I am putting to Robert Armstrong this evening. At Annex B is the draft Written Answer.

I should be grateful if you would kindly check any points of detail for which you are responsible and let me have any comments by lunchtime on Monday 8 May.

I am sending a copy of this letter with a similar request and relevant extracts from the draft Note and draft Written Answer to Chris France (MoD), Pat Benner (DHSS) and David Heyhoe (Lord President's Office).

I should be grateful if Chris France and Pat Benner would take responsibility for making any necessary arrangements to notify the Chairmen of the AFPRB and DDRB respectively on the content of the Government's announcement after Cabinet and before the publication of the Written Answer. Robert Armstrong will be in touch with No 10 about the action to be taken in respect of the TSRB Chairman.

*Yours*

*P L*

P L GREGSON

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REVIEW BODY REPORTS

Note by the Secretary of the Cabinet

Ministers have to consider what action should be taken in relation to the recommendations in the following Review Body reports:

i. The Armed Forces Pay Review Body (AFPRB) report

This recommends with effect from 1 April 1983 an average increase of 7.2 per cent for the armed forces up to the rank of Brigadier and equivalent.

ii. The Doctors' and Dentists' Review Body (DDRB) report

This recommends with effect from 1 April 1983 an average increase of 6 per cent over the DDRB's 1982 recommended figures together with changes in supplementary payments to take account of the hours worked by junior hospital doctors and dentists amounting to a further 1 per cent; in addition the DDRB strongly recommend that the abatement originally made of their recommendations in 1981, which currently amounts to 2.7 per cent, should now be made good.

iii. The Top Salaries Review Body (TSRB) report on the salaries of the higher civil service (Under Secretaries and above), senior officers in the armed forces (Major General and equivalent and above) and the judiciary.

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This recommends with effect from 1 April 1983 an average increase of 6.9 per cent over the TSRB's 1982 recommended figures; in addition the TSRB strongly recommend that the abatement of their 1982 recommendations, which currently amounts to slightly less than 5 per cent, should now be made good.

iv. The Top Salaries Review Body (TSRB) report on Parliamentary pay and allowances

This recommends increases of 30.9 per cent in the salary of MPs and increases ranging from 28.3 per cent for Parliamentary Secretaries to 47.0 per cent for Cabinet Ministers. It also makes proposals about the secretarial and research allowance for MPs; the severance pay and pension arrangements for MPs, including the accrual rate and the minimum retirement age; the rates of the Peers' expenses allowances; and the secretarial allowance for Ministers and other paid office holders in the House of Lords.

2. A summary of the salary recommendations relating to the main ranks, grades or office holders is at Annex A.
3. A group of Ministers met to consider these issues under the Prime Minister's chairmanship and their recommendations are summarised in the following sub-paragraphs:

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i. It was agreed that the AFPRB Report should be implemented in full from 1 April 1983 in line with the Government's past practice and commitment to maintain full comparability of servicemen's pay with that of their civilian counterparts. The annual cost of implementing the recommendations in 1983-84 is estimated at £165 million; the Secretary of State for Defence is discussing with Treasury Ministers how far this additional cost can be accommodated within cash limits.

ii. It was agreed that the DDRB's recommended increase for the current year (6 per cent plus 1 per cent in respect of supplementary payments for junior hospital doctors and dentists) should be implemented from 1 April 1983. In respect of the abatement Ministers had regard to the DDRB's statement that ".... it would be difficult to reconcile failure to implement [their recommendations] in full for a third successive year with an independent Review Body system"; the probability that the DDRB would resign and that the doctors and dentists would no longer have confidence in the Review Body system; and the danger of reopening the issue of future pay arrangements for the nurses who had been offered a review body on the model of the DDRB. It was therefore agreed that the best course would be to make good the 2.7 per cent abatement before the next DDRB report but to do so from 1 January 1984 in order to ease the costs within the current financial year. In addition to the 1 per cent for junior hospital doctors and dentists the increase on the 1983-84 pay bill, allowing for the three-months

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effect of restoring the abatement, is estimated at [6.7] per cent. The annual cost of implementing the recommendations in 1983-84 is estimated at [£121 million]; the Secretary of State for Social Services is discussing with Treasury Ministers how far this additional cost can be accommodated within cash limits.

iii. In relation to the higher civil service, senior service officers and the judiciary it was agreed that the TSRB's recommended increase of 6.9 per cent for the current year should be implemented from 1 April 1983. In respect of the abatement it was noted that, in the Prime Minister's statement of 12 May 1982, the Government had acknowledged that there were "sound management reasons for bringing these salaries up to date quickly and for keeping them up to date in future". The abatement had been justified by the need to abate the DDRB increases. It was recognised "... that this abatement will be one of the factors to be taken into account by the review body in the course of its next review". It was therefore agreed that the TSRB abatement should, like the DDRB abatement, be made good from 1 January 1984. The average increase for 1983-84, after allowing for the three-months effect of restoring the abatement, is estimated at [8.1] per cent. The cost of implementing these increases in 1983-84 is estimated at [£4.7 million] and there should be no difficulty about absorbing them within cash limits.

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iv. In relation to the TSRB report on Parliamentary pay and allowances it was noted that the recommended percentage increases for MPs and Ministers were extremely high and that there were many non-salary recommendations which would require lengthy and careful study (for example that the pension accrual rate should be set at 1/50th rather than 1/60th of pensionable salary). The Leader of the House had been asked on 5 May by Mr Edward du Cann MP to consult opinion widely in the House before the Government came to a conclusion on the report. Moreover although the Select Committee on Members' Salaries had expressed the view that a major review of MPs' salaries should take place in the last year of a Parliament and be settled by the old Parliament, they had recognised "..... that there would not be great harm if decisions on occasion had to be left to the new Parliament". It was therefore agreed that, although the report should be published in the week ending 13 May, the Government should not announce its conclusions but should say that, as the Leader of the House had already indicated, the Government acknowledged the need to consult widely in the House before reaching conclusions. It was however thought undesirable that the exceptionally high increases recommended for Cabinet Ministers should remain unchallenged. It was agreed that the Cabinet should be invited to authorise the Prime Minister to make it clear that the Cabinet [regarded these increases as far too high and did not intend to implement them].

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4. In relation to the three reports which included a proposed increase for the current year as compared with last year, the Group noted that this was in the range of 6 to 7 per cent, somewhat higher than the current level of settlements in the economy as a whole (just under  $5\frac{1}{2}$  per cent). The Group therefore agreed that the Government would need to consider, in good time before the 1984 round of Reports, how to ensure that the Review Bodies' recommendations took full account of the Government's policies relating to public service pay. This would be made easier if, in accordance with the Group's recommendations, the reports dealing with doctors and dentists and the top salary groups were in 1984, for the first time for several years, starting from a clean slate with no back-log to make up.

#### TIMING AND FORM OF ANNOUNCEMENT

5. The fact that the Review Body reports have been received has already been announced and it has been promised that the report on Parliamentary pay and allowances will be published in the course of this week. The group of Ministers which met under the Prime Minister's chairmanship therefore agreed that all the reports should be published on the afternoon of Thursday 12 May; that the Prime Minister should announce the Government's views on all of them the same afternoon; and that this announcement should take the form of a Written Answer as in May 1982.

6. A draft Written Answer in line with the recommendations of the group of Ministers set out in paragraph 3 above is attached at Annex B.

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ISSUES FOR THE CABINET

7. The Cabinet is invited to consider:

- i. the recommendations in respect of the four Review Body reports set out in paragraph 3 i. to iv. above;
- ii. depending on the decisions reached on those recommendations, the draft Written Answer at Annex B for issue on the afternoon of Thursday 12 May.

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REVIEW BODY REPORTS 1983:  
MAIN SALARY RECOMMENDATIONS

ARMED FORCES PAY REVIEW BODY (AFPRB)

The proposed range of increases of annual military salaries is:

for officers:	3.9 - 9.9 per cent
for warrant officers and senior NCOs:	6.7 - 9.2 per cent
for corporals and below:	6.1 - 8.3 per cent

The increases for selected ranks are:

	£	
	<u>now being paid</u>	<u>proposed</u>
Brigadier and equivalent	22,750	25,001
Captain and equivalent	9,574 - 11,129	10,453 - 12,144
Sergeant and equivalent	7,380 - 8,720	7,895 - 9,439
Private and equivalent (I)	5,212 - 6,442	5,552 - 6,976

DOCTORS' AND DENTISTS' REVIEW BODY (DDRB)

The recommended levels of remuneration for various grades are as follows:

	£	
Hospital doctors		
House officers	6,720 - 7,850	(excluding earnings from additional sources)
Consultants	18,900 - 24,260	"           "
General medical practitioners	20,670	(intended average net remuneration)
General dental practitioners	17,890	(target average net income)



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TOP SALARIES REVIEW BODY (TSRB): REPORT ON HIGHER CIVIL SERVICE, SENIOR SERVICE OFFICERS AND THE JUDICIARY

The recommended increases for particular ranks and posts are:

	£	£	£
	recommended for 1 April 1982	now being paid	recommended for 1 April 1983
	_____	_____	_____
<u>Higher civil service and senior service officers</u>			
Secretary of the Cabinet, Permanent Secretary to the Treasury, Field Marshal and equivalent	45,000	42,000	48,000
Permanent Secretary, General and equivalent	40,000	37,750	42,750
Second Permanent Secretary	37,000	35,000	39,500
Deputy Secretary, Lieutenant General and equivalent	32,000	30,250	34,250
Under Secretary, Major General and equivalent	26,000	25,000	27,750
 <u>Judiciary (selected posts)</u>			
Lord Chief Justice	56,000	52,500	60,000
Master of the Rolls, Lord of Appeal	51,500	48,250	55,000
Lord Justice of Appeal	48,500	45,500	52,000
High Court Judge	45,000	42,500	48,000
Circuit Judge	29,000	27,750	31,000
Chairmen, Industrial Tribunals, Metropolitan Magistrates, Provincial Stipendiary Magistrates, County Court Registrars etc	25,000	24,000	29,000

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TOP SALARIES REVIEW BODY: REPORT ON PARLIAMENTARY PAY AND ALLOWANCES

The main salary recommendations are:

	£	
	<u>now</u>	<u>proposed</u>
MPs	14,510	19,000
Parliamentary salary for Ministers who are members of the House of Commons	8,460	11,000
Ministers and other office holders (including Parliamentary salary		
Prime Minister	46,660 (notional)	65,000
Lord Chancellor	52,500 (notional)	62,000
Mr Speaker	38,785	55,000
Cabinet Minister	37,410	55,000 (Commons) 49,500 (Lords)
Minister of State		
(Commons)	29,035	38,000
(Lords)	24,200	32,500
Parliamentary Secretary		
(Commons)	24,160	31,000
(Lords)	19,350	25,500
Attorney General	39,160	55,000
Leader of the Opposition	35,035	50,000

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ANNEX B

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DRAFT WRITTEN ANSWER

To ask the Prime Minister whether she will make a statement about the reports of the Review Bodies on the pay of the armed forces, doctors and dentists, top salary groups, and parliamentary pay and allowances.

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The report of the Armed Forces Pay Review Body recommends new rates of pay for Service men and women applicable from 1 April 1983 which will amount on average to 7.2 per cent of the estimated pay bill for 1983-84. The Government have accepted the report, and the necessary steps to implement the new rates of pay, and inform Service men of the details of the report, will be taken as soon as possible.

The report of the Doctors' and Dentists' Review Body recommends with effect from 1 April 1983 increases in the pay of doctors and dentists which the review body estimates would add 6 per cent to the pay bill over and above the costs of implementing in full their recommendations for 1 April 1982; in addition they recommend changes in certain supplementary payments to take account of the hours worked by junior hospital doctors and dentists which would add a further

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1 per cent. The House will recall that since 1981 there has been an abatement of the review body's recommendations for doctors and dentists which now amounts to 2.7 per cent of the pay bill. The Review Body has strongly urged that this abatement should now be made good. The Government propose to accept the recommended increases for this year with effect from 1 April 1983 and also agree that the abatement should be made good before next year's Report. In order to ease the cost within the current financial year this will be done with effect from 1 January 1984. In addition to the changes in supplementary payments for junior hospital doctors and dentists, the estimated addition to the pay bill for 1983-84 is [6.7] per cent.

The report of the Top Salaries Review Body on the salaries of the higher civil service, senior officers in the Armed Forces and the judiciary recommends with effect from 1 April 1983 average increases of 6.9 per cent over their 1982 recommended figures. The House will recall that the Review Body's 1982 recommendations for these groups were abated by up to one-third. The Review Body recommend increases of slightly less than 5 per cent to make good this abatement. The Government propose to accept the recommended increases for this year with effect from 1 April 1983. In line with the decision reached on doctors' and dentists' remuneration, the Government also propose to make good the abatement with effect from 1 January 1984. The estimated addition to the pay bill for these groups for 1983-84 will therefore be [8.1] per cent. In the case of the Civil Service and the Armed Forces the increases represent less than [0.05] per cent of their combined pay bills.

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The Top Salaries Review Body report on Parliamentary pay and allowances makes recommendations relating to: the salary of Members of the House of Commons; the salaries of Ministers and other office holders; the level and structure of the secretarial and research allowance for MPs; the severance pay and pension arrangements for MPs, including the accrual rate and the minimum retirement age; and the rates of the Peers' expenses allowances and the secretarial allowance for Ministers and other paid office holders in the House of Lords. So far as the proposed salaries for Cabinet Ministers are concerned, members of the Cabinet have already considered them, [take the view that they are far too high, and do not intend to implement them.] For the rest, as my right hon. Friend the Lord President of the Council and Leader of the House has already made clear, the Government acknowledges the need to consult opinion widely in the House before they come to a conclusion on these recommendations.

The Government are grateful to the members of the review bodies for these reports and for the time and care which they have put into their preparation.

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~~expressed~~  
~~reason~~ about both shipbuilding and steel.

MR. FOOT: ~~Just~~ so that the r h G may have another opportunity to give a little more information to the Hse, ~~may I say it~~ I omitted to mention the ~~promise~~ - or near promise - that was given by the ~~Govt~~ Govt ~~that~~ <sup>for a White Paper</sup> on the subject of Williamsburg, or the approach to the summit ~~we asked for a White Paper~~ from the Govt. We should like to have ~~that~~ <sup>a</sup> White Paper. In any case, whether or not we have a White Paper, we now want a statement from the Govt, because the Prime Minr's ~~declaration~~ declaration on ~~the~~ the ~~matter~~ matter ~~is~~ is quite unsatisfactory to the Hse <sup>and</sup> and, I am sure, equally unsatisfactory to the country. I ~~hope~~ hope that the r h G will ensure that she will make ~~that~~ <sup>a</sup> statement.

MR. BIFFEN: I shall certainly draw the attention of my r h F the Prime Minr to the <sup>r L G's</sup> anxieties ~~that have just been expressed by the r h G.~~

MR. DAVID STEEL (Roxburgh, Selkirk and Peebles);  
On which day next week will the Hse be told whether or not the Govt will cut and run?

MR. BIFFEN: The r h G asked that question not expecting an answer, and I shall not disappoint him .

du  
MR. EDWARD ~~DU~~ CANN (Taunton): Will my r h F be good enough ~~to~~ to undertake to consult ~~the~~ opinion widely in the Hse before the Govt themselves discuss the Plowden report, and particularly before they ~~come~~ come to a conclusion on the matter?

G. 8

MR. BIFFEN: I recognise the considerable interest that there is in <sup>that</sup> ~~this~~ ~~topic~~, and I shall bear in mind my r h F's ~~comments~~ comments.

MR. NORMAN HOGG (Dunbartonshire, East): Will the Leader of the Hse take time today to see ~~the Secy~~ the Secy of State for Scotland and find out his reasons for cancelling the meeting of the Scottish Grand Cttee which was to have taken place in Edinburgh on Monday 16 May? I can tell the Leader of the Hse the answer. The reason is that the Govt will not discuss Scottish unemployment. Is the Secy of State for Scotland's cut-and-run approach consistent with the resolute approach?

MR. BIFFEN: My understanding is that the situation is not quite as the h G suggests. Possilly it is an ideal ~~to~~ topic for further consideration through the usual channels.

H FOLLOWS