

PRIME MINISTER

TSRB PENSIONS

You are aware that there is a strong disagreement between colleagues on TSRB pensions. This came up in September and officials were asked to look at the options. This they have now done and have come up with five approaches. The battle lines are drawn exactly as they were two months ago. The Chancellor favours sticking to the principle that pensions should be related to the salaries actually paid with no backdating. This was done for doctors and dentists and for MPs. The Lord Privy Seal supports this line, as it does not call into question the refusal to grant backdating to MPs.

Mr. Heseltine again argues that application to this principle to senior officers produces, as a result of a combination of timing and the method of calculating pensions, a very unfair outcome. (Pensions lower by £1,300 - £2,400 for those retiring between April and July 1983, compared with those retiring before March 1983).

The Lord Chancellor makes a similar plea in relation to judges. Both argue for the option under which 1 August 1983 salaries are deemed to apply from 1 April 1983 for pension purposes for all TSRB groups.

The parties to this dispute have requested that you chair a meeting to seek a resolution. We have earmarked a slot on Monday, 19 December.

There is no need for you to read the papers at this stage. We will put them to you over the weekend before the meeting, together with a Cabinet Office brief.

Agree such a meeting?

Yes no

AT

2 December 1983