

PRIME MINISTER

FUTURE OF THE TOP SALARIES REVIEW BODY

Please see the papers below.

The weakness of the present TSRB arrangements is not that they result in excessive pay levels. Rather, the problem is that the mechanism for promulgating top salary increases - periodic big bang announcements - leads, every so often, to intense embarrassment for Ministers and damaging criticism of the higher Civil Service. Can new arrangements be devised which avoid this embarrassment and criticism while

- maintaining confidence of the senior Civil Service (and perhaps even more important of the good Principals and Assistant Secretaries who are tomorrow's senior Civil Service management);
- encouraging an innovative, flexible, and presumably non-politically partisan, Service?

I doubt whether the Chancellor's approach meets these tests. Personally, I would like to see further thought given to the Policy Unit's idea for "contracts" for probably Deputy and Permanent Secretaries only), though any such system would need some in-built guarantees against arbitrary non-renewal of contracts. But it must be stressed that the contract approach could well have fundamental consequences for the political/constitutional position of Civil Servants.

N.L.W.

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I fear this approach
would induce uncertainty
just at a time of life when
alternative arrangements could
prove difficult. not