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Copy No 1 of 2 copies

Prime Minister

The TSRB have delivered 60 copies to the Treasury. They are under Mr le Cheminant's lock and key. The Treasury are being asked if the Report has been received and are ducking the question. Shall I on Monday distribute to the very limited group you authorised on Wednesday? (see attachment) MCS 2/4

MR. SCHOLAR

TSRB Report

I have now had a look at the latest TSRB Report, submitted by Lord Plowden on 31 March, of which you and I are holding the only copies. I have not of course mentioned its existence to anyone else. I doubt if the Prime Minister will want to read it yet, because it is voluminous: you may feel it would be helpful to her to have in her weekend box this summary, and my preliminary comments. The time for advice on how to treat the TSRB's recommendations will be much later, after we have dealt with the Civil Service arbitration.

Yes MT

The recommendations are easily summarised. Compared with the existing salary levels, the TSRB recommend increases for senior civil servants and senior armed forces officers averaging 19.4%; and for the judiciary, increases averaging 24.3%. But within these averages lie considerable variations by grade, and I attach as an annex a list of the main grades and increases over present salaries.

These recommendations are not wholly unexpected, given that the TSRB always made it clear that they would be submitting proposals to bring top salaries right up-to-date, including the amounts by which they still fall short of their 1980 recommendations. I do not think the Report is by any means disastrous, and indeed there are two aspects of it from which we can draw comfort:

(i) The recommendations could have been a lot worse. In general, top salaries are still below the 1 April 1980 TSRB recommendations, and last year the TSRB said that an increase of about 12% would have been needed to implement those recommendations in full. In practice, only 7% was given. The average increases are substantially lower than movement of average earnings (35%) and RPI (29%) over a comparable period. If implemented, the proposals would still leave Permanent Secretaries, for instance, with less than half the median pay of Chief Executives of the 62 largest companies; and would leave High Court Justices with only just over half their likely earnings at the Bar. Permanent Secretaries, at £40,000,

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/ would be

would be receiving less than any of the full-time Chairmen of our nationalised industries.

(ii) Much of the justification used by the TSRB's Report is in line with the general approach to pay which we have been adopting, for instance in our evidence to the Megaw Inquiry and to the Civil Service Arbitrator. The TSRB say that comparisons should be an element, but cannot possibly be determinant in assessing salaries; they accept the relevance of general economic circumstances; they make much of recruitment, retention and motivation; and they emphasise the role of structure. Their references to range pay, performance pay and the value of pensions are all helpful.

It is too early to make even a preliminary assessment of what should be our reaction to this Report, although it is already possible to see that there would be particular difficulty in cutting back on the recommendations concerning the judiciary. The Report contains powerful ammunition in support of its recommendations, if Ministers choose to use it: the TSRB says (paragraph 38) that at almost all levels remuneration for senior jobs is generally much higher in the private sector than in the Civil Service and Armed Forces; and that the severe compression of salaries, particularly between Assistant Secretaries and Under Secretaries, is insufficient to maintain a satisfactory incentive. And they conclude that the exemplary force of their recommendations, in having repercussions elsewhere, has been greatly exaggerated in the past.

John Vereker

2 April 1982

ANNEX

	Present Salary	Recommended Salary	% increase
Joint Head of the Civil Service	£35,845	£45,000	25.5
Permanent Secretary/ Admiral/General/ Air Chief Marshal	£33,170	£40,000	20.6
Second Permanent Secretary*	£30,495	£37,000	21.3
Deputy Secretary*	£26,215	£32,000	22.0
Under Secretary*	£21,935	£26,000	18.5

* and equivalent service grades

Lord Chief Justice	£44,500	£56,000	25.8
Lord of Appeal	£41,000	£51,500	25.6
High Court Justice	£35,000	£45,000	28.5
Circuit Judge	£23,250	£29,000	24.7

U.K. U.S. Fr. Ireland Togo
8 Uganda, Japan Zaire
Guyana

Jordan. " Recalling statement

of President -

1) demands an immediate
cessation of hostilities

2) withdrawal of all Argentine
forces from Falklands

3) talks on ways to seek diplomatic
solution to ~~diff~~ their differences
and to respect fully
the purpose and principles of charter

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MR. SCHOLAR

Review Bodies

As you know, the distribution of the reports of the three Review Bodies is at present limited to Ministers and their offices. This is causing some difficulty in those Departments who need to prepare briefing for the Prime Minister's meeting next Tuesday; if you see no objection, I think it would greatly help if you could now authorise a wider distribution, particularly for the AFPRB and DDRB. The danger of a leak adversely affecting the Civil Service Arbitration Tribunal is of course fast receding.

John Vereker

21 April 1982

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19 April 1982

REVIEW BODY REPORTS

Peter Gregson has suggested that I send you copies of the Review Body Reports. I accordingly enclose copies of the Armed Forces' Review Body's Report, the Top Salaries' Review Body Report and the Doctors' and Dentists' Review Body Report.

I would be grateful if you could ensure that no copies are taken of these Reports and that you restrict to the greatest possible degree the number of people who see them.

MICHAEL SCHOLAR

M.E. Quinlan, Esq.,
HM Treasury

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10 DOWNING STREET

From the Private Secretary

5 April 1982

REVIEW BODY ON TOP SALARIES

I enclose two copies of the Review Body's latest report.

I would be grateful if you, and those to whom I am copying this letter, would ensure that no further copies of the report are made at this stage, and that for the time being the report is shown to no-one except the copy addressees of this letter and their Ministers.

We have so far received no enquiries here whether this report has been received by the Prime Minister. When such enquiries are received we intend to say that the report has been received, and that, as in the past, its contents will not be disclosed until the Government has reached a decision on these matters.

I am copying this letter to John Kerr (HM Treasury), Jim Buckley (Chancellor of the Duchy of Lancaster's Office), David Omand (Ministry of Defence), Barnaby Shaw (Department of Employment, and David Wright (Cabinet Office). Copies are also going to Messrs. Le Cheminant and Gregson (Cabinet Office).

Michael Collon, Esq.,
Lord Chancellor's Office.

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The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW 1

31 March 1982

Dear Prime Minister

REVIEW BODY ON TOP SALARIES

I now enclose the Review Body's latest report. This completes the review on which we made an interim report last year and contains our recommendations on the salaries we consider appropriate for payment as from 1 April 1982.

Yours sincerely
Plowden.

PLOWDEN, CHAIRMAN
REVIEW BODY ON TOP SALARIES

Prime Minister

(1) This has arrived inconveniently early. The conclusions are on pp 36-41.

(2) Only two copies exist within the government - this one and one locked in my cupboard.

(3) Should we, for the time being

(i) show to no-one (except John Vereker), and if asked say you have received it but have not yet had a chance to study it?

(ii) show to a small, named, list - the Lord Chancellor, Geoffrey Howe, Janet Young, John Nott, + one private secretary each; together with Robert Armstrong, ~~and~~ Peter Gregson, and Peter le Cheminant. Plus Norman Tebbit?

Clive and I suggest starting off with (i) - for, say, a week; then proceeding to (ii).

Agree? Yes mt

MCS 31/3

Econ Pol: TSRB Pt. 4 file AH with MCS

10 DOWNING STREET

From the Principal Private Secretary

18 February 1982

Dear Peter,

Thank you for your letter of 17 February 1982 about the latest state of play on the reports of the three Review Bodies.

I am grateful to you for this information.

Yours ever,

Clive

Peter Le Cheminant Esq., CB

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Cpy to N Vereker.

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Old Admiralty Building Whitehall London SW1A 2AZ

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GTN 273 }
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17 February 1982

C A Whitmore Esq
10 Downing Street
LONDON SW1

Dear Clive

Following our conversation earlier today I have checked with OME about the latest state of play on the reports of the three Review Bodies. It is of course too soon to be certain but the current "best guess" is that the TSRB report will be available very close to 1 April (and possibly even a few days before then) and that the AFPRB and DDRB reports will be available by Easter. If these guesses turn out to be true we may therefore achieve a very convenient bunching of the three Review Bodies' reports in the first two weeks of April. And this might also be the time when the results of the Civil Service Arbitration case will be to hand - though the uncertainties here are greater.

I am copying this letter to Peter Gregson.

Yours
Peter

P Le Cheminant

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