

MR MOUNT

cc Mr Scholar ✓  
Mr Ingham

REVIEW BODIES

The reports of the various review bodies will not reach us until around Easter. But I would like to alert you and Michael Scholar to one or two aspects of handling them, since I will by then have left.

There are at present three review bodies, who will produce four reports. I expect the TSRB to present its report on Top Salaries just before or just after Easter. The AFPRB and the DDRB will probably report around mid-April although the DDRB could possibly be a little earlier. The TSRB's report on Ministers and MPs will be later, probably towards the end of April.

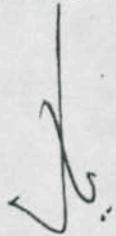
The first point, with which I know Michael Scholar is very familiar, is that these reports are sent by the Chairmen in confidence to the Prime Minister, although the OME of course knows what is in them, and the sponsor department usually picks it up from them. But in previous years it has been found possible for us to sit on the reports for a week or two in order, for instance, to get the Civil Service pay negotiations out of the way. I would judge that that is necessary this year, since the TSRB will certainly recommend reinstatement of last year's shortfall, and thus come up with a range of proposed increases significantly higher than what we are trying to settle for with the rest of the Civil Service.

The second point relates to the particular difficulties that will be presented by the DDRB report. Two years ago we cut back the DDRB's recommendation by 3%; and we declined to reinstate it last year. The DDRB will undoubtedly propose that this 3%

be no longer withheld (actually, because salaries have risen in the meantime, it is now a little less than 3%). Unless the DDRB are clever enough to combine that with a recommendation for a very low increase for this year, so as to give a total recommendation around 6%, they are going to come up with a figure around 8% or so, which will be very difficult indeed to handle.

The DHSS reckon that if the DDRB are turned down for the third successive year, they will resign, on the grounds that there is no point in their continuing if their recommendations are consistently ignored. If they do that, it is rather unlikely that the new review body for the nurses could be successfully established. But Ministers would find it difficult to swallow a settlement for doctors and dentists of the order of magnitude achieved by the water workers, and well above the miners - even though I have no doubt that that is what Mr Fowler will recommend.

I hesitate to give advice on this before seeing the DDRB's recommendation. But I hope that when it comes in we here will not attach unnecessary importance to the continuation of the DDRB, nor to the establishment of the nurses' review body. The review body system causes problems for us every year, and is in fundamental conflict with the determination of pay on the basis of market factors and affordability, however much evidence we put into them. Our efforts to wind them up invariably founder on the objections of the sponsor departments, who claim that it is impossible to construct a better system. But if the DDRB resigned, I do not think it would be long before we discovered that the pay of doctors and dentists could perfectly well be settled by direct negotiation within a framework of cash limits.



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