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Subject



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cc LCO ✓ Watson  
HMT ✓ Hoskyns  
MOD ✓ Ingham  
DHSS ✓ Vereker  
CO ✓

From the Private Secretary

10 November 1980

As you know, the Prime Minister gave a lunch last Friday for the members of the Top Salaries Review Body. Lord Boyle was unable to be present. The Lord President and the Lord Chancellor also attended the lunch.

The following are some points which came up in discussion.

The Prime Minister explained why the Government had been unable to implement the TSRB's recommendations on public servants' and MPs' pay earlier this year. Despite this, it was the Government's intention that the Review Body should continue in being. But the Government would wish to put in evidence to them so that in future reports they could take into account the total economic context. She intended to write to Lord Boyle setting out the Government's views on the future of the TSRB when she and her colleagues had been able to consider the position further.

In response, Lord Plowden said that the TSRB was not capable of making an overall economic assessment. All that they could do was to compare the pay of the review groups with suitable analogues outside and to make recommendations accordingly - though taking into account supply and demand factors as well where possible. They could look at the "impact of the outside" on the particular groups, but not at the impact that proposed salaries might have on the rest of the economy. Sir Harold Atcherley added that the Review Bodies would lose their credibility if they began to take into account political and general economic considerations. They could certainly spell out some of the wider considerations which the Government might have to take into account in reaching a decision on their recommendations; but they could not base their recommendations on these considerations. Lord Soames pointed out that, insofar as the Government was committed to honour the recommendations of the Armed Forces Review Body, this was a dangerous prescription. It simply would not do for the AFRB to ignore the wider economic factors, and in putting evidence to the AFRB, the Government would hope to ensure that this did not happen. Lord Plowden said that he and his colleagues on the TSRB would be writing

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to the Prime Minister setting out their own views on how the TSRB should operate; when Ministers had considered their views, he hoped that the Government's position on how the Review Body should in future operate would be made public.

There was also some discussion of the particular issue of judges' pay. Mr. Leggatt said that the Lord Chief Justice, in giving evidence to the TSRB, had expressed concern about the recruitment of new judges, rather than about the adequacy of pay for existing judges. The Lord Chancellor said that, although there were some benefits from being on the Bench which could not be readily measured, the pay problem was beginning to cause recruitment difficulties. The Prime Minister said that she would like to consider asking the TSRB to look at judges' pay separately from their review of other top public servants and at a different time of year. It was absolutely crucial to maintain the quality of the judiciary, and it might be possible to achieve more adequate remuneration if the decision on it did not have to be taken alongside all the other groups.

Other points were:

- (i) Sir Harold Atcherley said that all the Review Bodies felt that the Government Actuary underestimated the value of the index-linked pension;
- (ii) Lord Hirschfield referred to the problem of what should be the starting base for the TSRB's recommendations for 1981. His own view was that they should start from the pay levels which the Government had implemented in 1980, but others on the Review Body felt that the recommended pay levels for 1980 should provide the starting point.

I am sending copies of this letter to Michael Collon (Lord Chancellor's Office), John Wiggins (HM Treasury), Brian Norbury (Ministry of Defence), Don Brereton (Department of Health and Social Security) and David Wright (Cabinet Office).

T. P. LANKESTER

Jim Buckley, Esq.,  
Lord President's Office.

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