



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

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

21 November 1980

Dear Prime Minister

My colleagues on the Top Salaries Review Body have told me about your discussion with them following the lunch on 7 November 1980, which I am very sorry not to have been able to attend; and it may be helpful if together with Edwin Plowden who is taking the chair when I am absent, I attempt to clarify our understanding of the Review Body's position in the light of the points you have raised, particularly as to the bearing on our work of economic priorities as defined by the Government.

Our role as we see it is essentially to indicate what we consider to be appropriate levels of remuneration for the groups within our remit, having regard to such factors as the need to attract and retain individuals of suitable calibre, relevant pay comparisons, though I should add that we are not and never have been committed to any simple doctrine of comparability for these groups, and differentials within a given pay structure. In exercising this role it is crucial that we act, and are seen to act, as an independent body; it is not for us, as I am sure you would agree, to attempt to act as arbiters on matters which lie within the economic or political domain.

The Government of course in putting evidence to us may wish to draw attention to economic considerations which it regards as important, and if it so desires may inform the Review Body that it would not find it feasible to implement total increases beyond a certain limit. In that event we should naturally refer to such evidence in our report, but we would not regard it as part of our function to comment on its merits or to take it into account by recommending levels of remuneration lower than we judged to be 'right'.

Once we have reported, the Government will have to decide what shall be done; and we recognise that the Government might take the view that the exceptional economic circumstances justified it in modifying or setting aside our findings. Such an outcome would not in itself be inconsistent either with our independence or with our ability in the long run to continue to do a useful job; our independence would on the other hand be gravely undermined were we to become involved in questions of general policy, or of what can finally be afforded, which must rest with the Government itself.

I think it only right to say, however, that in view of the Government's decision to reduce substantially the amounts we judged to be appropriate under our criteria as from 1 April 1980, it seems inevitable that the results of our present review, although it will be some time before we are able to quantify them, will point to increases of a significant order in the salaries which were actually implemented.

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Nonetheless, if the Government decided after receiving our report that it could not allow such increases to be implemented because of overriding economic circumstances, but wished to seek our advice on how the limited amount available could best be distributed to maintain sensible salary structures, we would be ready to provide assistance in that respect.

We are very grateful to you for saying that you will issue a further public statement about the Review Body's position. It was of course only last July that you gave an answer to a written Parliamentary Question, which we welcomed, making it clear that the Government wished the Review Body to continue; but given the way events have moved on since then, a fresh statement in some form is clearly desirable to avoid the growth of speculation; as you will have seen, some rather misleading comments have already appeared in the press. Insofar as the statement might seek to define the Review Body's position in the changed conditions which now exist, we would much appreciate an opportunity to comment on it in draft.

Yours sincerely

Boyle of Handsworth

BOYLE OF HANDSWORTH, CHAIRMAN
REVIEW BODY ON TOP SALARIES

Plowden

PLOWDEN

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File



cc: LPO
HCO
MOD
DHSS
CO
Leon Pol.

10 DOWNING STREET

From the Private Secretary

27 November 1980

BF 15.12.80

Dear Mr.

I enclose a letter that the Prime Minister has received from Lord Boyle about the Top Salaries Review Body. The Prime Minister would be grateful if the Chancellor would take this letter into account in the preparation of the paper which he is putting to E Committee on the review bodies. The Prime Minister will need to reply to the letter in due course, and I would be grateful for a draft when E have considered the Chancellor's paper.

I am sending a copy of this letter and enclosure to Jim Buckley (Lord President's Office), Michael Collon (Lord Chancellor's Office), Brian Norbury (Ministry of Defence), Don Brereton (Department of Health and Social Security) and David Wright (Cabinet Office).

[Handwritten signature]
The letter

A.J. Wiggins, Esq.,
HM Treasury.

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PRIME MINISTER

This is the promised letter from Lords Boyle and Plowden about TSRB: as Lord Plowden warned, they do not seem disposed to take into account general economic considerations in making their recommendations. You will have to reply to this, but I suggest we first ask that the letter be taken into account by the Chancellor in the paper which he is preparing on the review bodies. In the meantime, I have acknowledged.

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24 November 1980

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24 November 1980

I am writing to acknowledge your letter of 21 November which I have placed before the Prime Minister. She will reply to you in due course.

TPL

The Right Honourable Lord Boyle of Handsworth