



Ref. A086/1516

PRIME MINISTER

Review Body Reports

Flag A - (C(86) 15)

CONCLUSIONS

You will wish the Cabinet to record conclusions on

- i. the size and timing of pay increases for the various groups covered by the Review Bodies;
- ii. the proposed introduction of a system of additional discretionary increments above the normal scales for Grades 2 and 3 (Deputy and Under Secretaries);
- iii. the form and timing of the announcement;
- iv. the arrangements for the presentation and explanation of the Government's decisions; and
- v. subsequent Parliamentary handling, including the question of the Order increasing the salary of the Lord Chancellor to maintain his present pay lead over the Lord Chief Justice.

All these issues have been thoroughly prepared in discussion first with the Ministers directly concerned, and subsequently in a rather wider Group.



Size and Timing of Pay Increases

2. The recommendations for the armed forces and medical professions are to be implemented in full as from 1 July. In the case of the TSRB groups, the proposal is a paybill increase of 3 per cent, which is translated into average increases of 4 per cent from 1 July (rather than 4.2 per cent as earlier contemplated); this follows the conclusions of your meeting on 20 May.

Discretionary Increments

3. The Cabinet paper reflects the conclusions of your meetings. On the suggestion of the Chancellor of the Exchequer, the more detailed account of these changes has been omitted from the draft Written Answer, although the Government's decisions are clearly signalled. It is envisaged that the Government's proposals will be put to representatives of the staff concerned in the terms previously envisaged for your statement, by means of a letter from the Treasury whose text would be made available to the press.

Form of Announcement

4. It is proposed that the announcement should be made by Written Answer at 4.00 pm on 22 May, in accordance with the established precedent. The Answer (following the omission of detailed material about Grades 2 and 3) is now short and balanced, although it is still necessary to attach to it the table of new TSRB salaries. This is in the simplified form you suggested on 20 May.

Presentation of the Government's Policy

5. Arrangements are being made for the responsible Ministers, including the Chief Secretary, Treasury to brief the Officers of

the Conservative Back-Bench Committees. Annex D to the Cabinet paper is the text of the letter which the Chancellor of the Exchequer proposes to address to all Members of Parliament about the Government's decisions; it is proposed that this should be available in the Vote Office and the Whips' Office as soon as the Written Answer is published.

Parliamentary Debates

6. Last year, following the announcement of the Government's decisions on the TSRB report, Ministers faced a difficult Debate arising on the Order necessary to maintain the Lord Chancellor's pay-lead over the Lord Chief Justice. At one point during recent discussions, the Lord Chancellor suggested that he might forgo this increase (which he personally in any event does not draw), if that would simplify the Parliamentary handling of the Government's decisions. The increases now imposed for the TSRB groups are substantially lower in percentage terms than those for the other Review Body groups, and well below those recommended by the Review Body. Careful steps are being taken to explain all the Government's decisions. As a result there should be less risk of substantial criticism than the 1986 pay increases for the Review Body groups (and particularly those covered by the TSRB) are too high. Furthermore if the Opposition are determined to mount Parliamentary criticism of the Government arising out of the decisions, they will have no difficulty in securing a Debate, whether or not an Order is laid increasing the Lord Chancellor's salary. This being so, little would be gained by avoiding the Lord Chancellor's salary Order, and the sensible course would seem to be to take an appropriate opportunity to secure the necessary Parliamentary approval (the Order requires Affirmative Resolutions).



HANDLING

7. You will probably wish to open the discussion yourself, and steer the Cabinet towards the provisional conclusions reached in discussions with certain of your colleagues. There are a few senior Ministers - the Foreign and Commonwealth Secretary, the Home Secretary and the Lord Privy Seal - who have not taken part in the discussion so far, and they may wish to express a view on the substance of the Government's decisions. The Chancellor of the Exchequer, the Chief Secretary, Treasury, the Lord Chancellor, and the Secretaries of State for Defence and Social Services may wish to record particular points within their responsibilities. The Lord President, the Chancellor of the Duchy of Lancaster, the Lord Privy Seal and the Chief Whip will wish to advise on the presentation and Parliamentary aspects.

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ROBERT ARMSTRONG

21 May 1986