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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

15 September 1986

Dear Alex,

FUTURE OF THE TOP SALARIES REVIEW BODY

The Prime Minister this afternoon held a meeting to discuss the future of the Top Salaries Review Body on the basis of a minute from the Chancellor of the Exchequer of 22 July and later correspondence. Present were the Chancellor of the Exchequer, the Lord Chancellor, the Lord Privy Seal, the Secretary of State for Defence, the Minister of State, Privy Council Office and Sir Robert Armstrong.

The Chancellor said that recommendations of the TSRB always caused great difficulty. In his view the right answer would be to abolish it. However, it had not proved possible to reach agreement on the need for abolition at this stage. His paper set out a range of options but at present there were only two which seemed worth considering further. First, the TSRB could in effect be suspended for 1987. The original intention in setting up the TSRB had been that it would report only every other year. But with high inflation that had not proved possible. If the TSRB were suspended in 1987, people covered by the TSRB could receive the same increase as the bulk of the Civil Service or they could perhaps be awarded an increase equal to inflation. Secondly, it seemed right to broaden the range of the members of the TSRB. There would be three vacancies in the short term, and the size of the committee could be increased.

In discussion it was agreed that the proposal to suspend the operation of the TSRB in 1987 should not be pursued further. Although there were attractions in the idea its main effect would be to postpone the difficulties to the following year; they would not disappear.

It was further agreed, in discussion of possible new members of the TSRB, that they should not be former civil servants. Miss Sheila Browne, Mr. Christopher Everett, Mr. Tom Jackson, Mr. Jack Peel, Lord Barnett, Sir Richard Marsh, Mr. James McFarlane (Director-General of the EEF) and Mrs. Margot Hook (of Wallace Arnold) were ruled out for this or other reasons.

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Names left in contention were Mrs. Sarah Hogg, Mr. Derek Birkin (of RTZ), Lord Bruce-Gardyne, Professor Sir John Kingman, and the Venerable Frank Harvey. Other people mentioned who should be considered were Mrs. Jean Parker (Chairman of the CBI Small Firms Committee), Mrs. Shirley Letwin (of the IEA), Mrs. Patrica Hodgson, Martha Hamilton (headmistress of St. Leonard's School in Scotland), Mrs. Helen Scott (who ran a firm called 'British Steam Specialities'), and Mrs. Brook of the Brook Street Bureau.

The Prime Minister concluded that these people should be further considered and there was a need for other names to be brought forward. It would be helpful if the Lord Chancellor could propose one or two solicitors as candidates, preferably women. Sir Robert Armstrong should consider names available from the Public Appointments Unit. It would be desirable to achieve a good spread of people including particularly some based away from London and to include one or more people from small firms.

I am copying this letter to Richard Stoate (Lord Chancellor's Office), John Howe (Ministry of Defence), Steven Wood (Lord Privy Seal's Office), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), Paul Thomas (Office of the Minister of State, Privy Council Office), and Michael Stark (Cabinet Office).

John,
David.

DAVID NORRGROVE

Alex Allan, Esq.,
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