



REVIEW BODY ON TOP SALARIES

Report No. 3

Second Interim Report on Top Salaries

Chairman:

THE RT. HON. LORD BOYLE OF HANDSWORTH

Presented to Parliament by the Prime Minister

by Command of Her Majesty

July 1973

LONDON

HER MAJESTY'S STATIONERY OFFICE

8p net

Cmnd. 5372

TOP SALARIES REVIEW BODY

The Top Salaries Review Body was appointed in May 1971 with the terms of reference to advise the Prime Minister on the remuneration of the Chairmen and members of the Boards of nationalised industries; the higher judiciary; senior civil servants; senior officers of the armed forces, and other groups which may be referred to it. The Review Body was asked to undertake an immediate review and further reviews normally at two-yearly intervals.

The members of the Review Body are:

The Rt. Hon. Lord Boyle of Handsworth, *Chairman*

H. W. Atcherley

Lord Beeching

Sir George Coldstream, KCB, KCVO, QC

A. J. L. Lloyd, QC

Lady Seear

Sir Mark Turner

Gerard Young, CBE, JP

The Secretariat is provided by the Office of Manpower Economics.

SECOND INTERIM REPORT ON TOP SALARIES

INTRODUCTION

1. We were appointed in May 1971 as an independent Review Body to advise the Prime Minister on the remuneration of the Chairmen and members of the Boards of nationalised industries, the higher judiciary, senior civil servants, senior officers of the armed forces, and other groups which might be referred to us. We were asked to begin our first review of those within our main remit in 1971, and to undertake further reviews normally at intervals of two years. Our first report¹ on these groups contained interim recommendations designed to prevent their remuneration from falling too far behind pay in comparable occupations outside the public service. At the same time we made known our intention of completing a substantive review, in which we would examine the principles governing the pay of those covered by our terms of reference, and look afresh at the pattern of relativities.

2. We had begun to collect evidence for this review in 1971, and we have continued our studies. We expect to have completed these by the end of this year, when we shall consider our recommendations in the context of the next stage of the counter-inflation programme, which is expected to follow in the autumn. Meanwhile, we have of course had to operate within the requirements of the Government's programme for controlling inflation. The Price and Pay Code requires us, like all others concerned with prices and pay, to observe the Stage 2 limits. In principle, we think it right on this occasion to consider all those covered by our terms of reference as a single group for which the individual limit of £250 a year is applicable. This represents an increase of 3.0 per cent at the lowest level (£8,250), diminishing to 0.9 per cent at the highest level (£27,500), within our terms of reference.

THE CASE FOR AN IMMEDIATE INCREASE

3. We have taken account of movements in the index of retail prices and average earnings in the period since our earlier Interim Report: these have moved by 9.1 per cent and 15.6 per cent.² We are again concerned that top salaries in the public service should not fall further behind those for comparable occupations in the private sector, and that the problems of compression with salaries immediately below should not be increased. We are also concerned to prevent an extension of the lag which occurs in a dynamic inflationary situation of the kind that has existed until recently, in salaries that are determined to some extent at least by comparison with what is paid for comparable work and levels of responsibility outside the public service. Postponement in such a situation must tend to create still greater difficulties at a later stage. It is also

¹Review Body on Top Salaries, Report No 2, Interim Report on Top Salaries (Cmnd 5001—June 1972).

²January 1972—March 1973. No figures for movements in salaries are available for this period. However, our last survey of top salaries indicated that the movement of these was about one quarter less than in average earnings.

inequitable to those who are currently serving and, more especially, to those who retire and whose pensions are tied to the rates of pay prevailing at the time of retirement. This is a lasting disadvantage, notwithstanding "inflation-proofing" of pensions.

4. For these reasons, we consider that the salaries of all those within our terms of reference should now be increased.

RECOMMENDATION

5. We recommend that the annual salaries paid to the Chairmen and full-time members of nationalised industry Boards, the senior grades in the Higher Civil Service, senior officers of the armed forces and members of the judiciary (as defined in our 1972 Interim Report) be increased by £250 with effect from 1 April 1973 or, where applicable, from dates 12 months after the effective dates of the implementation of our last recommended increases¹.

BOYLE OF HANDSWORTH

H. W. ATCHERLEY

BEECHING

GEORGE COLDSTREAM

ANTHONY LLOYD

SEAR

MARK TURNER

GERARD YOUNG

OFFICE OF MANPOWER ECONOMICS

28 June, 1973

¹When our previous recommendations were implemented, statutory instruments were required to effect increases in salaries for those holding certain judicial appointments: we understand that these were approved during July 1972.

HER MAJESTY'S STATIONERY OFFICE

Government Bookshops

49 High Holborn, London WC1V 6HB
13a Castle Street, Edinburgh EH2 3AR
109 St. Mary Street, Cardiff CF1 1JW
Brazennose Street, Manchester M60 8AS
50 Fairfax Street, Bristol BS1 3DE
258 Broad Street, Birmingham B1 2HE
80 Chichester Street, Belfast BT1 4JY

*Government publications are also available
through booksellers*