Review Body on Top Salaries

Report No. 23

Ninth Report on Top Salaries

Chairman:

THE RT. HON. LORD PLOWDEN, KCB, KBE

Presented to Parliament by the Prime Minister
by Command of Her Majesty
May 1986

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REVIEW BODY ON TOP SALARIES

The Review Body on Top Salaries was appointed in May 1971 with 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 and certain other judicial appointments; senior civil servants; senior officers of the armed forces; and other groups which may be referred to it. The appointments in the nationalised industries were removed from the Review Body's remit in August 1980.

The members of the Review Body are:

Lord Plowden, KCB, KBE, *Chairman*
Sir Harold Atcherley
Lord Chorley
Sir Robin Ibbs
Sir Peter Matthews, AO[1]
Andrew Morritt, QC
Sir David Orr, MC
Sir Thomas Skyrme, KCVO, CB, CBE, TD

The Secretariat is provided by the Office of Manpower Economics.

[1]Also Chairman of the Review Body on Armed Forces Pay.

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CHAPTER 1

INTRODUCTION

1. Our last report (Report No. 22)[1] resulted from a comprehensive review of salary levels and salary structures for all the groups in our remit. We recommended significant changes to the pay system and structure for the higher civil service, and indicated our intention to consider in this review whether similar arrangements should be applied to the senior ranks of the armed forces; we endorsed the recommendations of a sub-committee under the chairmanship of Sir Thomas Skyrme for a revised judicial salary structure; and we set out the salaries we considered appropriate at 1 April 1985. These involved average increases of 16·3 per cent for the judiciary, 17·6 per cent for senior armed forces officers and 12·2 per cent for the higher civil service, though our recommendations for Under Secretaries and Deputy Secretaries envisaged that there would be, by 1 April 1986, additional salary points to which outstanding performers could progress on a discretionary basis.

2. With the two exceptions mentioned below, the Government accepted our recommendations but decided that they should be implemented in stages. Accordingly, individuals received from 1 July 1985 half the increase resulting from our recommendations, with a minimum of 5 per cent or the full increase if less than 5 per cent. The balance was payable with effect from 1 March 1986. Similarly, half of the previously separate London Weighting payment which we had recommended should be built into Under Secretaries' pay was phased out on 1 July 1985, the other half on 1 March 1986. Our attention has been drawn to the permanent impact that staging can have on the pensions of those retiring before the full recommended increases have come into effect. This matter falls outside our terms of reference but we are aware of the serious effect on individuals. Nonetheless, we welcome the fact that with the exceptions noted the Government both accepted our recommended salaries as appropriate and was able to introduce them within the pay year to which they related. The current salaries are set out in Appendix B.

3. Our recommendations for additional salary points for Under Secretaries and Deputy Secretaries—to be used at management's discretion for up to 25 per cent of the individuals in those grades—were not immediately accepted. We were told that the Government needed to give further consideration to the arrangements for appraisal and review on which such a system would depend, and to the relationship between our proposals and the experimental performance bonus scheme which had been introduced for certain levels of the civil service, including that of Under Secretary. No decision on these recommendations has yet been announced. We return to this subject in Chapter 3.

4. One other recommendation was not accepted. We had been asked by the Government to consider the case for greater differentiation in the pay of Permanent Secretaries to reflect differences in job weight. Our inquiries convinced us that there was a need to provide greater differentiation than the existing structure offered. We recommended two additional levels of salary, to pay the Head of the Civil Service more than any other civil servant and to

[1] A list of previous Review Body reports covering senior civil servants, senior officers of the armed forces and the judiciary is in Appendix A.

distinguish the Permanent Secretaries of three departments, the Ministry of Defence, the Home Office and the Department of Health and Social Security, whose jobs were especially heavy. The first element in these proposals was accepted but the Government decided that there was not a sufficiently strong case for the second. We remain of the view that the further differentiation suggested would be justified in terms of job weight. However, our recommendations for Permanent Secretaries in this report reflect the structure resulting from the Government's decisions.

CHAPTER 2

OUR APPROACH AND INQUIRIES

Our approach

5. Report No. 22 explained in some detail the factors taken into account in last year's comprehensive review. For that review, we considered evidence on recruitment and retention, both at the levels with which we are concerned and at lower levels from which future appointees to the highest grades need to be drawn; on morale and motivation; on remuneration at comparable levels of seniority and responsibility elsewhere, having regard to differences in conditions of service and working environments; on differentials; and on wider economic aspects. The salaries recommended were, as we said in paragraph 140, "in our opinion .... adequate, no more and no less, to ensure that these important positions in the public sector are manned by people of suitable calibre, and to do justice to the onerous responsibilities which they involve. We have not sought to match the highest salaries available in other walks of life—far from it—and have paid due attention to the fact that in these areas of public service that is not expected".

6. Having completed a comprehensive review so recently, our main aim this year has been to put forward recommendations which will bring salary levels up to date at 1 April 1986. We discuss below the inquiries we have undertaken, deal in Chapter 3 with certain issues which are outstanding or which arise from last year's recommendations, and set out our detailed recommendations for this year in Chapter 4.

Inquiries for the current review

7. ***Evidence.*** Evidence was sought from the Treasury and the Cabinet Office, whose response incorporated the Government's general views on the considerations it was felt we should bear in mind in framing our recommendations; the Head of the Civil Service, the Permanent Secretary of the Treasury and the Civil Service Commissioners; the Ministry of Defence and the Chief of the Defence Staff; the Lord Chancellor and the Lord Chancellor's Department, the Lord Chief Justice of England, the Scottish Courts Administration and the Northern Ireland Court Service; and the Council of Civil Service Unions. We also received representations from some groups in the judiciary regarding their place in the revised salary structure recommended in Report No. 22: these representations are discussed in Chapter 3.

8. ***Surveys.*** As in previous years, we asked the Office of Manpower Economics (OME) to carry out a survey of salaries and other forms of cash remuneration at senior levels in the private sector. We did not, this year, consider it necessary to seek fresh information on private sector fringe benefits or pension arrangements. The results of the latest survey are set out in Appendix C. For the present limited review our main interest is in pay movements, rather than pay levels. The following table shows changes in the mean levels of direct remuneration between 1 October 1984 and 1 October 1985 for senior private sector posts at broadly comparable levels of responsibility to those within our remit.

Table 1

Percentage increases in mean salary and mean salary plus bonus, commission and profit-sharing between 1 October 1984 and 1 October 1985 for senior posts in large companies

Level of post	Non-financial sector: turnover (£ million)						Financial sector	
	325 but under 675		675 but under 1,314		1,314 and over			
	Increase in mean salary	Increase in mean salary plus bonus etc.	Increase in mean salary	Increase in mean salary plus bonus etc.	Increase in mean salary	Increase in mean salary plus bonus etc.	Increase in mean salary	Increase in mean salary plus bonus etc.
	%	%	%	%	%	%	%	%
Chief Executives	15·1	18·8	10·6	13·6	10·7	12·1	9·0	9·0
Main Board members (other than Chief or Deputy Chief executives)	11·2	15·0	13·3	14·4	10·5	13·4	9·0	9·7
Senior executives, Heads of function	9·4	10·0	10·6	11·5	9·6	9·6	9·5	9·5

Source: OME

The average increase over the survey period for the full range of posts covered (details are given in Appendix C) was 9·2 per cent in all forms of cash remuneration, and 9·5 per cent in salaries alone. These average figures conceal wide variations. The interquartile range of increases was from just under 6 per cent at the lower quartile to 13 per cent at the upper quartile in all forms of cash remuneration, and from just over 6 per cent at the lower quartile to 12 per cent at the upper quartile in salaries alone.

9. To supplement the OME survey, we also sought information on outside pay movements at senior levels from other published surveys, where relevant, and from the management consultants who assisted us with pay comparisons based on job evaluation for Report No. 22. The consultants provided tables showing the pay at 1 January 1986 of individuals in jobs assessed as being of equivalent weight to those of senior civil servants and senior officers of the armed forces. Comparison with the tables in Appendix G of Report No. 22 indicated the percentage increases in median pay in the consultants' client organisations shown in Table 2, on page 5.

10. The data we have considered on pay movements relate to different periods (for example, the OME survey results relate to 1 October 1985 and the consultants' results to 1 January 1986) and, for our purposes, need to be brought up to date at 1 April 1986. The latest OME survey shows percentage increases a little lower than in the previous survey, but there is otherwise no significant evidence to suggest a slowing down in the rate of pay movements at senior levels during recent months.

11. We have explained in previous reports that, in considering the salaries of members of the judiciary, we must have some regard to the earnings of those

Table 2

Percentage increases in base salary and total cash between 1 January 1985 and 1 January 1986, for jobs of equivalent weight

Jobs equal in weight to the median evaluation for:	Increase in median pay: all organisations (%)		Increase in median pay: industrial and service (*i.e.* non-financial) private sector organisations (%)	
	Base salary[1]	Total cash[2]	Base salary[1]	Total cash[2]
Under Secretaries/ Major Generals	9·9	8·5	11·4	10·7
Deputy Secretaries/ Lieutenant Generals	11·1	10·4	11·2	10·5
Second Permanent Secretaries	12·6	11·3	11·6	8·6
Permanent Secretaries/ Generals	14·4	12·3	13·4	10·3
Head of Civil Service and Cabinet Secretary	12·9	26·4	21·1	32·0

[1] Base salary is the annualised amount paid for work performed. It includes regional allowances and all guaranteed payments unrelated to performance.

[2] Total cash is base salary plus any variable bonus, commission, profit share or productivity payment.

Source: Hay-MSL

from amongst whom candidates for judicial appointment are likely to be drawn. While many factors other than pay influence individual decisions on whether to accept such appointment if offered, too great a discrepancy between judicial remuneration and earnings at the Bar could have serious consequences for recruitment. For the present limited review a full survey of barristers' earnings was unnecessary, but we again conducted a survey of the earnings prior to appointment of those recently appointed to the High Court and Circuit Benches from full-time practice at the Bar. As there had been suggestions that, for various reasons, earnings in the tax year immediately preceding appointment might be unrepresentative, we asked for information on the three most recent tax years for which earnings figures were available. This information has been most helpful to us in formulating our recommendations, and we are grateful to those who supplied it.

12. ***General.*** As we have said before, while remuneration comparisons have a part to play in our deliberations, we are not engaged in a narrow 'comparability' exercise. Other considerations must also bear on our judgment. In the following paragraphs, we indicate briefly some of the factors which we have considered relevant on this occasion.

13. In addition to the information our surveys yielded on pay movements at senior levels, we noted earnings and prices movements in the economy generally. The Index of Average Earnings has been increasing at an underlying annual rate of 7½ per cent since July 1984[1], with the level of pay settlements now tending

[1] Except for a temporary increase to 7¾ per cent in September 1985.

towards an average of about 6½ per cent; the annual rate of increase in the Retail Price Index was 5·1 per cent in February 1986.

14. Manning considerations, too, influence our judgments. The evidence obtained for this review again included reports on the success or otherwise of direct recruitment to the judiciary, and on recruitment, retention, morale and motivation at relevant levels of the civil service and the armed forces. The civil service and the armed forces, being essentially career services, have little or no direct recruitment at the levels with which we are concerned. Moreover, voluntary departures might be expected to be low because most of those who have reached these levels will inevitably have a considerable commitment to their chosen career. We look, therefore, for changes in previous patterns which might indicate potential long-term problems. On this basis, we note that civil service graduate recruitment efforts were not noticeably more successful in 1985 than in 1984, and that signs of disproportionate losses of the most able young civil servants continue to be discernible; in the armed forces there continue to be some retention problems in the ranks below those which fall within our remit. As regards the judiciary, the main area of recruitment difficulty is still the Circuit Bench, though there are some other problems to which we return in Chapter 3.

15. We also have regard to the wider economic context. The Government, in evidence, asked us to consider the impact of our recommendations on public sector pay negotiations, on public expenditure and on the competitiveness of the economy generally. We have done so but must emphasise that, as always, our task as an independent Review Body is to consider all the evidence and recommend the salaries that we judge appropriate in all the current circumstances for the groups with which we are concerned.

CHAPTER 3

THE ISSUES

16. Our last review made recommendations or raised questions concerning the pay structures of all three remit groups. In this chapter we review developments and consider the issues outstanding, taking each group in turn.

The senior grades of the civil service

17. A fundamental question of pay structure remains unresolved. In Report No. 22 we recommended that those in the Under Secretary and Deputy Secretary grades should no longer be paid the same regardless of differences in experience, performance or job weight. It was essential in our view to introduce a degree of flexibility into the pay structure. For these grades we proposed short incremental scales, tied to length of service in the grade, up to pay levels which would be the normal maxima, with additional pay points above these normal maxima to be used at management's discretion primarily to recognise sustained high performance. The salaries we recommended for the additional points were related to 1 April 1985, though to give management time to produce detailed implementation plans we proposed that they be introduced by 1 April 1986 subject to adjustment of the amounts in the light of our recommendations this year. The Government accepted our proposals for length-of- service increments, but said that further consideration needed to be given to the introduction of discretionary pay points. No decision on whether to implement these has yet been taken.

18. Our 1985 recommendations for senior civil servants were intended to form an integrated package in which the discretionary pay ranges for Under Secretaries and Deputy Secretaries were a crucial element. We saw them as necessary in order to create a more flexible remuneration structure, which could be used to help and reinforce management in the process of adaptation to the changing conditions and requirements of the civil service. By placing greater emphasis on personal performance, our recommendations sought also to foster the development of individual potential and at the same time to provide opportunities for the more able, if their performance justified it, to attain pay levels which bore a closer correlation with the ranges of remuneration widely available at similar levels in the private sector. It seemed to us that it was wrong in principle that the operation of the pay system should continue to be almost totally divorced from the process of management, and inherently uneconomic that increases should be distributed evenly to everyone in the grade regardless of differences in individual performance and other factors.

19. We continue to attach great importance to this element in our proposals, and regret that it has not yet been implemented. At a time when the civil service is under increasing pressure to achieve results and be accountable for them, and differences between the public and private sector in terms of the qualities required of managers are narrowing, we see it as imperative that the concept of reward at senior levels should not remain geared to an inflexible salary system. We emphasised in our last report that careful preparation would be vital in a change to a more flexible approach. We see this as a challenge to senior civil service management. Many organisations outside the civil service, which have

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found systems entailing considerable variations in the pay of individuals at the same job level to be both appropriate and an effective and important tool of management, have coped successfully with the difficulties of implementation. While we do not underestimate the potential difficulties, and recognise the special characteristics of the civil service which may tend to accentuate them, nothing we have heard convinces us that there are any insuperable obstacles to introducing into the service a more flexible, performance-based pay system such as we have proposed. We wish to add that we do not regard the experimental bonus scheme which extends up to the Under Secretary level, whatever its merits or defects, as answering the essential need which we perceive to mobilise the salary system itself as part of the process of management.

20. We await developments and, in the meantime, base our recommendations in this report on the structure we recommended last year; we have updated each point in that structure as we judge appropriate at 1 April 1986. If, in the event, the discretionary component of our recommendations is not accepted, we shall need to give careful consideration to the shape of our future recommendations.

21. Other pay structure issues were raised with us by the Council of Civil Service Unions. They argued in particular that Under Secretaries had fared relatively badly from our recommendations last year, as a result of the transition to incremental scales and the removal of a separate payment for London Weighting. As we have said, we saw the introduction in due course of additional discretionary salary points for Under Secretaries as an integral part of our recommendations. Subject to this, the amounts we recommended last year were those we judged to be appropriate at 1 April 1985, taking into account the absorption of London Weighting. We do not see a case for altering the position of Under Secretaries in the pay structure significantly in the current review, but the salaries recommended for them in Chapter 4 provide somewhat greater percentage increases, particularly for those with under two years' service in the grade, than for the other civil service grades.

22. A tiny proportion of the civil servants in the senior open structure are paid at levels, known as intermediate pay points, between those we recommend: either at the Higher Unified Intermediate Pay Point above Deputy Secretary but below Second Permanent Secretary, or at the Lower Unified Intermediate Pay Point above Under Secretary but below Deputy Secretary. The Council of Civil Service Unions invited us to say where these points should lie in relation to the length-of-service incremental scales for the Under Secretary and Deputy Secretary grades recommended in Report No. 22, and to endorse the case for a two-point scale for the Lower Unified Intermediate Pay Point. The Association of First Division Civil Servants sought our support for making greater use of the intermediate pay points as, in effect, additional grades to which existing Under Secretary and Deputy Secretary posts could be allocated if their job weight justified it, and which would afford extra promotion opportunities. We do not think it appropriate to take a position on either of these issues at this juncture. As regards the first, we have not previously made or been asked to make recommendations for the intermediate pay points and have regarded them as matters for civil service management to deal with; possibly, they might have become superfluous under the revised pay system set out in Report No. 22. As regards the second, we see an essential difference between proposing changes to

the grading system in order to create additional opportunities for promotion, and the proposals we put forward for a variation in the pay arrangements within the existing grade structure, which were essentially designed to provide flexibility for recognising differing levels of performance.

23. A final, potential, issue in relation to the civil service pay structure concerns differentials. Differentials between the grades in our remit were considered carefully, and some revisions proposed, in last year's comprehensive review. Given the importance of a coherent salary structure in a career service, it is also our aim to preserve satisfactory differentials between Under Secretaries and the grades immediately below whose salaries are settled by negotiation. The Government recently put forward proposals, based on the 1982 report of the Committee of Inquiry into Civil Service Pay chaired by the Rt Hon Sir John Megaw, for a long-term agreement under which pay negotiations for the rest of the civil service would take place within a range of possible increases determined by the lower and upper quartile of private sector settlements. However, the proposals were rejected by most civil service unions and, as we present this report, there is no firm basis for assessing the likely outcome of this year's negotiations.

Senior officers in the armed forces

24. In Report No. 22 we recommended that, in parallel with the detailed consideration of our proposals for discretionary pay ranges for Under Secretaries and Deputy Secretaries, armed forces management should consider whether some similar arrangement might be appropriate for the senior military ranks. We also indicated that the established pay links between senior civil service grades and armed forces ranks might be looked at again; and that we would this year invite evidence on the case for greater pay differentiation between officers at four star level in the light of our recommendation to introduce some salary differences between Permanent Secretaries in charge of departments, with whom four star officers are linked for pay purposes.

25. The recommendations for the civil service from which these intentions stemmed have not been accepted: as we have indicated, the range pay proposals are still under consideration by Government. In these circumstances, we have not undertaken any detailed inquiries into their application in the military context but have discussed the broad concept with Services' management. The view put to us was that the established links with civil service salaries, at the normally attainable maximum where appropriate, remain valid; but that discretionary range pay, whether related to performance or job weight, and whether or not such arrangements were to be introduced in the civil service, would not suit the requirements of the armed forces. Until the Government's decision on our range pay proposals for the civil service is known, we see no useful purpose in our pursuing this matter further, although we may need to return to it in our next review.

26. Within the existing armed forces pay structure, we remain concerned to recommend pay levels that will be sufficient to retain and motivate good officers. In Report No. 22 we stressed the need to establish a reasonable differential between the two star level—Major General and equivalent—for which we make recommendations, and the one star level—Brigadier and equivalent—which falls within the remit of the Review Body on Armed Forces Pay. The then differential

of just under 9 per cent was widely considered to be inadequate and detrimental to retention, especially at the one star level. Both we and Services' management continue to attach importance to a realistic differential at this point in the structure, and we have taken account of this consideration in arriving at the salary for Major General and equivalent recommended in Chapter 4.

The judiciary

27. Last year we put forward a revised and simplified salary structure for the judicial appointments within our remit, on the basis of advice from our sub-committee on the judiciary chaired by Sir Thomas Skyrme. The new arrangements were widely welcomed, but also gave rise to certain representations which fell to be considered this year. A key recommendation of Report No. 22 was that the position of Circuit Judges should be improved markedly in relation to the posts below and, although there may be many reasons other than pay for the continuing difficulties in recruitment to the Circuit Bench, we are satisfied that the salary level we recommended was by no means excessive. However, some groups in the lowest tier of the new structure, such as the Stipendiary Magistrates and the County Court Registrars and District Registrars of the High Court, have suggested that there is now too great a difference between the salary of the Circuit Judge and that recommended for the tier in which they were placed. The Vice-Presidents of the Immigration Appeal Tribunal also asked us to reconsider their placing in the lowest tier because the differential we recommended between them and the Tribunal President, taken in conjunction with a separately agreed pay link between the President and the Tribunal Adjudicators, who are outside our remit but against whose decisions the Vice-Presidents hear appeals, produced anomalies in the salary relationship between Vice-Presidents and Adjudicators. We understand, however, that steps are being taken to resolve this difficulty. Finally, a number of those concerned with the work of the Lands Tribunals put it to us that the structural demotion of Tribunal Members and the relative decline in the position of the Presidents in the structure was not justified.

28. We have carefully considered all the representations we have received, and we have taken advice from our sub-committee on the judiciary which was reconvened for the purpose. Our starting point was that the new judicial salary structure should be given time to establish itself, and that last year's recommendations should be amended only where there were clearly compelling reasons to do so, related to new aspects of work or jurisdiction, or to the emergence of serious recruitment and retention difficulties. In our view, only in the case of the Lands Tribunal appointments were these criteria satisfied. On recruitment to these posts, the balance of evidence now received suggests that the current salary and status of the appointments could be seriously detrimental to the prospects of recruiting individuals of the necessary quality and standing, including those from the surveying profession. The need for recruitment at President or Member level appears to be more imminent than we were previously given to understand. Moreover, our attention was drawn to the substantial effect of legislative provisions which are only now beginning to impinge on the work of the Tribunals. We therefore consider it right to recommend that with effect from 1 April 1986 both the Lands Tribunal Members and the Presidents be moved up one tier in the judicial salary structure.

CHAPTER 4

RECOMMENDATIONS

29. In our last review, we found that the salaries of the groups within our remit had fallen behind to a degree that could not be justified and that called into question the ability of the civil service, the armed forces and the judiciary to continue in the future to ensure a sufficient supply of individuals with the necessary abilities for the top posts. Some 'catching-up' was, therefore, required. The recommendations in Report No. 22 brought salaries up to levels we believed to be right and which the Government accepted.

30. Last year we were concerned to establish the appropriate structure and salary levels; our aim this year is to keep them up to date. It is widely accepted that salary levels for the groups in our remit, although needing to have some relation to comparator salaries outside the public service, do not match them. Similarly the percentage increases appropriate in a particular year do not necessarily have to equal those of the comparators. This year we are concerned at the very least to maintain the purchasing power of last year's recommendations. We have reviewed all the factors referred to earlier in this report, taking due account of the wider economic considerations. We observe that for the comparators the range of increases is wide, some of these increases being related to the much improved profitability of particular companies. Having examined this spread and the probable reasons for it, we consider that salary increases for the groups in our remit should this year be near the lower quartile of increases for the comparators rather than the median. We believe that the recommendations we now put forward are right in all the relevant circumstances.

31. We estimate that our recommendations will add some 6½ per cent to the total paybill for the groups covered by our remit. We recommend the following levels of salary at 1 April 1986 and attach great importance to their implementation in full from the due date.

	Recommended 1 April 1986 salaries £
a. *Senior grades of the higher civil service*	
Head of the Civil Service (and Secretary of the Cabinet[1])	79,000
Permanent Secretary of the Treasury Secretary of the Cabinet[2]	74,000
Permanent Secretary	63,500
Second Permanent Secretary	58,000

[1] This is at present a combined post—see footnote 2.

[2] Paid at this level if not also Head of the Civil Service.

	Recommended 1 April 1986 salaries £
Deputy Secretary:	
on promotion	42,500
after 1 year's service in the grade (normally attainable maximum)	44,500
discretionary	47,000 50,000 53,000
Under Secretary:	
on promotion	33,250
after 1 year's service in the grade	34,750
after 2 years' service in the grade (normally attainable maximum)	36,250
discretionary	38,250 40,250 42,500
b. *Senior officers of the armed forces*	
Admiral of the Fleet Field Marshal Marshal of the Royal Air Force	79,000[1]
Admiral General Air Chief Marshal	63,500
Vice-Admiral Lieutenant General Air Marshal	44,500
Rear Admiral Major General Air Vice-Marshal	36,250
c. *The judiciary*	
Lord Chief Justice	79,000
Lords of Appeal Master of the Rolls Lord President of the Court of Session Lord Chief Justice (Northern Ireland)	73,000
Lord Justice Clerk Lords Justices of Appeal Lords Justices of Appeal (Northern Ireland) President of the Family Division Vice-Chancellor	70,000

[1] Only one officer holds an appointment at this level at any one time as Chief of the Defence Staff.

	Recommended 1 April 1986 salaries £
High Court Judges Judges of the Court of Session Puisne Judges (Northern Ireland)	63,500
Chairman, Scottish Land Court and President, Lands Tribunal (Scotland)[1] Sheriffs Principal Official Referees Vice-Chancellor of the County Palatine of Lancaster Senior Circuit Judges Recorder of Liverpool Recorder of Manchester Recorder of Belfast Chief Social Security Commissioners (England, Wales and Scotland and Northern Ireland) Presidents, Industrial Tribunals (England and Wales, Scotland and Northern Ireland) Judge Advocate General President, Social Security Appeal Tribunals and Medical Appeal Tribunals (England, Wales and Scotland) Chairman, Criminal Injuries Compensation Board Presidents, Lands Tribunals (England and Wales and Northern Ireland)	47,000
Circuit Judges Sheriffs County Court Judges (Northern Ireland) Social Security Commissioners (England, Wales and Scotland and Northern Ireland) Registrar of Criminal Appeals Chief Metropolitan Magistrate Senior and Chief Masters and Registrars Master, Court of Protection Chairman, Foreign Compensation Commission Regional Chairmen, Industrial Tribunals (England and Wales and Scotland) Judge Advocate of the Fleet Vice-Judge Advocate General President, Value-Added Tax Tribunals President, Immigration Appeal Tribunal Presiding Special Commissioner of Income Tax President, Social Security Appeal Tribunals and Medical Appeal Tribunals (Northern Ireland) Regional Chairmen, Social Security Appeal Tribunals and Medical Appeal Tribunals Members, Lands Tribunals (England and Wales, Scotland and Northern Ireland)	42,500

[1] When both appointments are held by one person.

	Recommended 1 April 1986 salaries £
Chairmen, Industrial Tribunals (England and Wales, Scotland and Northern Ireland) Metropolitan Magistrates Provincial Stipendiary Magistrates Resident Magistrates (Northern Ireland) Masters and Registrars of the Supreme Court Masters of the Supreme Court (Northern Ireland) Registrar of Civil Appeals County Court Registrars and District Registrars of the High Court Circuit Registrars (Northern Ireland) President, Pensions Appeal Tribunal Vice-Presidents, Immigration Appeal Tribunal Vice-President (Scotland) and Chairmen, Value-Added Tax Tribunals Chairmen, Social Security Appeal Tribunals and Medical Appeal Tribunals Special Commissioners of Income Tax	32,750

PLOWDEN

HAROLD ATCHERLEY

CHORLEY

ROBIN IBBS

PETER MATTHEWS

ANDREW MORRITT

DAVID ORR

THOMAS SKYRME

OFFICE OF MANPOWER ECONOMICS
9 April 1986

APPENDIX A

PREVIOUS REVIEW BODY REPORTS ON TOP SALARIES

No. 2: Interim Report on Top Salaries—Cmnd. 5001, June 1972.

No. 3: Second Interim Report on Top Salaries—Cmnd. 5372, July 1973.

No. 4: Third Interim Report on Top Salaries—Cmnd. 5595, June 1974.

No. 6: Report on Top Salaries—Cmnd. 5846, December 1974.

No. 10: Second Report on Top Salaries—Cmnd. 7253, June 1978.

No. 11: Third Report on Top Salaries—Cmnd. 7576, June 1979.

No. 14: Fourth Report on Top Salaries—Cmnd. 7952, July 1980.

No. 16: Interim Report on Top Salaries—Cmnd. 8243, May 1981.

No. 18: Fifth Report on Top Salaries—Cmnd. 8552, May 1982.

No. 19: Sixth Report on Top Salaries—Cmnd. 8879, May 1983.

No. 21: Seventh Report on Top Salaries—Cmnd. 9254, June 1984.

No. 22: Eighth Report on Top Salaries—Cmnd. 9525, July 1985.

APPENDIX B

SALARIES CURRENTLY IN PAYMENT

	Salaries currently in payment £	*Numbers in post at the latest available date*[1]
a. *Senior grades of the higher civil service*		
Head of the Civil Service and Secretary of the Cabinet	75,000	1
Permanent Secretary of the Treasury	70,000	1
Permanent Secretary	60,000	21
Second Permanent Secretary	55,000	14
Deputy Secretary—on promotion	40,000	140
—after 1 year's service in the grade	42,000	
Under Secretary—on promotion	31,000	482
—after 1 year's service in the grade	32,500	
—after 2 years' service in the grade	34,000	
b. *Senior officers in the armed forces*		
Admiral of the Fleet Field Marshal Marshal of the Royal Air Force	75,000	1
Admiral General Air Chief Marshal	60,000	19
Vice-Admiral Lieutenant General Air Marshal	42,000	33
Rear Admiral Major General Air Vice-Marshal	34,000	154
c. *Judiciary*		
Lord Chief Justice	75,000	1
Lords of Appeal Master of the Rolls Lord President of the Court of Session Lord Chief Justice (Northern Ireland)	69,000	12
Lord Justice Clerk Lords Justices of Appeal Lords Justices of Appeal (Northern Ireland) President of the Family Division Vice-Chancellor	66,000	28
High Court Judges Judges of the Court of Session Puisne Judges (Northern Ireland)	60,000	102

[1] Senior grades of the higher civil service—1 October 1985. Senior officers in the armed forces and the judiciary—31 December 1985.

	Salaries currently in payment £	Numbers in post at the latest available date[1]
Chairman, Scottish Land Court and President, Lands Tribunal (Scotland) Sheriffs Principal Official Referees Vice-Chancellor of the County Palatine of Lancaster Senior Circuit Judges Recorder of Liverpool Recorder of Manchester Recorder of Belfast Chief Social Security Commissioners (England, Wales and Scotland and Northern Ireland) Presidents, Industrial Tribunals (England and Wales, Scotland and Northern Ireland) Judge Advocate General President, Social Security Appeal Tribunals and Medical Appeal Tribunals (England, Wales and Scotland) Chairman, Criminal Injuries Compensation Board	44,500	30
Circuit Judges Sheriffs County Court Judges (Northern Ireland) Social Security Commissioners (England, Wales and Scotland and Northern Ireland) Presidents, Lands Tribunals (England and Wales and Northern Ireland) Registrar of Criminal Appeals Chief Metropolitan Magistrate Senior and Chief Masters and Registrars Master, Court of Protection Chairman, Foreign Compensation Commission Regional Chairmen, Industrial Tribunals (England and Wales and Scotland) Judge Advocate of the Fleet Vice-Judge Advocate General President, Value-Added Tax Tribunals President, Immigration Appeal Tribunal Presiding Special Commissioner of Income Tax President, Social Security Appeal Tribunals and Medical Appeal Tribunals (Northern Ireland) Regional Chairmen, Social Security Appeal Tribunals and Medical Appeal Tribunals	40,000	508
Chairmen, Industrial Tribunals (England and Wales, Scotland and Northern Ireland) Metropolitan Magistrates Provincial Stipendiary Magistrates Resident Magistrates (Northern Ireland) Members, Lands Tribunals (England and Wales, Scotland and Northern Ireland) Masters and Registrars of the Supreme Court Masters of the Supreme Court (Northern Ireland) Registrar of Civil Appeals County Court Registrars and District Registrars of the High Court Circuit Registrars (Northern Ireland) President, Pensions Appeal Tribunal Vice-Presidents, Immigration Appeal Tribunal Vice-President (Scotland) and Chairmen, Value-Added Tax Tribunals Chairmen, Social Security Appeal Tribunals and Medical Appeal Tribunals Special Commissioners of Income Tax	30,500	404

[1] Judiciary—31 December 1985.

APPENDIX C

SURVEY OF TOP SALARIES IN THE PRIVATE SECTOR, 1984–85

(Carried out by the Office of Manpower Economics on behalf of the Review Body on Top Salaries)

CONTENTS

Note: Because of rounding, rows or columns may not add exactly to the totals shown and percentage changes may differ slightly from those which could be derived from the figures shown.

SURVEY OF TOP SALARIES IN THE PRIVATE SECTOR

1. On behalf of the Review Body on Top Salaries, the Office of Manpower Economics carried out a further survey of salaries and other direct remuneration (such as bonuses, commission and profit-sharing) of full-time Board members and senior executives in the private sector. Pensions and fringe benefits were not covered.[1] The results relate to pay at 1 October 1984 and 1 October 1985. The Review Body is grateful for the co-operation of those who contributed to the survey.

Selection of the sample

2. As in previous surveys, companies in the non-financial sector were selected from the 'Times 1000' list of the largest companies in the United Kingdom, using turnover as the basis for stratification. To allow for inflation, and to maintain comparability with earlier surveys, the turnover boundaries for each size band were re-drawn so that each stratum contained approximately the same number of companies as in previous years. In addition a number of companies in the financial sector[2] were selected. In all, 200 companies were selected, comprising (with a few exceptions) all the companies that had co-operated in the previous survey and a total of 46 companies included for the first time.

The questionnaire

3. All companies selected for the survey were asked to provide salary and bonus data for full-time members of the main Board and for senior executives who reported to a main Board member. In addition, companies in the non-financial sector with a turnover of at least £675 million and all those in the financial sector were asked for details of the pay of senior executives at the next level down and of full-time Board members of major subsidiaries. Companies with numerous senior posts below Board level could, if they wished, return details of a representative selection of such posts but were asked to report the total number of posts at each level to enable their returns to be scaled up in the manner described in paragraph 5. In all cases companies were asked to provide the information for posts whose nature and responsibility had not changed in the year up to 1 October 1985.

Response

4. A response rate of 84 per cent was obtained, slightly less than the 87 per cent response achieved two years ago but better than the 76 per cent response last year when, however, the survey was extended to cover pensions and fringe benefits. Table A shows the number of companies and the response rate in each stratum.

[1]This survey was the eleventh such inquiry. Details of previous surveys are given in the Reports listed in Appendix A. Pensions and fringe benefits were last covered in the tenth survey—see Report No. 22.

[2]Companies in the financial sector consisted of the clearing banks and a selection of other banks, insurance companies and building societies.

TABLE A

Organisations' response to the survey

Sector	Number in 'Times 1,000'	Number selected	Providing replies: Number	Providing replies: As a percentage of number selected	Number used
	No.	No.	No.	%	No.
Non-financial					
Turnover (£ million)					
1,314 and over	62	26	22	84·6	22
675 but under 1,314	61	27	27	100·0	27
325 but under 675	87	31	29	93·5	25
157 but under 325	138	30	27	90·0	28
72 but under 157	282	26	16	61·5	14
37 but under 72	370	33	20	60·6	23
All non-financial	1,000	173	141	81·5	139
Financial	NA	27	26	96·3	26
Total	NA	200	167	83·5	165

Seven companies gave information for a subsidiary in a lower size band, two of which had a turnover of less than £37 million.

Scaling the replies

5. The survey data have been scaled up, as hitherto, in proportion to (*a*) the sampling fraction achieved in each size band and (*b*) the proportion of posts within each company for which pay data were given. Table 1 shows the actual number of posts at each level used in the survey; the corresponding scaled-up numbers of posts are given in Table 3.

Results

6. Detailed results are given in Tables 2 to 5. The main points are described in the following paragraphs.

Movements in pay

7. The survey showed a 9·5 per cent increase, between 1 October 1984 and 1 October 1985, in mean basic salary for all posts covered by the survey and a 9·2 per cent increase in mean salary plus bonus etc. For the non-financial sector, increases awarded during the period in both mean basic salary and mean total cash were higher at Board level than below, although this was not so for financial companies (see Table 3).

8. As Table 3 shows, there were some wide variations in the increases in mean remuneration as between non-financial companies of different sizes, and no obvious tendency for large companies to award, on average, larger or smaller increases than those given by smaller companies. Some divergent percentage increases may be noted among the figures for Chief Executives and Deputy Chief Executives in some size bands, but data for individual size bands are in themselves of limited significance in view of the fairly small numbers of Chief Executive posts covered by the sample and the very small number of Deputy

Chief Executives. No other rank/size groups showed increases so far above the average as those seen among the top posts, although very low increases in mean total cash (resulting from smaller bonuses) were recorded for Senior Executives (B) in two of the size bands.

9. Over all posts in the non-financial sector, bonuses on average added 7·2 per cent to mean basic salary at 1 October 1985, very slightly less than the corresponding across-the-board figure for the previous October. Bonuses paid to Chief Executives represented a 12·2 per cent addition to mean salary and were higher for Board members as a whole than for senior executives. The mean bonus for Board members also accounted for a higher proportion of pay than in 1984 among companies in the top four size bands, but this was offset by reductions in bonus (as a proportion of salary) in the bottom two size bands, particularly for Chief Executives. In this as in previous surveys, bonuses tended to account for a smaller share of the total remuneration in financial companies; mean bonus as a proportion of mean salary was close to 3½ per cent in both years, less than half the size of the figure for the non-financial sector.

10. Table 2 shows the percentage increase in mean salary and mean total cash by range of 1984 remuneration irrespective of executive grade and company size. Apart from the two highest pay ranges and the lowest, the percentage increases are fairly closely grouped about the overall increase and with no particular pattern.

11. Estimates of increases in mean salaries mask a wide range of increases in individual salaries. The distribution of individual percentage increases in pay is indicated by Table B.

TABLE B

	Percentage increase in individual pay	
	Salary	Salary plus bonus, etc.
Lower quartile increase	6·2	5·8
Median increase	8·8	8·5
Upper quartile increase	12·1	12·9

Comparison with previous years' results

12. For all posts covered by the survey, the percentage increase in mean basic salary was much the same as the increase between 1982 and 1983 (although that survey covered a 13-month period) and slightly less than that for 1983–84. In terms of mean salary plus bonus, however, the increase was markedly smaller, as Table C shows.

TABLE C

	Percentage increases in:	
	Mean salary	Mean salary plus bonus, etc.
1 Sept 1982 to 1 Oct 1983	9·4	10·7
1 Oct 1983 to 1 Oct 1984	9·9	11·5
1 Oct 1984 to 1 Oct 1985	9·5	9·2

The downward trend was more marked in the non-financial sector: in the financial sector mean increases rose, for both salary and salary plus bonus, etc. throughout the period. The tendency for increases at Board level to be greater than those at lower levels was also apparent in last year's survey.

Date of last increase in salary

13. Table 4 gives details of the timing of the last increase in salary for the different levels of post in the survey. In only 4 per cent of cases had no increase been given since 1 October 1984. For the rest, it will be seen that increases tend to be given in one of four months of the year. January, April and July accounted for 18 or 19 per cent and October for another 10 per cent of all increases. A similar pattern has been recorded in earlier surveys.

Levels of pay

14. Table 5 shows the medians, quartiles and deciles for the main levels of posts in the survey. As was the case with previous surveys, the figures confirm the tendency for levels of pay in the non-financial sector to be higher for the larger size bands, and for levels of pay in the financial sector to be higher than for the non-financial sector as a whole. The table also indicates the variation in pay at a given level of post in a given size band.

Comparison with the previous survey

15. Both the present survey and its predecessor asked for information about pay at 1 October 1984; comparison of the two sets of results therefore provides an indication of the consistency of successive surveys (although it should be noted that all references to pay movements between 1984 and 1985 in the present report are based on data for the two years taken from the latest survey). Table D shows mean salary plus bonus for the main levels of post from the present and previous surveys. There is a reasonable measure of agreement except at Deputy Chief Executive level (where the numbers in the sample are small) and at Head of function level. The differences shown may have been caused by a combination of the following factors:

(i) The selection of different companies and different posts within the same company in the current survey compared with the previous survey.

(ii) Changes in the pay data, for example, because of backdated pay increases.

(iii) Re-organisation within the constituent companies in a given size band.

(iv) Changes in the classification of level of responsibility.

(v) Variations in the response rate between strata and hence in the weights used in scaling up the replies.

TABLE D

Comparison of mean salary plus bonus, commission and profit-sharing at 1 October 1984 as shown (A) by the previous survey and (B) by the current survey

	Mean salary plus bonus, etc. 1 October 1984		Percentage difference
	(A) Previous survey	(B) Current survey	
	£000	£000	%
Main Board members			
Chief Executives			
Non-financial	68·0	70·0	3·0
Financial	79·8	83·2	4·3
Deputy Chief Executives			
Non-financial	61·3	55·5	−9·4
Financial	77·5	85·0	9·7
Other main Board members			
Non-financial	42·3	42·2	−0·2
Financial	56·8	58·1	2·3
Senior executives reporting to Board members			
Heads of function			
Non-financial	29·2	27·5	−6·0
Financial	40·1	42·3	5·5
Others			
Non-financial	26·9	26·9	−0·1
Financial	38·0	37·4	−1·5

Response and coverage of survey

TABLE 1

Sector	Number of organisations in 'Times 1,000'	Questionnaires despatched	Replies used[a]	Members of main Board: Chairman and Chief Executive	Members of main Board: Deputy Chairman and Chief Executive	Members of main Board: Chief Executive	Members of main Board: All Chief Executives on Board	Members of main Board: Deputy Chairman and Deputy Chief Executive	Members of main Board: Deputy Chief Executive	Members of main Board: All Deputy Chief Executives on Board	Members of main Board: Other main Board members	Senior executives: Reporting to main Board: Head of function (A)	Senior executives: Reporting to main Board: Not head of function (B)	Senior executives: Reporting to main Board: Total	Senior executives: Reporting to those in (A)	Senior executives: Reporting to those in (B)	Senior executives: Reporting to those in either (A) or (B)	Others[b]	Total
Non-financial Turnover (£m)																			
1,314 and over	62	26	22	13	—	5	18	1	5	6	97	193	43	236	115	15	130	27	514
675 but under 1,314	61	27	27	11	—	8	19	1	8	9	94	197	59	256	62	21	83	28	489
325 but under 675	87	31	25	10	3	8	21	1	2	3	79	166	41	207	[c]	[c]	[c]	11	321
157 but under 325	138	30	28	12	—	10	22	1	6	7	106	198	61	259	[c]	[c]	[c]	5	399
72 but under 157	282	26	14	4	—	8	12	—	1	1	31	82	24	106	[c]	[c]	[c]	5	155
37 but under 72	370	33	23	8	—	10	18	1	6	7	66	146	38	184	[c]	[c]	[c]	7	282
All non-financial	1,000	173	139	58	3	49	110	5	28	33	473	982	266	1,248	177	36	213	83	2,160
Financial	NA	27	26	1	—	23	24	1	7	8	56	177	9	186	163	4	167	23	464
Total	NA	200	165	59	3	72	134	6	35	41	529	1,159	275	1,434	340	40	380	106	2,624

[a] Seven non-financial companies provided information for a subsidiary in a smaller size band, two of which had a turnover of less than £37 million.

[b] 'Others' contains the following posts: Chairmen and Deputy Chairmen who are not the Chief or Deputy Chief Executive, Chief and Deputy Chief Executives not on the main Board, senior executives on executive committees and full-time members of Boards of subsidiaries not included in previous columns.

[c] Information about these posts was not sought from companies in these size bands.

NA = Not appropriate.

TABLE 2

Percentage increase in mean salary and mean salary plus bonus, commission and profit-sharing between 1 October 1984 and 1 October 1985 by ranges of 1984 salary plus bonus etc. (all posts)

Range of 1984 salary plus bonus, etc.	Number of posts		Mean salary			Mean salary plus bonus, etc.		
	Actually used	Scaled up	1984	1985	Percentage increase	1984	1985	Percentage increase
	No.	No.	£000	£000	%	£000	£000	%
£120,000 and over	40	109	125·3	140·0	11·7	144·8	166·8	15·2
£100,000 —	36	114	83·6	91·7	9·7	107·3	110·3	2·8
£90,000 —	45	140	84·4	93·1	10·3	93·7	101·4	8·2
£80,000 —	50	144	65·4	72·2	10·5	83·4	91·8	10·0
£70,000 —	93	319	65·0	72·4	11·3	74·2	82·0	10·6
£60,000 —	122	765	56·0	61·7	10·2	64·0	68·9	7·6
£50,000 —	263	1,191	50·1	54·5	8·7	54·3	59·5	9·7
£45,000 —	158	1,103	43·2	47·2	9·2	46·8	51·0	8·9
£40,000 —	246	1,878	39·2	42·9	9·6	42·0	46·0	9·4
£35,000 —	266	2,696	34·4	37·4	8·7	37·2	40·0	7·3
£30,000 —	330	3,001	30·3	33·2	9·7	32·0	35·2	9·8
£25,000 —	361	3,914	25·8	28·3	9·6	27·1	29·8	10·1
£22,500 —	174	2,160	22·7	24·9	9·7	23·5	26·0	10·3
£20,000 —	189	2,447	20·4	22·3	9·1	21·2	23·1	9·2
£17,500 —	128	2,266	18·2	19·7	8·1	18·5	20·0	8·3
£15,000 —	87	1,551	16·3	17·8	9·5	16·4	18·1	10·1
Under £15,000	36	717	12·9	14·6	12·5	13·4	14·6	9·1
Total	2,624	24,513	30·5	33·4	9·5	32·8	35·8	9·2

Percentage increase in mean salary and mean salary plus bonus, commission and profit-sharing between 1 October 1984 and 1 October 1985, by level of post and size of company

Level of post and sector	Number of posts		Mean salary			Mean salary plus bonus, etc.		
	Actu-ally used	Scaled up	1984	1985	Per-centage increase	1984	1985	Per-centage increase
	No.	No.	£000	£000	%	£000	£000	%
Main Board members								
All Chief Executives on main Board								
Non-financial								
Turnover (£m)								
1,314 and over	18	51	104·1	115·3	10·7	114·4	128·2	12·1
675 but under 1,314	19	43	100·4	111·0	10·6	107·1	121·7	13·6
325 but under 675	21	73	75·4	86·8	15·1	82·0	97·4	18·8
157 but under 325	22	108	68·6	77·3	12·8	76·4	88·6	16·0
72 but under 157	12	242	53·5	60·2	12·4	65·0	67·7	4·1
37 but under 72	18	290	48·4	54·8	13·2	55·6	61·3	10·3
All non-financial	110	806	61·4	69·2	12·7	70·0	77·6	10·8
Financial	24	24	81·2	88·5	9·0	83·2	90·7	9·0
Total	134	830	61·9	69·7	12·5	70·4	77·9	10·7
All Deputy Chief Executives on main Board								
Non-financial								
Turnover (£m)								
1,314 and over	6	17	106·8	114·8	7·5	106·8	114·8	7·5
675 but under 1,314	9	20	88·7	97·7	10·1	97·4	106·3	9·1
325 but under 675	3	10	56·6	61·9	9·3	69·2	83·8	21·1
157 but under 325	7	34	46·8	53·3	13·9	54·0	62·8	16·3
72 but under 157	1	20	41·0	44·0	7·3	41·0	44·0	7·3
37 but under 72	7	113	39·8	44·8	12·7	42·0	47·2	12·3
All non-financial	33	215	51·7	57·4	11·0	55·5	62·1	11·8
Financial	8	8	81·6	83·9	2·9	85·0	87·8	3·2
Total	41	223	52·8	58·4	10·6	56·6	63·0	11·4
Other main Board members								
Non-financial								
Turnover (£m)								
1,314 and over	97	273	67·0	74·0	10·5	72·3	81·9	13·4
675 but under 1,314	94	212	59·2	67·0	13·3	62·4	71·4	14·4
325 but under 675	79	275	47·8	53·1	11·2	51·2	58·9	15·0
157 but under 325	106	522	36·6	40·1	9·4	39·9	45·7	14·5
72 but under 157	31	624	33·0	37·0	12·3	35·3	38·6	9·3
37 but under 72	66	1,062	29·8	32·6	9·4	33·2	36·0	8·5
All non-financial	473	2,969	38·9	43·0	10·7	42·2	47·1	11·8
Financial	56	56	55·5	60·5	9·0	58·1	63·7	9·7
Total	529	3,025	39·2	43·3	10·7	42·5	47·4	11·7

Continued

Percentage increase in mean salary and mean salary plus bonus, commission and profit-sharing between 1 October 1984 and 1 October 1985, by level of post and size of company

Level of post and sector	Number of posts		Mean salary			Mean salary plus bonus, etc.		
	Actually used	Scaled up	1984	1985	Percentage increase	1984	1985	Percentage increase
	No.	No.	£000	£000	%	£000	£000	%
Senior executives								
(A) Head of function reporting to main Board members								
Non-financial								
Turnover (£m)								
1,314 and over	193	1,039	41·0	44·9	9·6	43·1	47·2	9·6
675 but under 1,314	197	877	35·1	38·8	10·6	38·1	42·5	11·5
325 but under 675	166	1,088	30·6	33·4	9·4	31·7	34·9	10·0
157 but under 325	198	1,488	23·1	25·0	8·3	24·7	27·4	11·0
72 but under 157	82	2,518	22·2	24·0	8·2	24·7	26·5	6·9
37 but under 72	146	3,684	21·3	23·0	8·2	22·4	23·9	7·1
All non-financial	982	10,694	25·7	28·0	8·8	27·5	29·9	8·8
Financial	177	283	41·0	44·9	9·5	42·3	46·3	9·5
Total	1,159	10,977	26·1	28·5	8·9	27·9	30·3	8·8
(B) Others reporting to main Board members								
Non-financial								
Turnover (£m)								
1,314 and over	43	423	30·3	33·4	10·5	34·9	36·1	3·4
675 but under 1,314	59	380	36·5	39·6	8·4	37·7	41·7	10·6
325 but under 675	41	324	27·2	29·7	9·1	28·3	30·7	8·6
157 but under 325	61	498	27·0	29·3	8·8	29·1	31·4	8·1
72 but under 157	24	846	20·5	22·2	8·5	21·5	22·5	4·7
37 but under 72	38	1,239	22·1	23·9	8·2	23·2	25·1	8·2
All non-financial	266	3,708	25·2	27·4	8·8	26·9	28·8	7·2
Financial	9	17	30·9	33·3	7·7	37·4	40·1	7·2
Total	275	3,725	25·3	27·5	8·8	26·9	28·8	7·2
Senior executives reporting to Heads of function at (A) above[a]								
Non-financial								
Turnover (£m)								
1,314 and over	115	2,145	34·7	37·8	8·8	37·4	40·2	7·5
675 but under 1,314	62	1,064	24·9	27·0	8·5	27·1	29·7	9·3
675 and over	177	3,209	31·5	34·2	8·7	34·0	36.7	8·0
Financial	163	486	35·4	38·3	8·3	36·5	39·6	8·4
Total	340	3,695	32·0	34·7	8·6	34·3	37·1	8·1

[a]For the non-financial sector information for posts at this level was only sought from companies whose turnover was £675 million or over.

Continued

Percentage increase in mean salary and mean salary plus bonus, commission and profit-sharing between 1 October 1984 and 1 October 1985, by level of post and size of company

Level of post and sector	Number of posts		Mean salary			Mean salary plus bonus, etc.		
	Actu–ally used	Scaled up	1984	1985	Per-centage increase	1984	1985	Per-centage increase
	No.	No.	£000	£000	%	£000	£000	%
Senior executives reporting to those at (B) above[a]								
Non-financial								
Turnover (£m)								
1,314 and over	15	290	21·0	23·2	10·6	21·3	23·5	10·0
675 but under 1,314	21	1,292	28·8	30·8	7·1	30·3	32·0	5·7
675 and over	36	1,583	27·3	29·4	7·6	28·6	30·4	6·3
Financial	4	16	19·6	21·6	9·8	19·6	21·6	9·8
Total	40	1,599	27·3	29·3	7·6	28·5	30·3	6·3
Others[b]								
Non-financial	83	416	54·5	61·9	13·5	57·2	65·9	15·1
Financial	23	23	65·7	76·8	16·8	66·7	77·7	16·5
Total	106	439	55·1	62·7	13·8	57·7	66·5	15·2
All posts								
Non-financial	2,160	23,600	30·2	33·0	9·5	32·4	35·4	9·2
Financial	464	913	40·4	44·1	9·1	41·8	45·6	9·1
Total	2,624	24,513	30·5	33·4	9·5	32·8	35·8	9·2

[a] For the non-financial sector information for posts at this level was only sought from companies whose turnover was £675 million or over.

[b] See note [b] to Table 1.

TABLE 4

Date of last increase in salary for each level of post in all sectors

Level of post		Number and percentage of posts with salary increase in													Quarter ended				Year ended			Total	Number of posts actually used
		Oct 1985	Sept 1985	Aug 1985	July 1985	June 1985	May 1985	April 1985	Mar 1985	Feb 1985	Jan 1985	Dec 1984	Nov 1984	Oct 1984	Sept 1984	June 1984	Mar 1984	Dec 1983	Sept 1983	Sept 1982	Sept 1981 or earlier		
Main Board members																							
1. Chief Executives	Scaled up no.	72	22	10	107	79	48	173	26	40	139	21	29	3	10	5	20	—	22	3	—	830	134
	%	8·7	2·7	1·2	12·9	9·6	5·8	20·8	3·1	4·8	16·7	2·5	3·4	0·4	1·3	0·6	2·4	—	2·7	0·3	—	100·0	
2. Deputy Chief Executives	Scaled up no.	—	—	6	68	21	5	22	—	35	40	16	8	—	3	—	—	—	—	—	—	223	41
	%	—	—	2·5	30·4	9·4	2·2	9·8	—	15·7	17·8	7·2	3·8	—	1·3	—	—	—	—	—	—	100·0	
3. Other main Board members	Scaled up no.	205	256	57	380	297	103	604	107	140	633	97	45	5	30	35	32	—	—	—	—	3,025	529
	%	6·8	8·5	1·9	12·6	9·8	3·4	20·0	3·5	4·6	20·9	3·2	1·5	0·2	1·0	1·2	1·1	—	—	—	—	100·0	
Senior executives																							
4. Heads of function reporting to main Board members	Scaled up no.	1,049	359	285	2,002	899	468	1,944	369	436	2,044	72	293	66	592	36	35	—	16	—	10	10,977	1,159
	%	9·6	3·3	2·6	18·2	8·2	4·3	17·7	3·4	4·0	18·6	0·7	2·7	0·6	5·4	0·3	0·3	—	0·1	—	0·1	100·0	
5. Others reporting to main Board members	Scaled up no.	269	23	86	237	39	277	737	130	317	1,247	191	22	4	14	125	3	4	—	—	—	3,725	275
	%	7·2	0·6	2·3	6·4	1·1	7·4	19·8	3·5	8·5	33·5	5·1	0·6	0·1	0·4	3·4	0·1	0·1	—	—	—	100·0	
6. Executives reporting to Heads of function at 4 above[a]	Scaled up no.	96	92	71	1,042	97	107	1,133	51	166	573	12	206	—	40	8	—	—	—	—	—	3,695	340
	%	2·6	2·5	1·9	28·3	2·6	2·9	30·7	1·4	4·5	15·6	0·3	5·6	—	1·1	0·2	—	—	—	—	—	100·0	
7. Executives reporting to those at 5 above[a]	Scaled up no.	756	—	129	519	—	—	17	—	45	130	—	—	—	2·8	—	—	—	—	—	—	1,599	40
	%	47·3	—	8·1	32·5	—	—	1·1	—	2·8	8·1	—	—	—	0·2	—	—	—	—	—	—	100·0	
Others[b]	Scaled up no.	57	66	—	71	5	31	103	6	5	72	1	8	6	2	2	—	—	3	—	—	439	106
	%	12·9	15·1	—	16·2	1·2	7·0	23·4	1·4	1·1	16·3	0·2	1·9	1·4	0·5	0·5	—	—	0.8	—	—	100·0	
All posts	Scaled up no.	2,504	820	644	4,426	1,438	1,040	4,731	689	1,185	4,877	410	611	85	694	211	90	4	42	3	10	24,513	2,624
	%	10·2	3·3	2·6	18·1	5·9	4·2	19·3	2·8	4·8	19·9	1·7	2·5	0·3	2·8	0·9	0·4	0·0	0·2	0·0	0·0	100·0	

[a] For the non-financial sector information for posts at this level was only sought from companies whose turnover was £675 million or over.

[b] See note [b] to Table 1.

Median, quartile and decile salaries, including bonus, commission and profit-sharing at 1 October 1985, by level of post and by sector

Level of post		Non-financial							Financial	Total
		Turnover (£ million)						Total		
		1,314 or over	675 but under 1,314	325 but under 675	157 but under 325	72 but under 157	37 but under 72			
Main Board members										
1. Chief Executives										
Highest decile	£000	*	*	130·5	125·0	*	*	117·6	118·0	117·6
Upper quartile	£000	158·3	143·9	110·0	104·7	*	68·6	88·9	103·6	88·9
Median	£000	122·5	122·0	94·9	70·0	63·3	55·2	65·0	92·1	65·0
Lower quartile	£000	99·9	90·3	78·6	63·1	*	48·8	55·0	80·9	55·0
Lowest decile	£000	*	*	55·0	52·7	*	*	47·5	58·0	47·5
Mean	£000	128·2	121·7	97·4	88·6	67·7	61·3	77·6	90·7	77·9
Actual posts	No.	18	19	21	22	12	18	110	24	134
Scaled up posts	No.	51	43	73	108	242	290	806	24	830
2. Deputy Chief Executives										
Highest decile	£000	*	*	*	*	*	*	110·0	*	110·0
Upper quartile	£000	*	*	*	*	*	*	67·5	*	70·0
Median	£000	121·7	105·7	*	55·7	*	47·5	50·5	92·2	50·5
Lower quartile	£000	*	*	*	*	*	*	44·0	*	44·0
Lowest decile	£000	*	*	*	*	*	*	36·0	*	36·0
Mean	£000	114·8	106·3	83·8	62·8	*	47·2	62·1	87·8	63·0
Actual posts	No.	6	9	3	7	1	7	33	8	41
Scaled up posts	No.	17	20	10	34	20	113	215	8	223
3. Other main Board members										
Highest decile	£000	115·8	105·0	75·6	71·0	55·5	43·0	77·3	88·6	77·4
Upper quartile	£000	91·8	87·3	66·0	57·0	45·0	39·0	55·8	71·8	56·9
Median	£000	77·0	65·5	55·8	42·9	33·0	33·8	40·0	60·0	40·2
Lower quartile	£000	62·0	55·0	50·6	32·2	31·6	28·8	32·0	55·4	32·0
Lowest decile	£000	52·7	45·0	45·2	27·1	30·5	26·0	26·3	47·0	27·1
Mean	£000	81·9	71·4	58·9	45·7	38·6	36·0	47·1	63·7	47·4
Actual posts	No.	97	94	79	106	31	66	473	56	529
Scaled up posts	No.	273	212	275	522	624	1,062	2,969	56	3,025

* Number of actual posts too small to provide reliable figures.

Continued

Median, quartile and decile salaries, including bonus, commission and profit-sharing at 1 October 1985, by level of post and by sector

Level of post		Non-financial: Turnover (£ million): 1,314 or over	675 but under 1,314	325 but under 675	157 but under 325	72 but under 157	37 but under 72	Non-financial: Total	Financial	Total
Senior executives										
4. Heads of function reporting to main Board members										
Highest decile	£000	65·7	61·2	43·7	38·2	39·3	36·5	45·4	63·6	46·0
Upper quartile	£000	53·2	50·0	40·5	31·2	31·8	28·0	37·1	52·3	38·0
Median	£000	45·0	40·2	35·0	25·3	24·0	21·0	27·1	44·2	27·5
Lower quartile	£000	40·0	32·8	29·0	22·0	19·0	18·3	20·2	35·6	20·5
Lowest decile	£000	32·3	27·6	26·0	20·3	17·4	16·5	18·0	32·0	18·0
Mean	£000	47·2	42·5	34·9	27·4	26·5	23·9	29·9	46·3	30·3
Actual posts	No.	193	197	166	198	82	146	982	177	1,159
Scaled up posts	No.	1,039	877	1,088	1,488	2,518	3,684	10,694	283	10,977
5. Others reporting to main Board members										
Highest decile	£000	47·4	54·4	38·4	48·2	24·5	32·4	43·3	*	43·3
Upper quartile	£000	39·7	51·7	36·1	34·0	23·2	28·0	33·0	*	33·0
Median	£000	32·0	42·9	32·2	27·5	21·0	24·2	25·1	35·2	25·2
Lower quartile	£000	31·1	33·4	24·3	23·4	18·5	22·4	22·4	*	22·4
Lowest decile	£000	26·7	18·5	21·7	22·4	17·0	20·0	18·5	*	18·5
Mean	£000	36·1	41·7	30·7	31·4	22·5	25·1	28·8	40·1	28·8
Actual posts	No.	43	59	41	61	24	38	266	9	275
Scaled up posts	No.	423	380	324	498	846	1,239	3,708	17	3,725

* Number of actual posts too small to provide reliable figures.

Continued

Median, quartile and decile salaries, including bonus, commission and profit-sharing at 1 October 1985, by level of post and by sector

Level of post		Non-financial: Turnover (£ million): 1,314 or over	675 but under 1,314	325 but under 675	157 but under 325	72 but under 157	37 but under 72	Non-financial: Total	Financial	Total
Senior executives										
6. Executives reporting to Heads of function at 4 above										
Highest decile	£000	58·1	44·4					52·4	58·7	52·4
Upper quartile	£000	49·0	36·0					44·6	49·1	45·2
Median	£000	36·7	28·0					35·0	36·1	35·0
Lower quartile	£000	31·5	19·7	a	a	a	a	27·7	28·4	27·7
Lowest decile	£000	27·1	18·0					20·0	22·9	20·9
Mean	£000	40·2	29·7					36·7	39·3	37·0
Actual posts	No.	115	62					177	163	340
Scaled up posts	No.	2,145	1,064					3,209	486	3,695
7. Executives reporting to those at 5 above										
Highest decile	£000	*	41·6					41·6	*	41·6
Upper quartile	£000	*	39·5					38·6	*	38·6
Median	£000	22·3	30·5					28·8	*	28·8
Lower quartile	£000	*	26·7	a	a	a	a	24·5	*	24·5
Lowest decile	£000	*	23·3					19·1	*	19·1
Mean	£000	23·5	32·0					30·4	21·6	30·3
Actual posts	No.	15	21					36	4	40
Scaled up posts	No.	290	1,292					1,583	16	1,599

[a] Information about these posts was not sought from companies in this sector.

* Number of actual posts too small to provide reliable figures.

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