

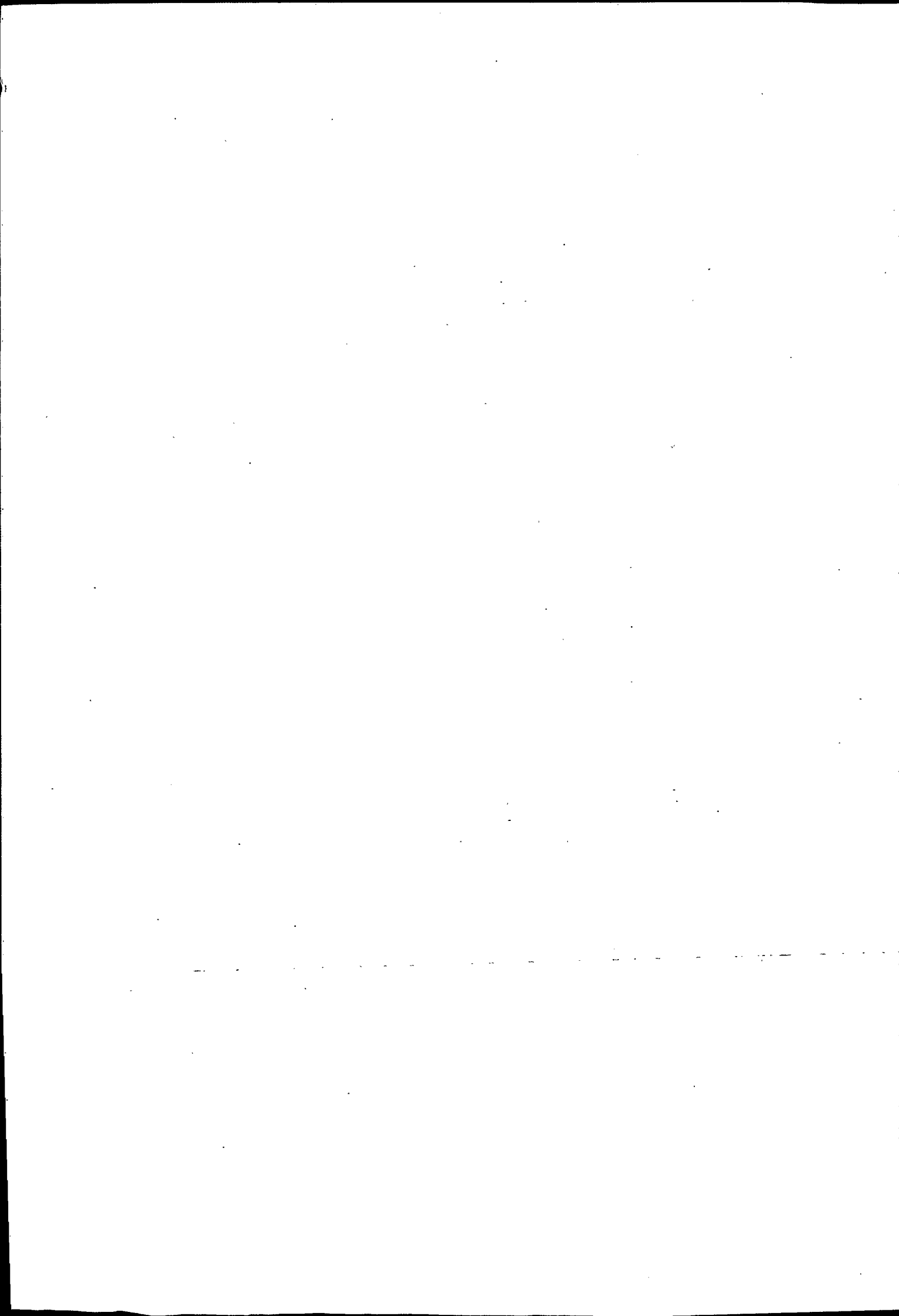


Review Body
on Top Salaries

REPORT No. 25

**Tenth Report
on Top Salaries**

Chairman: The Rt. Hon. Lord Plowden, KCB, KBE





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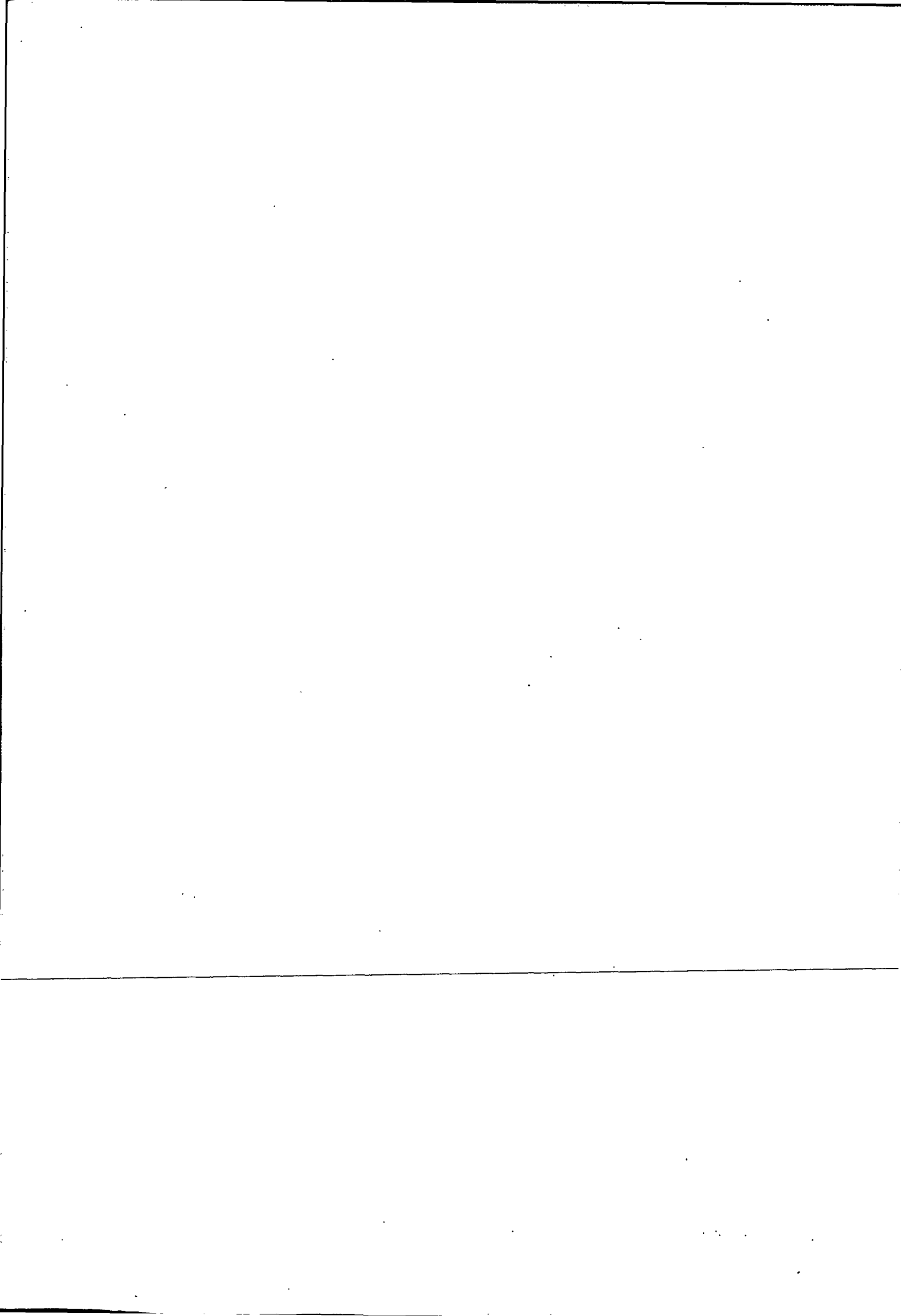
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Presented to Parliament by the Prime Minister
by Command of Her Majesty
April 1987

LONDON
HER MAJESTY'S STATIONERY OFFICE
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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.

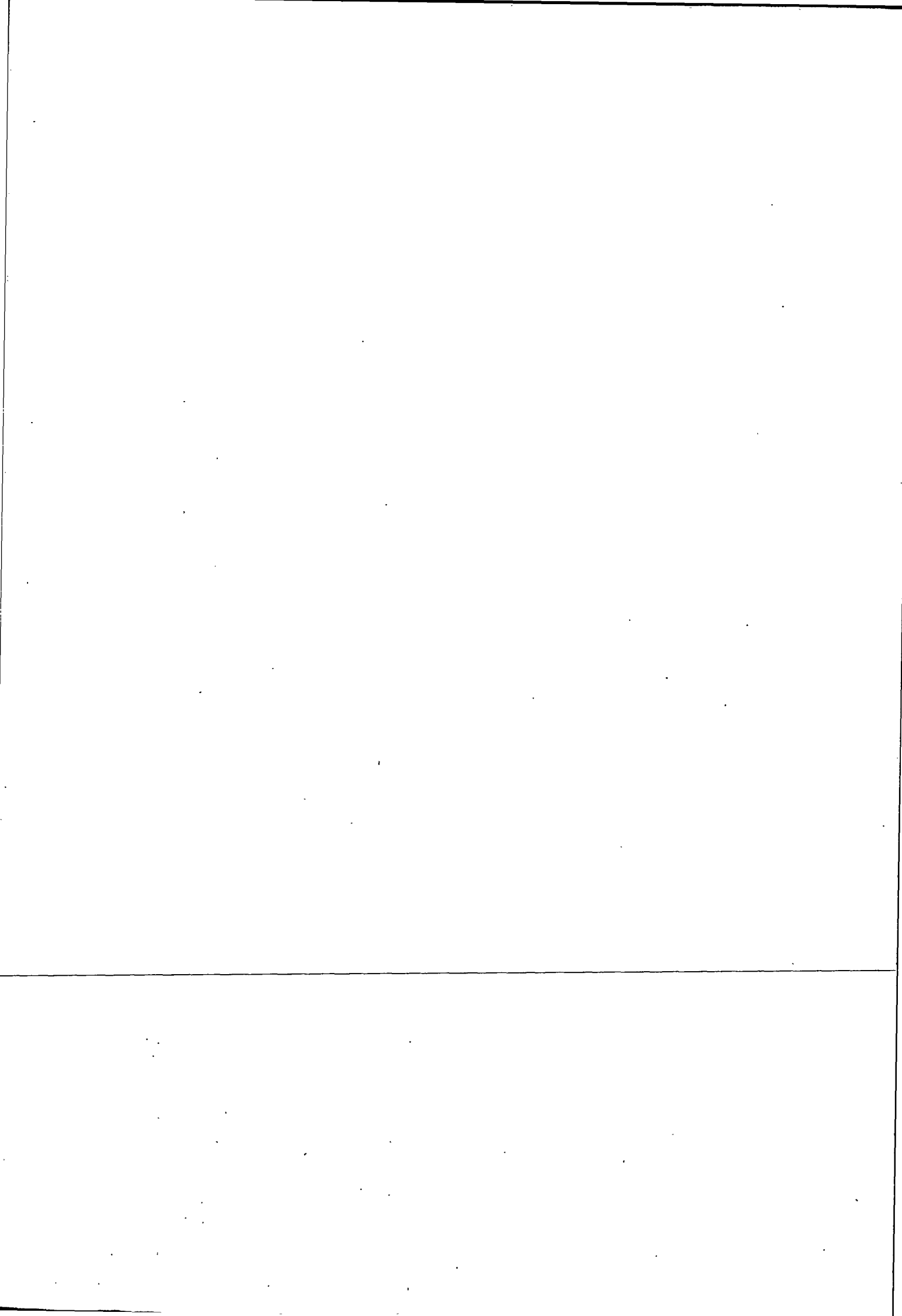
The members of the Review Body are:

Lord Plowden, KCB, KBE, *Chairman*
Sir Harold Atcherley
Derek Birkin, TD¹
Lord Chorley
Sir Robin Ibbs
Sir Peter Matthews, AO²
Andrew Morritt, QC
Jeremy Pope, OBE¹
Sir Thomas Skyrme, KCVO, CB, CBE, TD

The Secretariat is provided by the Office of Manpower Economics.

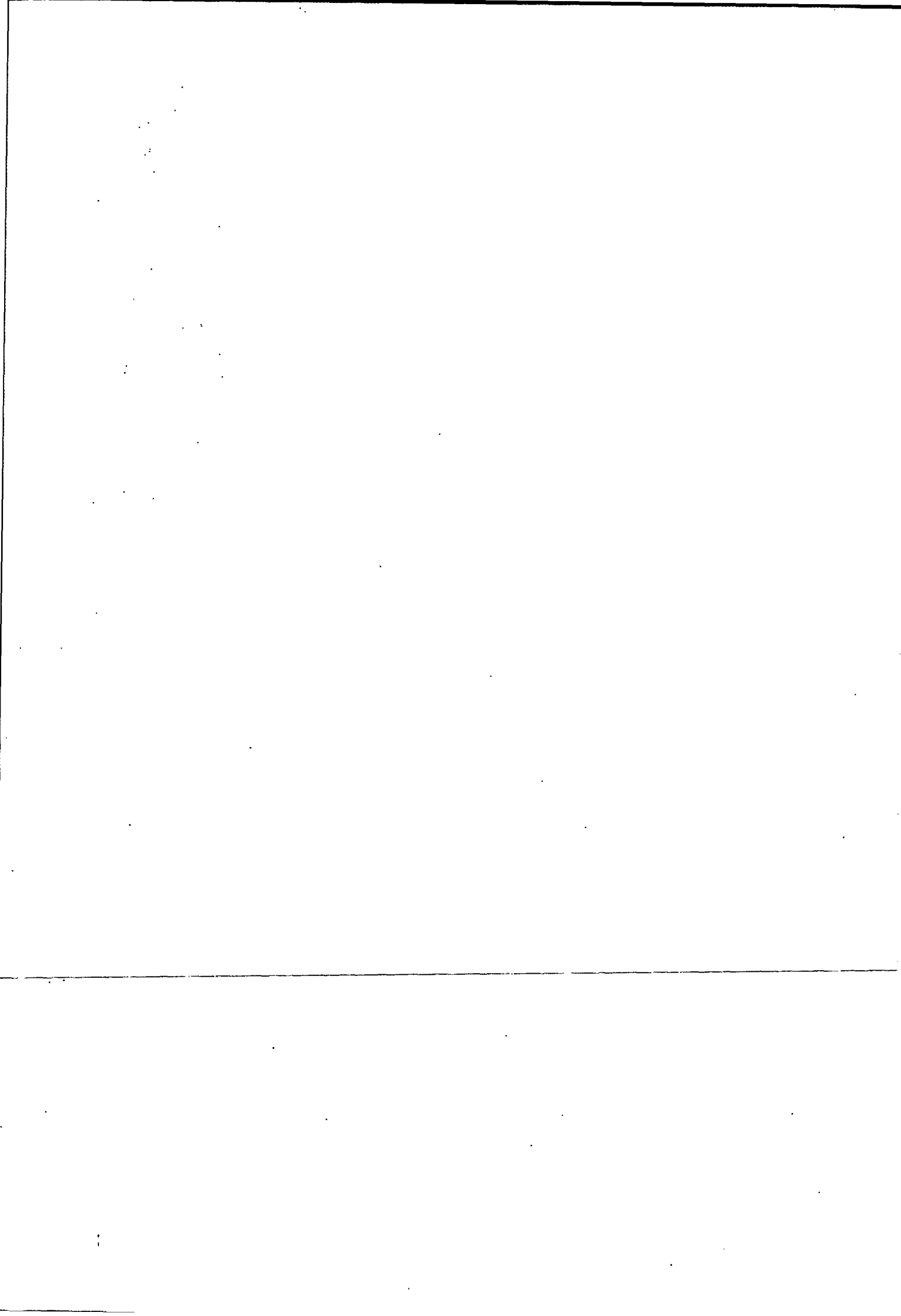
¹ Derek Birkin and Jeremy Pope were appointed to the Review Body by the Prime Minister in December 1986.

² Also Chairman of the Review Body on Armed Forces Pay.



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Chapter 1

Introduction

1. Our last comprehensive review (Report No. 22) of salary structures and levels for the groups in our remit was completed in 1985. We found that their salaries had fallen behind to a substantial degree; and that this called into question the ability of the civil service, the armed forces and the judiciary to continue to ensure a sufficient supply of individuals with the necessary abilities. We concluded that some catching-up was required. We also reached the view that the salary structure for the judiciary needed to be simplified; and that the pay of senior civil servants needed to be related more closely to performance.
2. In the light of these findings we recommended new salary structures and levels which we considered to be appropriate as at 1 April 1985. They included discretionary pay ranges for Grade 2s (Deputy Secretaries) and Grade 3s (Under Secretaries) in the civil service, which we recommended should be used to reward sustained outstanding performance. We appreciated that it would take time for the civil service to prepare such a scheme. We thus envisaged that the discretionary pay ranges we had proposed should be brought into operation by April 1986.
3. The Government accepted most of our recommendations. However, they decided to postpone the increases we had regarded as appropriate for April 1985; and to implement them in two stages, from 1 July 1985 and 1 March 1986. Nor did the Government immediately accept our recommendation for the introduction of discretionary pay ranges. They said that they wished to consider the matter further.
4. Against this background our main aims in 1986 (Report No. 23) were to bring the newly established levels up to date; and to continue to urge the Government to introduce discretionary pay ranges for civil servants in Grades 2 and 3.
5. The range of increases for comparable groups outside was wide. Some of these increases were related to the much improved profitability of particular companies. In view of this spread, and of the probable reasons for it, we considered that salary increases for our groups in 1986 should be near the lower quartile of outside pay movements. In reaching this judgment we took due account of wider economic considerations. We also had very much in mind that increases of this order would at the very least maintain the purchasing power of our 1985 recommendations.
6. Accordingly we recommended increases which we estimated would add some 6½ per cent to the paybill of our groups. We saw these proposed increases as relatively modest and thus attached importance to their implementation in full from 1 April. We also continued to press the Government to introduce discretionary range pay.
7. In the event, the Government decided to scale down our recommendations to an average of 4 per cent, and to postpone their implementation until 1 July 1986. Their stated aim was to keep the effective increase in 1986-87 broadly in line with the rate of inflation which at the time stood at about 3 per cent. The Government also said that they had decided in principle to go ahead with the introduction of discretionary pay ranges for Grades 2 and 3 in the civil service as part of their arrangements for strengthening the link between pay and performance at these levels.

8. We regretted the Government decision to cut back our 1986 recommendations and to postpone their implementation. However we were pleased to learn that our case for relating pay more directly to performance had been accepted. We have since been given details of the Government's proposed scheme, which broadly accords with our own approach, to achieve this objective; and we look forward to its implementation in the coming year.

Chapter 2

Approach and inquiries

Approach 9. Last year we referred in our report to the factors taken into account in the previous year's comprehensive review. It may be useful to do so again. 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 of Report No. 22, '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'.

10. As we have explained, one of our main aims last year was to bring salary levels up to date. Our starting point was the same this year. Accordingly we set in hand similar inquiries to those undertaken last year.

Inquiries 11. *Evidence.* Evidence was sought from the Treasury, whose response incorporated the views of the Management and Personnel Office as well as the Government's general views on the considerations they felt we should bear in mind in framing our recommendations; the Head of the Civil Service and Secretary of the Cabinet; the Civil Service Commissioners; the Ministry of Defence and the Chief of Defence Staff; the Lord Chancellor, 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.

12. *Surveys.* As in previous years, we asked the Office of Manpower Economics (OME) to carry out a survey of direct remuneration, that is to say salaries and other forms of cash remuneration, at senior levels in the private sector. The results are set out in Appendix B. Neither this year nor last year have we sought fresh information on private sector fringe benefits or pension arrangements. This will be obtained for our next comprehensive review. Table 1 on page 4, derived from the OME survey, shows changes in the mean levels of direct remuneration between 1 October 1985 and 1 October 1986 for senior private sector posts at levels of responsibility broadly comparable to the groups within our remit.

13. The average increase over the twelve months period of the survey for all the posts covered was 11.6 per cent in all forms of direct remuneration, and 9.7 per cent in salaries alone. These average figures conceal wide variations. The interquartile range of increases in direct remuneration spread from 6.4 per cent at the lower quartile to 15.0 per cent at the upper quartile. Increases in salaries alone ranged from 6.4 per cent at the lower quartile to 11.9 per cent at the upper quartile.

Table 1 Percentage increases in mean salary and mean salary plus bonus, commission and profit-sharing between 1 October 1985 and 1 October 1986 for senior posts in large companies.

| Level of post | Non-financial sector: turnover (£ million) | | | | | | Financial sector | |
|--|--|---|-------------------------|---|-------------------------|---|-------------------------|---|
| | 410 but under 845 | | 845 but under 1,660 | | 1,660 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 | 10.9 | 10.0 | 9.6 | 8.7 | 17.4 | 18.0 | 11.5 | 12.3 |
| Main Board members (other than Chief or Deputy Chief Executives) | 9.8 | 10.0 | 12.9 | 15.0 | 13.2 | 12.5 | 12.0 | 13.0 |
| Senior executives, heads of function | 9.4 | 9.3 | 9.9 | 10.6 | 11.0 | 11.8 | 10.6 | 12.6 |

Source: OME.

14. To supplement the OME survey, we also sought information on outside pay movements at senior levels from other published surveys and from Hay Management Consultants Limited, who had assisted us with pay comparisons based on job evaluation for Report No. 22. The consultants provided tables showing the pay at 1 October 1986 for jobs with a weight equivalent to an earlier assessment of posts for senior civil servants and senior officers in the armed forces. The percentage increases in average pay at these levels between 1 October 1985 and 1 October 1986 derived from the Hay/CBI Top Job Rewards Survey are shown in Table 2 below.

Table 2 Percentage increases in mean salary and mean total direct remuneration between 1 October 1985 and 1 October 1986

| Jobs equal in weight to: | Increase in mean pay: all organisations | | Increase in mean pay: all private sector non-financial organisations | |
|-----------------------------|--|---------------------------|--|---------------------------|
| | Salary | Total direct remuneration | Salary | Total direct remuneration |
| | % | % | % | % |
| Grade 3/Major Generals | 13.5 | 14.8 | 12.3 | 12.9 |
| Grade 2/Lieutenant Generals | 11.7 | 11.4 | 11.9 | 11.6 |
| Grade 1A | 12.4 | 11.8 | 13.0 | 11.9 |
| Grade 1/Generals | 15.5 | 13.9 | 17.4 | 14.5 |

Source: Hay/CBI Top Job Rewards Survey (revised basis from Report No. 23).

15. When considering Table 2, we have kept in mind that it is more than two years since the consultants made their assessment to identify the jobs of equivalent weight in the private and public sectors. Other and more general considerations are discussed in Chapter 4.

16. We have also taken account of indicators of how pay and earnings have moved in the economy as a whole. The level of pay settlements in the current round is of the order of 4–6 per cent. The Index of Average Earnings has been increasing at an underlying annual rate of about 7½ per cent since the middle of 1984. We are also aware that the Government have made an offer, which they describe as final, to other non-industrial civil servants which is estimated to cost about 5 per cent on the paybill.

17. **Other Considerations.** The increase in pay and earnings for other groups is only one of the factors that we need to take into account. Manning considerations also 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. We have noted, as we did last year, continuing signs of significant losses of very able young civil servants who might expect promotion to the higher civil service later in their careers. Our attention has been drawn to recent losses from the Treasury although, with the small total numbers involved, the figures for a single year should be interpreted with caution. As to the judiciary, the main area of recruitment difficulty is still the Circuit Bench.

18. We have also continued to have regard to the wider economic context including the impact of our recommendations on public sector pay negotiations, on public expenditure, and on the competitiveness of the economy generally. We have been mindful of the Government's decision last year to pay close regard to the movement in the Retail Price Index when they scaled down our recommendations. The annual rate of increase in the Index was 3.9 per cent in February 1987, the most recent date for which a figure is available to us. Meanwhile, the Council of Civil Service Unions have urged in their published evidence to us that the salary levels established in 1985 should not be allowed to fall behind outside pay and earnings movements at senior levels. The need should be avoided, they say, for a substantial catching-up increase at the time of the next comprehensive review. In the next Chapter we deal with more detailed issues, before returning to this fundamental question in our final Chapter.

Chapter 3

Particular issues

19. In our last comprehensive review we made recommendations or raised questions concerning the pay structures of all three groups within our remit. In this Chapter we review developments and consider the issues outstanding, taking each group in turn.

Senior civil servants

20. Our 1985 recommendations for senior civil servants were intended to form an integrated package in which the introduction of discretionary pay ranges, for Grades 2 and 3, was a crucial element. As we have said in the introductory Chapter to this report, we were pleased to learn last year that the Government had accepted in principle our recommendations for discretionary pay; and to see that the Government's proposed scheme closely accords with what we had in mind. We are encouraged to learn that the first discretionary payments are likely to be implemented during the course of 1987-88. We accept that the detailed arrangements for the introduction of the scheme are primarily a matter for management. We do not, therefore, intend to comment, at least at this early stage, on most aspects of the Government's proposals. In the longer run we shall of course need to take a close interest in the extent to which the scheme achieves its objectives.

21. There is however one aspect of the proposed scheme which clearly falls within our remit and on which we are bound to comment. This relates to the size of the discretionary increments. When we recommended discretionary pay ranges in 1985 we saw them as necessary in order to create a more flexible remuneration structure. By placing greater emphasis on personal performance, our recommendations sought not only to develop individual potential, but at the same time to provide opportunities for the more able, if their performance consistently justified it, to attain improved pay levels. The scope for doing this is necessarily restricted. The discretionary ranges should therefore provide the maximum financial incentive consistent with the overall pay structure for the higher civil service.

22. When the Government reduced the increases which we recommended last year, the discretionary increments were reduced more sharply than the normal increments. We understand that two main considerations lay behind this move. First, whereas we had aligned the top discretionary increments for Grade 3s, with the 'on promotion' salary for Grade 2s, the Government wished to leave elbow room to provide a promotion increase. Second, there was seen to be a need to fit the discretionary range points with the existing Higher and Lower Unified Pay Points.

23. We are not convinced by these arguments. We appreciated the need for promotion increases; and indeed draw attention to this point in Report No. 22. But relatively few Grade 3s will be placed on the top discretionary increment; and on those occasions when Grade 3s on this increment are promoted to Grade 2 it would in our view be reasonable for them to be assimilated to the second point on their new salary scale. This would be consistent with practice at lower levels in the civil service. Nor do we see the existing Higher and Lower Unified Intermediate Pay Points as a major obstacle to stretching the discretionary ranges as far as possible. We understand that these Pay Points are to be incorporated into the new structure; and we see no reason why the few individuals concerned cannot be satisfactorily assimilated to it without restricting the scope for discretionary increments.

24. We are therefore firmly of the view that the discretionary increments, which will begin to be used for the first time this year, should be increased by rather more than the normal increments. This is reflected in our recommendations in the next Chapter.

25. The Council of Civil Service Unions put evidence to us on discretionary pay and they expressed concern about the additional scaling down of the discretionary increments last year. More generally, we have noted the Council's reservations about aspects of the Government's proposals, and also reports that the experimental bonus scheme which extends up to the Grade 3 level has not been well received by a majority of staff. Nothing we have heard, however, has led us to believe that there are fundamental objections to a more flexible system of pay which is responsive to managerial needs and individual performance.

26. We were encouraged to learn of the provisional agreement reached in March this year between the Government and the Institution of Professional Civil Servants for determining the pay of the grades which the Institution represent. The pay 'spans' for particular groups will be divided into normal scales and discretionary ranges to reward outstanding or specially deserving performance. This closely parallels the range pay proposals for Grades 2 and 3.

Senior officers in the armed forces

27. In Report No. 22 we recommended that, in parallel with the detailed consideration of our proposals for discretionary pay ranges for Grades 2 and 3 in the civil service, armed forces' management should consider whether similar arrangements 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.

28. The views of armed forces' management remain unchanged. They attach great importance to the link with civil service salaries, especially for Major Generals. At this level, they see the link with the normally attainable maximum for Grade 3s in the civil service as a necessary means to promote sound working relations when officers and civil servants are employed together on jobs of similar weight. We were told that any divergence from parity of pay levels could lead to a risk of loss of esteem and undermining of mutual confidence. As to discretionary range pay, armed forces' management consider that it would be inappropriate to the career pattern of two star officers and above who will usually serve for only relatively short periods at any one rank. We accept these arguments for the present, but as experience grows of discretionary range pay in the civil service we may wish to return to the matter.

29. 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 differential at that time was widely considered to be inadequate and detrimental to retention, and in 1985 a wider differential was established.

30. Last year the combined effect of the Review Bodies' recommendations and decisions by the Government reduced it again significantly. Both we and armed forces' management continue to attach importance to a realistic differential at this point in the structure. This is an issue which we will need to look at again in our next comprehensive review. For the moment we note that armed forces' management attach greater importance to maintaining parity between two star officers and Grade 3s in the civil service than to restoring a wider differential.

The judiciary

31. In Report No. 22 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 structure gave rise to certain representations which we considered last year. Further representations were received this year from six groups who considered that they

should be in a higher position in the judicial salary structure. They were the Chairmen of Industrial Tribunals; the Registrars of the Family Division of the High Court; the County Court Registrars and District Registrars of the High Court; the Vice-Presidents of the Immigration Appeal Tribunal; the County Court Judges in Northern Ireland; and the Resident Magistrates in Northern Ireland. All of these groups are in the lowest tier of the judicial salary structure with the exception of the County Court Judges in Northern Ireland who are in the next tier.

32. We have carefully considered all the representations which we have received, and we have taken advice from our sub-committee. Our starting point remained that the judicial salary structure which we recommended 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. We have found no compelling reasons to recommend any changes within the existing salary structure. We know that this will be a disappointment to the groups concerned. But, the sub-committee expect to begin work shortly on a thorough examination of the judicial salary structure and the position of all the groups within it. This would need to look at the position of Circuit Judges where there continue to be recruitment problems despite the marked improvement in their position in the structure introduced in 1985. Non-pay factors may also perhaps be a cause. Additionally, we are advised that there may be emerging difficulties over recruitment to the High Court Bench. The timing of this work will be affected by our decision about the date for the next comprehensive review which we discuss in the next Chapter.

Chapter 4

Recommendations

33. This year we have found the task of evaluating the adjustment needed for the groups in our remit peculiarly difficult. There is no doubt that since our comprehensive review in 1985, the salaries of the outside groups broadly analogous to our groups have risen by about 11 per cent a year or more, excluding profit related bonus payments, and that differentials between them and other employees have widened. On the one hand there must be a serious concern that if our groups fall too far behind, recruitment and retention difficulties will damage the supply of the most able people who aspire to these appointments, and morale will also suffer. On the other hand we have serious doubts as to the extent to which the rise in earnings for outside groups should influence our judgment.

34. Over the last two years, some increases for senior managers in the private sector, even excluding profit-related bonuses, have been the result of improved profitability of particular companies. In addition, many senior managers increased their earnings by improving their personal performance and achievements, as schemes providing for this became more prevalent; this has the effect of raising the average level of remuneration. Takeovers and mergers may well have led to higher earnings for some senior staff who have taken on more highly rated jobs in the enlarged companies. Others who have lost their jobs, either through takeovers or poor performance, will have dropped out of the statistics. Again the overall effect would be to raise the average. The increasingly international market, with its higher rewards, in which many businessmen work is another relevant factor. Increased employment and higher salaries in the financial sector have been a further feature, but there is some evidence that the exceptional buoyancy there may be reducing. For all the outside groups a fundamental question is whether the increases of the last two years are a permanent feature or whether there will be some shake out.

35. In contrast, during the same period, the situation for the senior public servants in our remit has been relatively stable. We have not found evidence of change on a comparable scale to that in the private sector. Such a consideration argues against following outside movements too closely. Furthermore, our groups enjoy some positive advantages, such as job security which has become more hazardous at the top in the private sector.

36. An analysis on these lines must lead to our being cautious about the size of increase it is appropriate to recommend this year. Some of the data is uncertain and the extent to which many of the factors may be significant is no more than speculation. There are also indications that recruitment, and more particularly the retention, of outstandingly able younger staff in the civil service may be less than satisfactory. There seem to have been significant recent losses in some departments that give cause for concern and it is unclear whether these are likely to continue. We should like to look at this more closely as senior civil servants have necessarily in the main to be drawn from this pool of talent; the salary prospects at the top may be a factor causing able younger people to leave. In addition there is evidence of continuing difficulty over the recruitment of Circuit Judges, which may relate in part to pay, and of emerging difficulty over the recruitment of High Court Judges.

37. Finally, although we believe that many of the changes in the private sector have little direct bearing on the position of the groups in our remit, there are some new factors that will shortly need special consideration. Performance related pay is likely to be introduced for Grades 2 and 3 in the civil service in the next few months.

This is a major innovation. Whilst the new simplified salary structure for the judiciary has generally established itself, some members of the judiciary have expressed reservations over gradings and differentials. In the armed forces the relatively small differential between one star and two star officers continues to give us concern.

38. The nature of many of the factors which give us concern, is such that we cannot adequately investigate them in the course of an updating review. We believe there is a growing need for us to look at them in depth as soon as we can. We have therefore decided that our next comprehensive review, which we had planned for 1988-89, should be brought forward to the coming year. Meanwhile we believe that it is important that the purchasing power of the earnings of the groups within our remit should be fully protected. We are therefore making recommendations which we judge will achieve this. We estimate that these will add some 4.8 per cent to the existing paybill. This estimate excludes any cost arising from the introduction of performance related pay as we do not yet know how many staff will be affected or from what date they will be paid discretionary increments.

39. We recommend the following levels of salary at 1 April 1987. We attach great importance to their implementation in full from the due date.

| | <i>Salaries currently in payment¹</i> £ | <i>Recommended 1 April 1987 salaries²</i> £ | <i>Numbers in post at the latest available date³</i> |
|---|---|---|---|
| a. Senior grades of the higher civil service | | | |
| Head of the Civil Service (and Secretary of the Cabinet ⁴) | 77,400 | 81,000 | 1 |
| Permanent Secretary of the Treasury Secretary of the Cabinet ⁵ | 72,400 | 75,750 | 1 |
| Permanent Secretary | 62,100 | 65,000 | 24 |
| Second Permanent Secretary | 56,800 | 59,500 | 10 |
| Grade 2 (Deputy Secretary): | | | 124 |
| on promotion | 41,500 | 43,500 | |
| after 1 year's service in the grade (normally attainable maximum) | 43,500 | 45,500 | |
| discretionary | 45,500 | 48,000 | |
| | 47,825 | 51,000 | |
| | 50,150 | 54,000 | |
| Grade 3 (Under Secretary): | | | 469 |
| on promotion | 32,350 | 34,000 | |
| after 1 year's service in the grade | 33,850 | 35,500 | |
| after 2 years' service in the grade (normally attainable maximum) | 35,350 | 37,000 | |
| discretionary | 36,850 | 39,000 | |
| | 38,425 | 41,000 | |
| | 40,000 | 43,000 | |
| b. Senior officers of the armed forces | | | |
| Admiral of the Fleet Field Marshal Marshal of the Royal Air Force | 77,400 | 81,000 ⁶ | 1 |
| Admiral General | 62,100 | 65,000 | 21 |
| Air Chief Marshal | | | |
| Vice-Admiral Lieutenant General Air Marshal | 43,500 | 45,500 | 31 |
| Rear Admiral Major General Air Vice-Marshal | 35,350 | 37,000 | 150 |
| c. The judiciary | | | |
| Lord Chief Justice | 77,400 | 81,000 | 1 |
| Lords of Appeal Master of the Rolls Lord President of the Court of Session Lord Chief Justice (Northern Ireland) | 71,400 | 74,750 | 12 |

| | <i>Salaries currently in payment £</i> | <i>Recommended 1 April 1987 salaries £</i> | <i>Numbers in post at the latest available date</i> |
|--|--|--|---|
| Lord Justice Clerk Lords Justices of Appeal Lords Justices of Appeal (Northern Ireland) President of the Family Division Vice-Chancellor | 68,400 | 71,750 | 28 |
| High Court Judges Judges of the Court of Session Puisne Judges (Northern Ireland) | 62,100 | 65,000 | 106 |
| Chairman, Scottish Land Court and President, Lands Tribunal (Scotland) ⁷ 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 Compen- sation Board Presidents, Lands Tribunals (England and Wales and Northern Ireland) | 46,000 | 48,250 | 30 |
| 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) | 41,500 | 43,500 | 529 |

| | <i>Salaries currently in payment £</i> | <i>Recommended 1 April 1987 salaries £</i> | <i>Numbers in post at the latest available date</i> |
|---|--|--|---|
| Chairmen, Industrial Tribunals (England and Wales, Scotland and Northern Ireland) | 31,850 | 33,500 | 404 |
| 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 | | | |

PLOWDEN
 HAROLD ATCHERLEY
 DEREK BIRKIN
 CHORLEY
 ROBIN IBBS
 PETER MATTHEWS
 ANDREW MORRITT
 JEREMY POPE
 THOMAS SKYRME

OFFICE OF MANPOWER ECONOMICS
 3 April 1987

¹Salaries relate to posts in the United Kingdom (excluding the Northern Ireland Civil Service). Discretionary increments for Grades 2 and 3 in the civil service are not currently in payment.

²The additional cost to the paybill quoted in paragraph 38 takes no account of Earnings Related National Insurance Contributions or of the cost to the Government of pensions.

³1 October 1986 for the civil service and 31 December 1986 for the armed forces and the judiciary. Civil servants on ad hominem rates, secondment terms or Higher or Lower Unified Intermediate Pay Points are excluded.

⁴At present a combined post – see footnote⁵.

⁵Paid at this level if not also Head of the Civil Service.

⁶Only one officer holds an appointment at this level at any one time as Chief of the Defence Staff.

⁷When both appointments are held by one person.

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.
- No. 23: Ninth Report on Top Salaries—Cmnd. 9785, May 1986.

Appendix B

Survey of top salaries in the private sector, 1985-86

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

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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.

Description of the Survey

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 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 1985 and 1 October 1986. 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 sector² 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 32 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 £845 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 1986.

Response

4. A response rate of 81 per cent was obtained, slightly less than the 84 per cent response achieved in 1985. Table A shows the number of companies and the response rate in each stratum.

Table A Organisations' response to the survey

| Sector | Number in 'Times 1,000' | Number selected | Providing replies | | |
|----------------------|-------------------------|-----------------|-------------------|------------------------------------|-------------|
| | | | Number | As a percentage of number selected | Number used |
| | No. | No. | No. | % | No. |
| Non-financial | | | | | |
| Turnover (£ million) | | | | | |
| 1,660 and over | 62 | 26 | 23 | 88.5 | 22 |
| 845 but under 1,660 | 61 | 27 | 23 | 85.2 | 22 |
| 410 but under 845 | 87 | 31 | 28 | 90.3 | 26 |
| 187 but under 410 | 138 | 30 | 23 | 76.7 | 26 |
| 84 but under 187 | 282 | 26 | 16 | 61.5 | 12 |
| 43 but under 84 | 370 | 33 | 23 | 69.7 | 24 |
| All non-financial | 1,000 | 173 | 136 | 78.6 | 132 |
| Financial | NA | 27 | 26 | 96.3 | 26 |
| Total | NA | 200 | 162 | 81.0 | 158 |

Seven companies gave information for a subsidiary in a lower size band, two of which had a turnover of less than £43 million. Because of organisational changes replies from two companies were not used.

¹This survey was the twelfth 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.

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

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 4.

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

Movements in pay 7. The survey showed a 9.7 per cent increase, between October 1985 and October 1986, in mean basic salary for all posts covered by the survey and a 11.6 per cent increase in mean salary plus bonus etc. These figures indicate much the same percentage increase in mean basic salary as in the last three surveys but a bigger increase than last year's in mean salary plus bonus. Individual salary increases ranged from 6.4 per cent at the lower quartile, for both basic salary and total pay, to 11.9 per cent at the upper quartile for basic salary and 15.0 per cent including bonuses.

8. As in last year's survey, the increases in both basic salary and total pay tended to be higher at Board level than below for the non-financial sector, but not for financial companies. Over all posts in the non-financial sector, bonuses on average added 8.6 per cent to mean basic salary in October 1986, compared with 6.7 per cent in October 1985. Bonuses for Chief Executives were markedly higher than the overall average in both years, even after discounting the exceptional results for one company size-band (see Table 4). The mean bonus for other Board members also represented a higher proportion of pay than for senior executives although between 1985 and 1986 there was some narrowing of the gap. As in previous surveys, bonuses tended to account for a smaller share of the total remuneration in financial companies. On average, bonuses added 3.2 per cent to mean salary in October 1985 rising to 4.5 per cent—half the figure for non-financial companies in the survey—in October 1986.

9. Table 2 shows the percentage increases in mean salary and mean total cash by range of 1985 remuneration irrespective of executive grade and company size. For basic salary, most of the percentage increases are fairly closely grouped about the overall increase. When bonuses are included, there is much more variation but with no particular pattern.

10. Increases in mean salaries conceal a wide range of increases in individual salaries. The distribution of individual percentage increases is shown in Table 3. The median increase in base salary alone was lower, and the inter-quartile range narrower, than was the case for total remuneration. The deciles show a more noticeable narrowing of the range when bonus payments are excluded, reflecting the wide variation in the latter at the extremes of the distribution.

Comparison with previous years' results 11. For all posts covered by the survey, the percentage increase in mean basic salary was very similar to that recorded by the previous three surveys. Bonuses, however, which had shown on average a slight fall in the previous-year's survey, rose between October 1985 and October 1986 with the result that average total pay showed as big an increase as in 1984, as Table B shows.

Table B

| | Percentage increases in: | |
|--------------------|--------------------------|------------------------------|
| | Mean salary | Mean salary plus bonus, etc. |
| October to October | | |
| 1982 to 1983 | 9.4 | 10.7 |
| 1983 to 1984 | 9.9 | 11.5 |
| 1984 to 1985 | 9.5 | 9.2 |
| 1985 to 1986 | 9.7 | 11.6 |

Date of last increase in salary

12. Table 5 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 1985. For the rest, it will be seen that salary reviews tend to occur mainly in one of four months of the year. January and April each accounted for a quarter and July and October together for another quarter of all increases. A similar pattern has been recorded in earlier surveys.

Levels of pay

13. Table 6 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.

Consistency with the previous survey

14. Both the present survey and its predecessor asked for information about pay at 1 October 1985; 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 1985 and 1986 in the present report are based on data for the two years taken from the latest survey). Table C 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 for Deputy Chief Executive level, and 'Others'. In both cases the numbers in the sample were small. These and the other differences shown may have been caused by a combination of the following factors:

- (i) The selection of new companies and the selection by respondents of different posts within companies included in both surveys.
- (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 C Comparison of mean salary plus bonus and profit-sharing at 1 October 1985 as shown (A) by the previous survey and (B) by the current survey

| | Number of posts in sample | | Mean salary plus bonus etc. 1 October 1985 | | Percentage difference. |
|---|---------------------------|--------------------|--|--------------------|------------------------|
| | (A) Previous survey | (B) Current survey | (A) Previous survey | (B) Current survey | |
| | No. | No. | £000 | £000 | % |
| Main Board members | | | | | |
| Chief Executives | | | | | |
| Non-financial | 110 | 114 | 77.6 | 73.8 | -4.9 |
| Financial | 24 | 22 | 90.7 | 90.3 | -0.4 |
| Deputy Chief Executives | | | | | |
| Non-financial | 33 | 18 | 62.1 | 69.2 | 11.4 |
| Financial | 8 | 7 | 87.8 | 84.6 | -3.6 |
| Other main Board members | | | | | |
| Non-financial | 473 | 482 | 47.1 | 47.2 | 0.2 |
| Financial | 56 | 64 | 63.7 | 61.2 | -3.9 |
| Senior executives reporting to Board members | | | | | |
| Heads of function | | | | | |
| Non-financial | 982 | 897 | 29.9 | 30.7 | 2.7 |
| Financial | 177 | 182 | 46.3 | 46.4 | 0.2 |
| Others | | | | | |
| Non-financial | 266 | 281 | 28.8 | 30.5 | 5.9 |
| Financial | 9 | 16 | 40.1 | 44.5 | 11.0 |

Table 1 Response and coverage of survey

| Sector | Number of organisations in 'Times 1000' | Questionnaires despatched | Replies used ^a | Members of main Board | | | | | | | | Senior executives | | | | | Others ^b | Total | |
|-----------------------------|---|---------------------------|---------------------------|------------------------------|-------------------------------------|-----------------|-------------------------------|--|------------------------|--------------------------------------|--------------------------|-------------------------|--------------------------|-------|---------------------------|---------------------------|---------------------|-------|---|
| | | | | Chairman and Chief Executive | Deputy Chairman and Chief Executive | Chief Executive | All Chief Executives on Board | Deputy Chairman and Deputy Chief Executive | Deputy Chief Executive | All Deputy Chief Executives on Board | Other main Board members | Reporting to main Board | | | Reporting to those in (A) | Reporting to those in (B) | | | Reporting to those in either (A) or (B) |
| | | | | | | | | | | | | Head of function (A) | Not head of function (B) | Total | | | | | |
| Non-financial Turnover (£m) | | | | | | | | | | | | | | | | | | | |
| 1,660 and over | 62 | 26 | 22 | 10 | 2 | 5 | 17 | 1 | 3 | 4 | 94 | 162 | 40 | 202 | 91 | 17 | 108 | 27 | 452 |
| 845 but under 1,660 | 61 | 27 | 22 | 12 | - | 5 | 17 | - | 2 | 2 | 93 | 159 | 46 | 205 | 61 | 11 | 72 | 27 | 416 |
| 410 but under 845 | 87 | 31 | 26 | 10 | 3 | 12 | 25 | 2 | 2 | 4 | 87 | 185 | 77 | 262 | } c | c | } c | 16 | 394 |
| 187 but under 410 | 138 | 30 | 26 | 7 | 1 | 16 | 24 | 1 | 4 | 5 | 102 | 160 | 54 | 214 | | | | 8 | 353 |
| 84 but under 187 | 282 | 26 | 12 | 3 | - | 8 | 11 | - | 1 | 1 | 37 | 75 | 20 | 95 | | | | 3 | 147 |
| 43 but under 84 | 370 | 33 | 24 | 5 | 1 | 14 | 20 | - | 2 | 2 | 69 | 156 | 44 | 200 | | | | 12 | 303 |
| All non-financial | 1,000 | 173 | 132 | 47 | 7 | 60 | 114 | 4 | 14 | 18 | 482 | 897 | 281 | 1,178 | 152 | 28 | 180 | 93 | 2,065 |
| Financial | NA | 27 | 26 | 1 | - | 21 | 22 | 1 | 6 | 7 | 64 | 182 | 16 | 198 | 170 | 8 | 178 | 23 | 492 |
| Total | NA | 200 | 158 | 48 | 7 | 81 | 136 | 5 | 20 | 25 | 546 | 1,079 | 297 | 1,376 | 322 | 36 | 358 | 116 | 2,557 |

^aSeven non-financial companies provided information for a subsidiary in a smaller size band, two of which had a turnover of less than £43 million.

^b'Others' contains the following posts: Chairman and Deputy Chairman 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.

^cInformation 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 1985 and 1 October 1986 by ranges of 1985 salary plus bonus, etc. (all posts).

| Range of 1985 salary plus bonus, etc. | Number of posts | | Mean salary | | | Mean salary plus bonus, etc. | | |
|---------------------------------------|-----------------|---------------|-------------|-------------|---------------------|------------------------------|-------------|---------------------|
| | Actually used | Scaled up | 1985 | 1986 | Percentage Increase | 1985 | 1986 | Percentage increase |
| | No. | No. | £000 | £000 | % | £000 | £000 | % |
| £140,000 and over | 26 | 71 | 148.7 | 168.1 | 13.1 | 173.6 | 184.5 | 6.3 |
| £120,000 — | 28 | 76 | 116.0 | 130.5 | 12.5 | 127.6 | 143.4 | 12.4 |
| £100,000 — | 52 | 160 | 95.2 | 106.0 | 11.4 | 108.0 | 119.6 | 10.8 |
| £90,000 — | 54 | 168 | 80.9 | 88.9 | 9.8 | 94.5 | 100.8 | 6.7 |
| £80,000 — | 71 | 267 | 70.8 | 77.4 | 9.3 | 85.0 | 93.5 | 9.9 |
| £70,000 — | 108 | 483 | 67.7 | 74.6 | 10.3 | 74.2 | 82.7 | 11.5 |
| £60,000 — | 177 | 832 | 58.2 | 63.7 | 9.4 | 63.8 | 74.4 | 16.5 |
| £50,000 — | 270 | 1,455 | 50.9 | 56.3 | 10.6 | 53.7 | 60.0 | 11.8 |
| £45,000 — | 188 | 1,668 | 44.6 | 49.3 | 10.7 | 47.2 | 52.4 | 11.1 |
| £40,000 — | 265 | 2,352 | 39.4 | 42.9 | 8.9 | 42.1 | 46.3 | 10.0 |
| £35,000 — | 293 | 2,683 | 35.1 | 37.9 | 8.0 | 37.2 | 40.9 | 10.0 |
| £30,000 — | 330 | 3,288 | 30.7 | 33.8 | 10.0 | 32.0 | 35.9 | 12.2 |
| £25,000 — | 304 | 4,169 | 25.9 | 28.3 | 9.5 | 27.3 | 30.2 | 10.4 |
| £22,500 — | 122 | 1,879 | 22.6 | 24.7 | 9.5 | 23.6 | 27.2 | 15.2 |
| £20,000 — | 137 | 1,732 | 20.6 | 22.7 | 9.8 | 21.1 | 23.7 | 12.5 |
| £17,500 — | 74 | 1,070 | 18.4 | 20.1 | 9.2 | 18.7 | 21.1 | 13.2 |
| £15,000 — | 44 | 605 | 16.2 | 17.8 | 10.0 | 16.3 | 19.5 | 19.3 |
| Under £15,000 | 14 | 296 | 13.0 | 14.7 | 12.7 | 13.2 | 16.8 | 27.4 |
| Total | 2,557 | 23,255 | 34.6 | 37.9 | 9.7 | 36.8 | 41.1 | 11.6 |

Table 3 Percentage increase in individual pay

| | Salary | Salary plus bonus, etc. |
|-------------------------|--------|-------------------------|
| Lower quartile increase | 6.4 | 6.4 |
| Median increase | 9.0 | 9.6 |
| Upper quartile increase | 11.9 | 15.0 |

Table 4 Percentage increase in mean salary and mean salary plus bonus, commission and profit-sharing between 1 October 1985 and 1 October 1986, 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 | 1985 | 1986 | Percentage increase | 1985 | 1986 | Percentage increase |
| | No. | No. | £000 | £000 | % | £000 | £000 | % |
| Main Board members | | | | | | | | |
| All Chief Executives on main Board | | | | | | | | |
| Non-financial | | | | | | | | |
| Turnover (£m) | | | | | | | | |
| 1,660 and over | 17 | 48 | 122.7 | 144.1 | 17.4 | 129.3 | 152.5 | 18.0 |
| 845 but under 1,660 | 17 | 47 | 111.5 | 122.1 | 9.6 | 120.0 | 130.4 | 8.7 |
| 410 but under 845 | 25 | 84 | 86.5 | 95.9 | 10.9 | 93.6 | 103.0 | 10.0 |
| 187 but under 410 | 24 | 127 | 68.6 | 76.2 | 11.1 | 78.0 | 87.2 | 11.7 |
| 84 but under 187 | 11 | 258 | 61.4 | 71.2 | 15.9 | 64.6 | 89.5 | 38.5 |
| 43 but under 84 | 20 | 308 | 52.2 | 56.5 | 8.4 | 58.7 | 65.2 | 11.1 |
| All non-financial | 114 | 873 | 67.7 | 75.9 | 12.1 | 73.8 | 87.5 | 18.6 |
| Financial | 22 | 22 | 88.2 | 98.3 | 11.5 | 90.3 | 101.4 | 12.3 |
| Total | 136 | 895 | 68.2 | 76.4 | 12.1 | 74.2 | 87.9 | 18.4 |
| All Deputy Chief Executives on main Board | | | | | | | | |
| Non-financial | | | | | | | | |
| Turnover (£m) | | | | | | | | |
| 1,660 and over | 4 | 11 | 132.1 | 163.5 | 23.8 | 132.1 | 163.5 | 23.8 |
| 845 but under 1,660 | 2 | 6 | 87.5 | 95.0 | 8.6 | 105.7 | 109.3 | 3.4 |
| 410 but under 845 | 4 | 13 | 101.5 | 112.9 | 11.3 | 105.1 | 123.6 | 17.6 |
| 187 but under 410 | 5 | 27 | 56.9 | 66.9 | 17.4 | 67.4 | 77.7 | 15.2 |
| 84 but under 187 | 1 | 24 | 42.0 | 46.0 | 9.5 | 45.0 | 49.0 | 8.9 |
| 43 but under 84 | 2 | 31 | 42.6 | 48.0 | 12.6 | 44.0 | 51.0 | 15.9 |
| All non-financial | 18 | 111 | 64.3 | 74.0 | 15.0 | 69.2 | 80.0 | 15.7 |
| Financial | 7 | 7 | 81.2 | 90.1 | 11.0 | 84.6 | 94.0 | 11.0 |
| Total | 25 | 118 | 65.3 | 74.9 | 14.7 | 70.1 | 80.9 | 15.3 |
| Other main Board members | | | | | | | | |
| Non-financial | | | | | | | | |
| Turnover (£m) | | | | | | | | |
| 1,660 and over | 94 | 265 | 76.5 | 86.5 | 13.2 | 83.5 | 93.9 | 12.5 |
| 845 but under 1,660 | 93 | 258 | 63.1 | 71.3 | 12.9 | 65.4 | 75.2 | 15.0 |
| 410 but under 845 | 87 | 291 | 54.1 | 59.4 | 9.8 | 58.4 | 64.2 | 10.0 |
| 187 but under 410 | 102 | 541 | 40.0 | 44.5 | 11.2 | 46.9 | 51.0 | 8.9 |
| 84 but under 187 | 37 | 870 | 38.7 | 42.9 | 11.1 | 39.8 | 46.6 | 17.1 |
| 43 but under 84 | 69 | 1,064 | 33.3 | 36.5 | 9.5 | 36.9 | 40.9 | 10.8 |
| All non-financial | 482 | 3,288 | 43.5 | 48.3 | 11.1 | 47.2 | 53.1 | 12.5 |
| Financial | 64 | 64 | 58.5 | 65.6 | 12.0 | 61.2 | 69.1 | 13.0 |
| Total | 546 | 3,352 | 43.8 | 48.6 | 11.1 | 47.5 | 53.4 | 12.5 |

Table 4 continued **Percentage increase in mean salary and mean salary plus bonus, commission and profit-sharing between 1 October 1985 and 1 October 1986, 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 | 1985 | 1986 | Percentage increase | 1985 | 1986 | Percentage increase |
| | No. | No. | £000 | £000 | % | £000 | £000 | % |
| Senior executives | 162 | 1,148 | 45.3 | 50.3 | 11.0 | 47.0 | 52.5 | 11.8 |
| (A) Heads of function reporting to main Board members | | | | | | | | |
| Non-financial | | | | | | | | |
| Turnover (£m) | | | | | | | | |
| 1,660 and over | | | | | | | | |
| 845 but under 1,660 | 159 | 876 | 36.5 | 40.1 | 9.9 | 39.4 | 43.6 | 10.6 |
| 410 but under 845 | 185 | 897 | 33.3 | 36.4 | 9.4 | 34.7 | 37.9 | 9.3 |
| 187 but under 410 | 160 | 1,327 | 27.5 | 30.2 | 9.8 | 29.5 | 33.3 | 13.0 |
| 84 but under 187 | 75 | 3,078 | 25.3 | 27.3 | 8.0 | 26.0 | 28.8 | 10.6 |
| 43 but under 84 | 156 | 3,438 | 24.5 | 26.3 | 7.3 | 26.7 | 28.9 | 8.4 |
| All non-financial | 897 | 10,764 | 29.0 | 31.6 | 8.9 | 30.7 | 33.9 | 10.3 |
| Financial | 182 | 259 | 45.2 | 50.0 | 10.6 | 46.4 | 52.3 | 12.6 |
| Total | 1,079 | 11,023 | 29.4 | 32.0 | 8.9 | 31.1 | 34.3 | 10.4 |
| (B) Others reporting to main Board members | 40 | 259 | 40.4 | 44.2 | 9.4 | 46.4 | 50.7 | 9.3 |
| Non-financial | | | | | | | | |
| Turnover (£m) | | | | | | | | |
| 1,660 and over | | | | | | | | |
| 845 but under 1,660 | 46 | 252 | 32.3 | 35.6 | 10.5 | 34.3 | 38.8 | 13.4 |
| 410 but under 845 | 77 | 599 | 37.6 | 40.2 | 7.0 | 38.9 | 42.6 | 9.5 |
| 187 but under 410 | 54 | 456 | 26.5 | 29.3 | 10.7 | 29.9 | 33.2 | 11.0 |
| 84 but under 187 | 20 | 752 | 25.9 | 28.0 | 7.9 | 26.4 | 29.7 | 12.4 |
| 43 but under 84 | 44 | 1,110 | 22.2 | 24.5 | 10.4 | 24.5 | 27.4 | 11.9 |
| All non-financial | 281 | 3,429 | 28.4 | 31.0 | 9.0 | 30.5 | 33.9 | 11.2 |
| Financial | 16 | 34 | 40.7 | 43.8 | 7.7 | 44.5 | 50.9 | 14.3 |
| Total | 297 | 3,463 | 28.5 | 31.1 | 9.0 | 30.7 | 34.1 | 11.2 |
| Senior executives reporting to heads of function at (A) above^a | 91 | 1,671 | 36.2 | 39.6 | 9.4 | 37.4 | 40.9 | 9.4 |
| Non-financial | | | | | | | | |
| Turnover (£m) | | | | | | | | |
| 1,660 and over | | | | | | | | |
| 845 but under 1,660 | 61 | 890 | 30.4 | 32.4 | 6.9 | 32.8 | 36.6 | 11.6 |
| 845 and over | 152 | 2,561 | 34.2 | 37.1 | 8.6 | 35.8 | 39.4 | 10.1 |
| Financial | 170 | 426 | 37.6 | 41.8 | 11.2 | 38.7 | 43.3 | 11.7 |
| Total | 322 | 2,987 | 34.6 | 37.8 | 9.0 | 36.2 | 39.9 | 10.3 |
| Senior executives reporting to those at (B) above^a | 17 | 488 | 36.2 | 40.1 | 10.7 | 40.2 | 43.5 | 8.3 |
| Non-financial | | | | | | | | |
| Turnover (£m) | | | | | | | | |
| 1,660 and over | | | | | | | | |
| 845 but under 1,660 | 11 | 338 | 34.7 | 38.7 | 11.6 | 35.3 | 42.6 | 20.6 |
| 845 and over | 28 | 826 | 35.6 | 39.5 | 11.1 | 38.2 | 43.2 | 13.0 |
| Financial | 8 | 65 | 40.3 | 43.5 | 8.0 | 40.9 | 44.5 | 8.9 |
| Total | 36 | 891 | 35.9 | 39.8 | 10.8 | 38.4 | 43.3 | 12.6 |
| Others^b | | | | | | | | |
| Non-financial | 93 | 502 | 55.4 | 59.9 | 8.2 | 58.9 | 64.3 | 9.2 |
| Financial | 23 | 23 | 81.1 | 89.7 | 10.6 | 82.6 | 94.0 | 13.8 |
| Total | 116 | 525 | 56.5 | 61.2 | 8.3 | 59.9 | 65.6 | 9.5 |
| All posts | | | | | | | | |
| Non-financial | 2,065 | 22,355 | 34.2 | 37.5 | 9.6 | 36.5 | 40.7 | 11.6 |
| Financial | 492 | 900 | 44.3 | 49.0 | 10.8 | 45.7 | 51.2 | 12.1 |
| Total | 2,557 | 23,255 | 34.6 | 37.9 | 9.7 | 36.8 | 41.1 | 11.6 |

^aFor the non-financial sector information for posts at this level was only sought from companies whose turnover was £845 million or over.

^bSee note^b to Table 1.

Table 5. Date of last increase in salary for each level of post

| Level of post | Number and percentage of posts with salary increase in | | | | | | | | | | | | | | | | | | | | Total | Number of posts actually used | |
|--|--|-----------|----------|-----------|-----------|----------|------------|------------|----------|----------|----------|----------|---------------|-----------|-----------|------------|------------|-----------|-----------|----------------------|-------|-------------------------------|-------|
| | | | | | | | | | | | | | Quarter ended | | | | Year ended | | | | | | |
| | Oct 1986 | Sept 1986 | Aug 1986 | July 1986 | June 1986 | May 1986 | April 1986 | March 1986 | Feb 1986 | Jan 1986 | Dec 1985 | Nov 1985 | Oct 1985 | Sept 1985 | June 1985 | March 1985 | Dec 1984 | Sept 1984 | Sept 1983 | Sept 1982 or earlier | | | |
| Main Board members | | | | | | | | | | | | | | | | | | | | | | | |
| 1. Chief Executives | Scaled up no. | 71 | 27 | 11 | 123 | 21 | 50 | 182 | 32 | 30 | 244 | 20 | 29 | — | 4 | 21 | 7 | — | — | 24 | — | 859 | 136 |
| | % | 8.0 | 3.0 | 1.2 | 13.7 | 2.3 | 5.6 | 20.3 | 3.6 | 3.3 | 27.3 | 2.2 | 3.3 | — | 0.5 | 2.3 | 0.7 | — | — | 2.6 | — | 100.0 | |
| 2. Deputy Chief Executives | Scaled up no. | 5 | — | 6 | 9 | — | 5 | 29 | 3 | — | 42 | 15 | — | — | 3 | — | — | — | — | — | — | 118 | 25 |
| | % | 4.5 | — | 4.8 | 7.4 | — | 4.5 | 24.9 | 2.8 | — | 35.3 | 13.1 | — | — | 2.8 | — | — | — | — | — | — | 100.0 | |
| 3. Other main Board members | Scaled up no. | 306 | 74 | 134 | 313 | 75 | 113 | 633 | 94 | 185 | 1,025 | 127 | 115 | 62 | 38 | 8 | 42 | 5 | 3 | — | — | 3,352 | 546 |
| | % | 9.1 | 2.2 | 4.0 | 9.3 | 2.2 | 3.4 | 18.9 | 2.8 | 5.5 | 30.6 | 3.8 | 3.4 | 1.8 | 1.1 | 0.2 | 1.2 | 0.2 | 0.1 | — | — | 100.0 | |
| Senior Executives | | | | | | | | | | | | | | | | | | | | | | | |
| 4. Heads of function reporting to main Board members | Scaled up no. | 1,017 | 126 | 142 | 1,721 | 296 | 413 | 2,768 | 139 | 262 | 2,716 | 93 | 447 | 481 | 168 | 222 | 3 | 8 | — | — | — | 11,023 | 1,079 |
| | % | 9.2 | 1.2 | 1.3 | 15.6 | 2.7 | 3.8 | 25.1 | 1.3 | 2.4 | 24.6 | 0.8 | 4.1 | 4.4 | 1.5 | 2.0 | 0.0 | 0.1 | — | — | — | 100.0 | |
| 5. Others reporting to main Board members | Scaled up no. | 191 | 51 | 42 | 390 | 16 | 177 | 1,097 | 69 | 172 | 715 | 175 | 323 | — | 19 | 16 | 5 | 5 | — | — | — | 3,463 | 297 |
| | % | 5.5 | 1.5 | 1.2 | 11.3 | 0.5 | 5.1 | 31.7 | 2.0 | 5.0 | 20.7 | 5.0 | 9.3 | — | 0.5 | 0.4 | 0.1 | 0.1 | — | — | — | 100.0 | |
| 6. Executives reporting to heads of function at 4 above ^a | Scaled up no. | 56 | 46 | 68 | 854 | 32 | 84 | 956 | 22 | 68 | 680 | — | 19 | 9 | 93 | — | — | — | — | — | — | 2,987 | 322 |
| | % | 1.9 | 1.6 | 2.3 | 28.6 | 1.1 | 2.8 | 32.0 | 0.7 | 2.3 | 22.7 | — | 0.6 | 0.3 | 3.1 | — | — | — | — | — | — | 100.0 | |
| 7. Executives reporting to those at 5 above ^a | Scaled up no. | 28 | 3 | 132 | 130 | — | 66 | 515 | — | — | 17 | — | — | — | — | — | — | — | — | — | — | 891 | 36 |
| | % | 3.1 | 0.3 | 14.8 | 14.6 | — | 7.5 | 57.8 | — | — | 1.9 | — | — | — | — | — | — | — | — | — | — | 100.0 | |
| Others^b | | | | | | | | | | | | | | | | | | | | | | | |
| | Scaled up no. | 63 | 41 | 3 | 26 | 6 | 1 | 129 | 12 | 14 | 157 | 5 | 11 | 27 | 19 | 5 | — | 3 | 3 | — | — | 525 | 116 |
| | % | 12.1 | 7.9 | 0.5 | 4.9 | 1.1 | 0.2 | 24.5 | 2.3 | 2.7 | 29.8 | 1.0 | 2.0 | 5.2 | 3.7 | 1.0 | — | 0.5 | 0.5 | — | — | 100.0 | |
| All posts | | | | | | | | | | | | | | | | | | | | | | | |
| | Scaled up no. | 1,739 | 369 | 537 | 3,565 | 446 | 910 | 6,309 | 371 | 732 | 5,596 | 436 | 944 | 579 | 344 | 272 | 56 | 22 | 6 | 24 | — | 23,255 | 2,557 |
| | % | 7.5 | 1.6 | 2.3 | 15.3 | 1.9 | 3.9 | 27.1 | 1.6 | 3.1 | 24.1 | 1.9 | 4.1 | 2.5 | 1.5 | 1.2 | 0.2 | 0.1 | 0.0 | 0.1 | — | 100.0 | |

^aFor the non-financial sector information for posts at this level was only sought from companies whose turnover was £845 million or over.

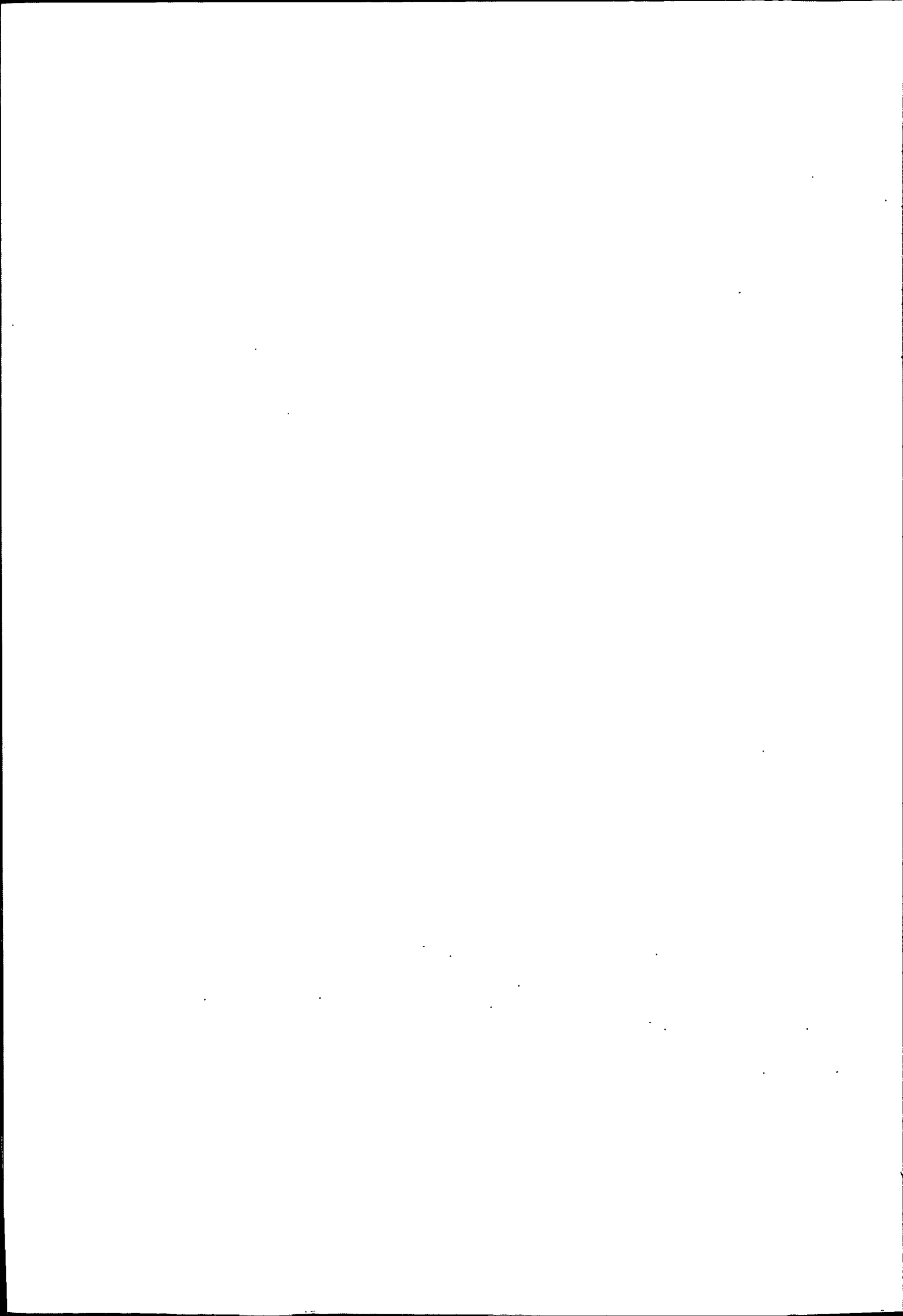
^bSee note ^b to Table 1.

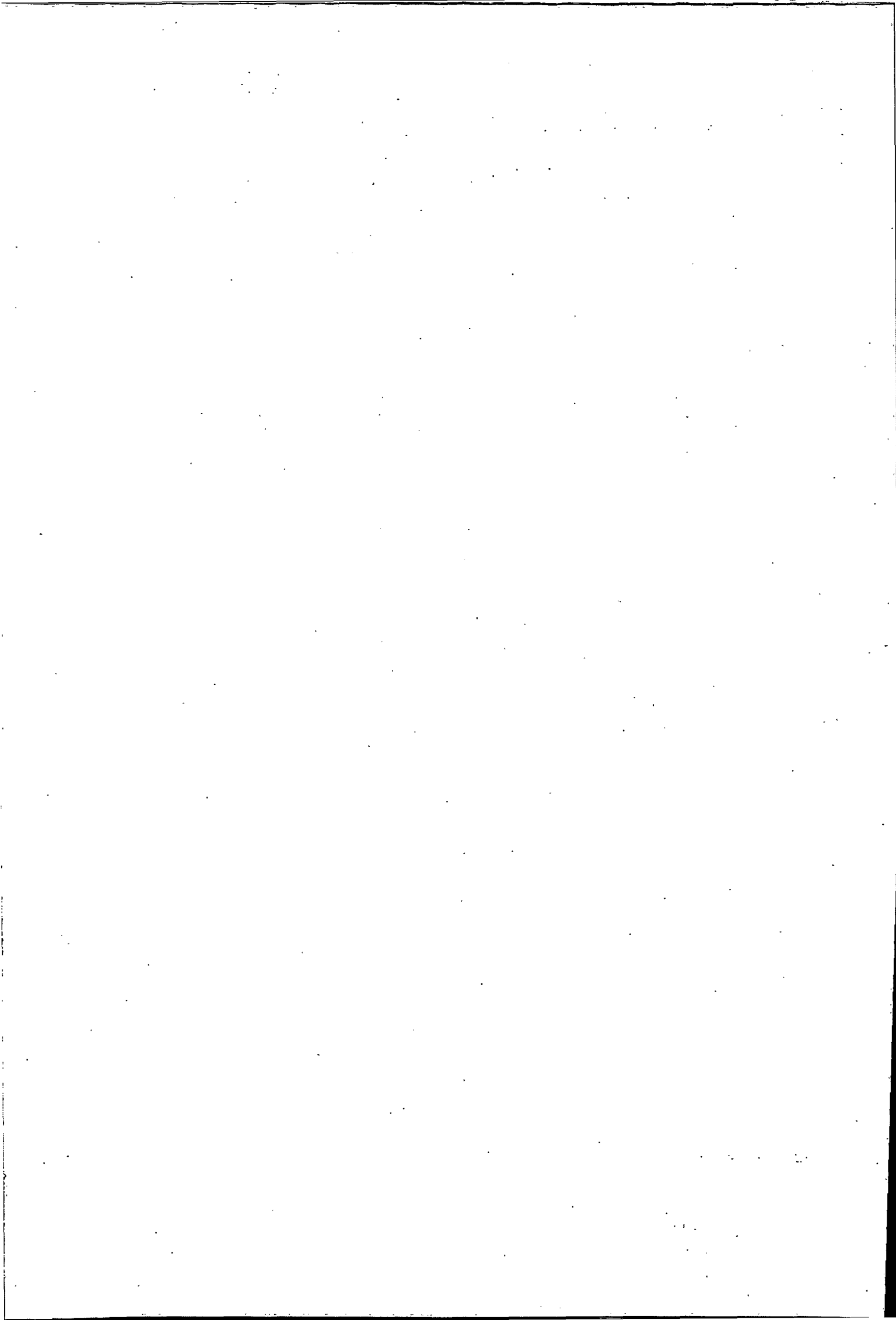
Table 6 Median, quartile and decile salaries, including bonus, commission and profit-sharing at 1 October 1986, by level of post and by sector

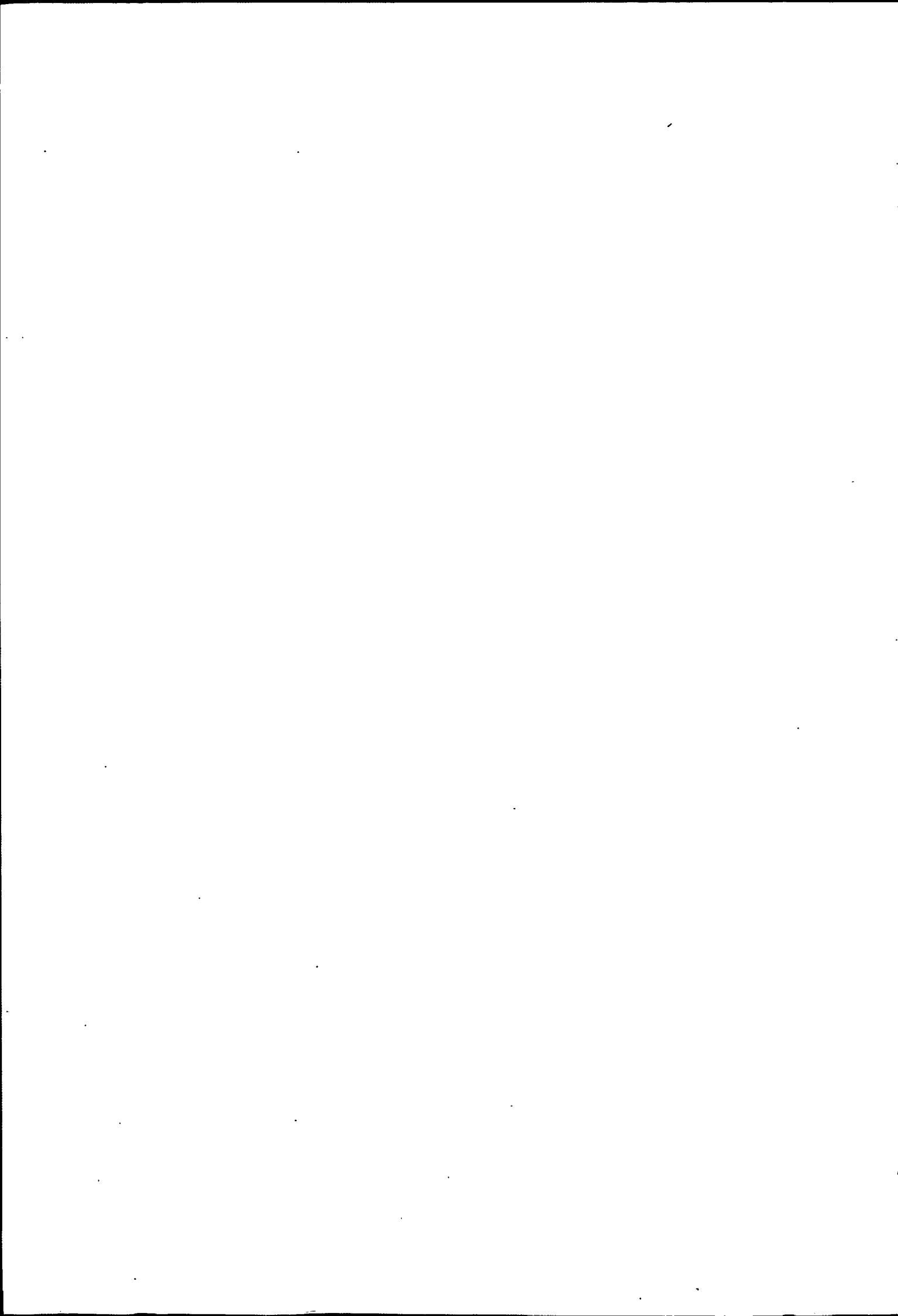
| Level of post | Non-financial | | | | | | Total | Financial | Total | |
|--|----------------------|---------------------|-------------------|-------------------|------------------|-----------------|-------|-----------|-------|--------|
| | Turnover (£ million) | | | | | | | | | |
| | 1,660 or over | 845 but under 1,660 | 410 but under 845 | 187 but under 410 | 84 but under 187 | 43 but under 84 | | | | |
| Main Board members | | | | | | | | | | |
| 1. Chief Executives | | | | | | | | | | |
| Highest decile | £000 | * | * | 151.0 | 117.5 | * | * | 140.0 | 134.3 | 140.0 |
| Upper quartile | £000 | 160.7 | 155.2 | 113.4 | 104.0 | * | 73.0 | 103.4 | 111.4 | 105.0 |
| Median | £000 | 147.6 | 117.5 | 101.2 | 84.9 | 82.4 | 58.5 | 81.0 | 100.9 | 81.0 |
| Lower quartile | £000 | 132.4 | 110.0 | 80.0 | 68.6 | * | 52.0 | 56.8 | 93.3 | 56.8 |
| Lowest decile | £000 | * | * | 59.5 | 57.8 | * | * | 49.2 | 72.8 | 49.2 |
| Mean | £000 | 152.5 | 130.4 | 103.0 | 87.2 | 89.5 | 65.2 | 87.5 | 101.4 | 87.9 |
| Actual posts | No. | 17 | 17 | 25 | 24 | 11 | 20 | 114 | 22 | 136 |
| Scaled up posts | No. | 48 | 47 | 84 | 127 | 258 | 308 | 873 | 22 | 895 |
| 2. Deputy Chief Executives | | | | | | | | | | |
| Highest decile | £000 | * | * | * | * | * | * | 136.4 | * | 127.2 |
| Upper quartile | £000 | * | * | * | * | * | * | 101.5 | * | 106.3 |
| Median | £000 | * | * | * | * | * | * | 68.0 | 103.6 | 68.0 |
| Lower quartile | £000 | * | * | * | * | * | * | 49.0 | * | 49.0 |
| Lowest decile | £000 | * | * | * | * | * | * | 34.0 | * | 34.0 |
| Mean | £000 | 163.5 | 109.3 | 123.6 | 77.7 | 49.0 | 51.0 | 80.0 | 94.0 | 80.9 |
| Actual posts | No. | 4 | 2 | 4 | 5 | 1 | 2 | 18 | 7 | 25 |
| Scaled up posts | No. | 11 | 6 | 13 | 27 | 24 | 31 | 111 | 7 | 118 |
| 3. Other main Board members | | | | | | | | | | |
| Highest decile | £000 | 123.9 | 110.5 | 85.0 | 73.0 | 61.1 | 48.8 | 85.7 | 90.1 | 86.0 |
| Upper quartile | £000 | 101.4 | 89.2 | 72.6 | 62.0 | 55.0 | 43.9 | 62.1 | 73.5 | 63.2 |
| Median | £000 | 86.7 | 70.0 | 61.9 | 49.8 | 46.0 | 38.5 | 46.0 | 66.7 | 46.0 |
| Lower quartile | £000 | 74.3 | 56.0 | 52.0 | 39.8 | 35.5 | 34.8 | 36.7 | 61.3 | 36.7 |
| Lowest decile | £000 | 68.6 | 41.5 | 44.0 | 30.0 | 30.5 | 28.5 | 31.0 | 49.8 | 31.0 |
| Mean | £000 | 93.9 | 75.2 | 64.2 | 51.0 | 46.6 | 40.9 | 53.1 | 69.1 | 53.4 |
| Actual posts | No. | 94 | 93 | 87 | 102 | 37 | 69 | 482 | 64 | 546 |
| Scaled up posts | No. | 265 | 258 | 291 | 541 | 870 | 1,064 | 3,288 | 64 | 3,352 |
| Senior executives | | | | | | | | | | |
| 4. Heads of function reporting to main Board members | | | | | | | | | | |
| Highest decile | £000 | 70.3 | 60.3 | 48.2 | 47.2 | 35.0 | 41.4 | 50.0 | 80.6 | 50.3 |
| Upper quartile | £000 | 58.0 | 51.1 | 42.1 | 39.4 | 32.8 | 34.1 | 40.0 | 58.7 | 40.6 |
| Median | £000 | 51.1 | 42.5 | 37.5 | 32.4 | 28.2 | 27.9 | 31.3 | 48.0 | 31.8 |
| Lower quartile | £000 | 45.3 | 33.6 | 32.5 | 26.0 | 24.9 | 22.0 | 25.5 | 39.0 | 25.6 |
| Lowest decile | £000 | 38.5 | 28.2 | 29.0 | 22.5 | 21.5 | 18.6 | 21.2 | 33.9 | 21.2 |
| Mean | £000 | 52.5 | 43.6 | 37.9 | 33.3 | 28.8 | 28.9 | 33.9 | 52.3 | 34.3 |
| Actual posts | No. | 162 | 159 | 185 | 160 | 75 | 156 | 897 | 182 | 1,079 |
| Scaled up posts | No. | 1,148 | 876 | 897 | 1,327 | 3,078 | 3,438 | 10,764 | 259 | 11,023 |
| 5. Others reporting to main Board members | | | | | | | | | | |
| Highest decile | £000 | 69.5 | 54.8 | 59.0 | 43.4 | * | 35.0 | 51.7 | * | 52.0 |
| Upper quartile | £000 | 58.2 | 50.7 | 50.2 | 35.0 | 31.0 | 32.8 | 41.0 | 69.2 | 41.0 |
| Median | £000 | 48.0 | 41.5 | 41.0 | 29.9 | 26.0 | 26.7 | 29.2 | 51.4 | 29.9 |
| Lower quartile | £000 | 41.4 | 24.0 | 34.2 | 26.3 | 24.6 | 23.6 | 25.0 | 33.1 | 25.0 |
| Lowest decile | £000 | 34.2 | 20.4 | 26.3 | 23.9 | * | 19.7 | 21.0 | * | 21.0 |
| Mean | £000 | 50.7 | 38.8 | 42.6 | 33.2 | 29.7 | 27.4 | 33.9 | 50.9 | 34.1 |
| Actual posts | No. | 40 | 46 | 77 | 54 | 20 | 44 | 281 | 16 | 297 |
| Scaled up posts | No. | 259 | 252 | 599 | 456 | 752 | 1,110 | 3,429 | 34 | 3,463 |
| 6. Executives reporting to heads of function at 4 above | | | | | | | | | | |
| Highest decile | £000 | 56.3 | 46.6 | } a | } a | } a | } a | 54.1 | 67.5 | 55.4 |
| Upper quartile | £000 | 48.7 | 43.4 | | | | | 46.6 | 58.4 | 46.6 |
| Median | £000 | 39.0 | 39.2 | | | | | 39.2 | 39.2 | 39.2 |
| Lower quartile | £000 | 32.8 | 31.1 | | | | | 32.5 | 31.0 | 32.5 |
| Lowest decile | £000 | 27.6 | 22.2 | | | | | 25.7 | 25.7 | 25.7 |
| Mean | £000 | 40.9 | 36.6 | | | | | 39.4 | 43.3 | 39.9 |
| Actual posts | No. | 91 | 61 | 152 | 170 | 322 | | | | |
| Scaled up posts | No. | 1,671 | 890 | 2,561 | 426 | 2,987 | | | | |
| 7. Executives reporting to those at 5 above | | | | | | | | | | |
| Highest decile | £000 | * | * | } a | } a | } a | } a | 55.0 | * | 55.0 |
| Upper quartile | £000 | 54.0 | * | | | | | 47.2 | * | 47.2 |
| Median | £000 | 45.9 | 43.7 | | | | | 43.7 | 47.4 | 43.7 |
| Lower quartile | £000 | 30.7 | * | | | | | 40.0 | * | 38.0 |
| Lowest decile | £000 | * | * | | | | | 27.5 | * | 27.5 |
| Mean | £000 | 43.5 | 42.6 | | | | | 43.2 | 44.5 | 43.3 |
| Actual posts | No. | 17 | 11 | 28 | 8 | 36 | | | | |
| Scaled up posts | No. | 488 | 338 | 826 | 65 | 891 | | | | |

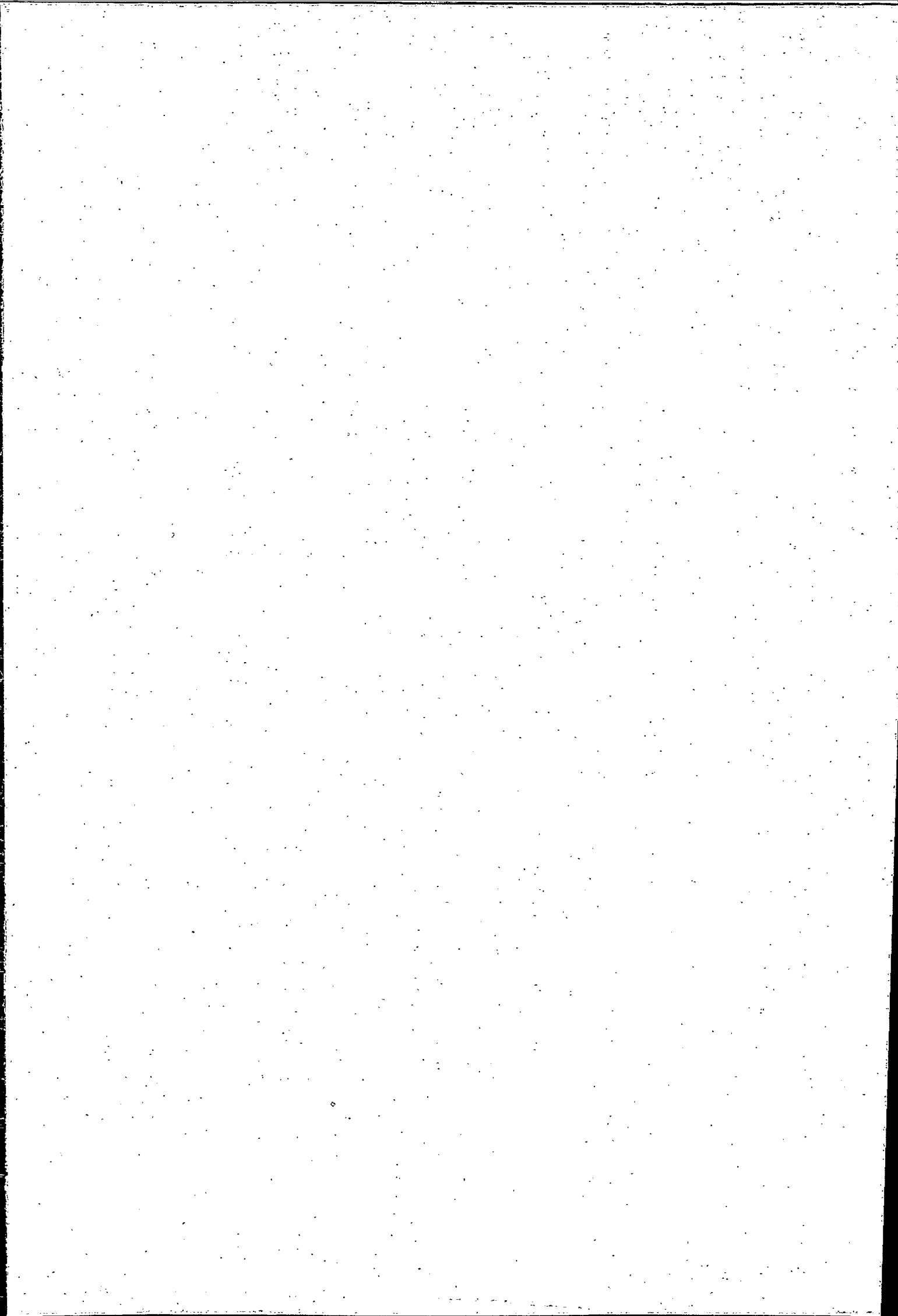
^a Information about these posts was not sought from companies in this sector.

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











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