

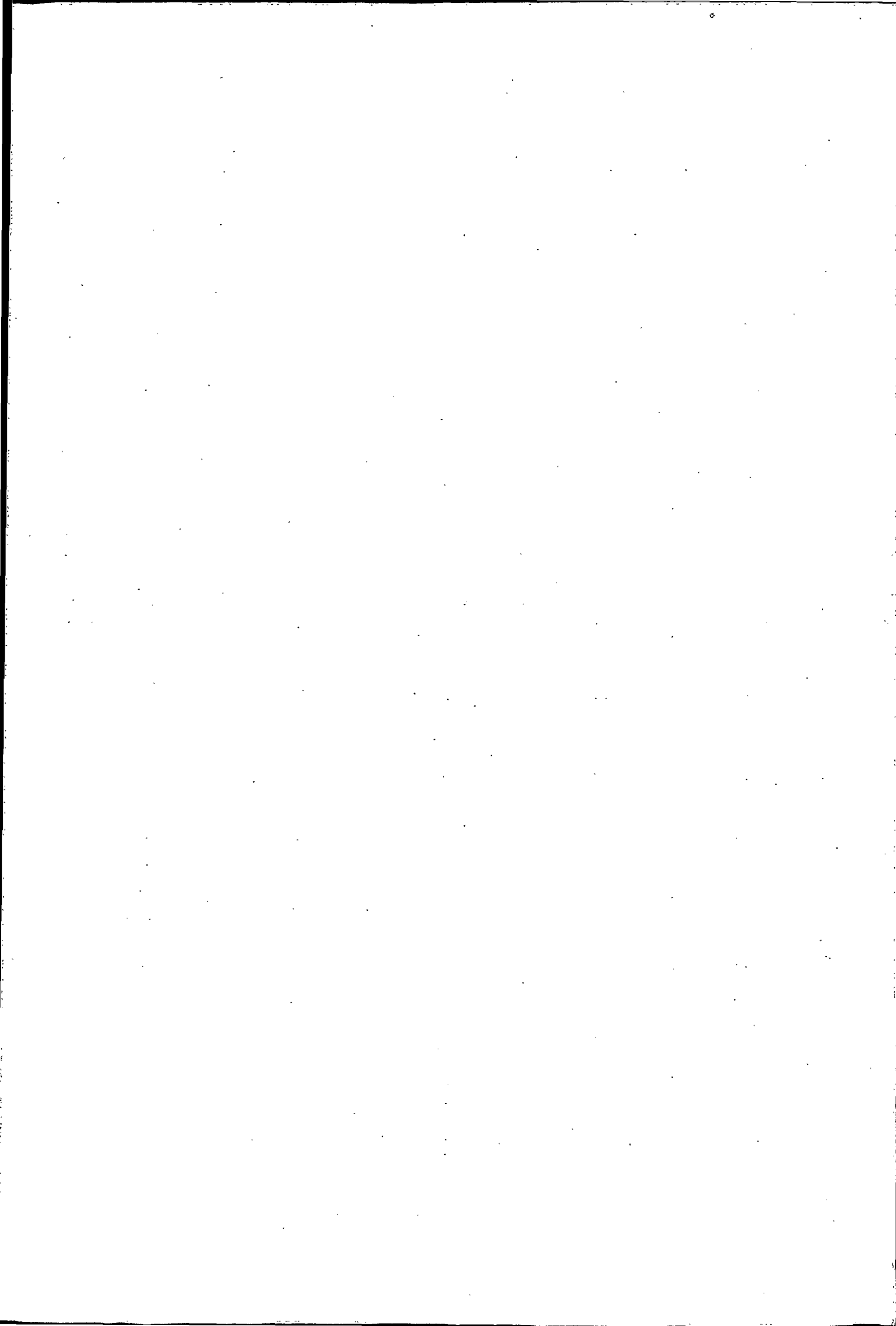


Review Body  
on Top Salaries

REPORT No. 28

**Twelfth Report  
on Top Salaries**

*Chairman:* The Rt. Hon. Lord Plowden, GBE, KCB





Review Body  
on Top Salaries

REPORT No. 28

Twelfth Report  
on Top Salaries

*Chairman:* The Rt. Hon. Lord Plowden, GBE, KCB

Presented to Parliament by the Prime Minister  
by Command of Her Majesty  
February 1989

LONDON  
HER MAJESTY'S STATIONERY OFFICE  
£5.50 net



## Review Body on Top Salaries

The Review Body on Top Salaries was appointed in May 1971. Its terms of reference are to advise the Prime Minister on the remuneration of 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 members of the Review Body are:

Lord Plowden, GBE, KCB, *Chairman*  
Sir Terence Beckett, KBE  
Derek Birkin, TD  
Louise Botting  
Lord Chorley  
Sir Robin Ibbs, KBE  
Sir Peter Matthews, AO<sup>1</sup>  
Sir David Nickson, KBE<sup>2</sup>  
Hugh Pigott<sup>3</sup>  
Jeremy Pope, OBE  
Sir Thomas Skyrme, KCVO, CB, CBE, TD

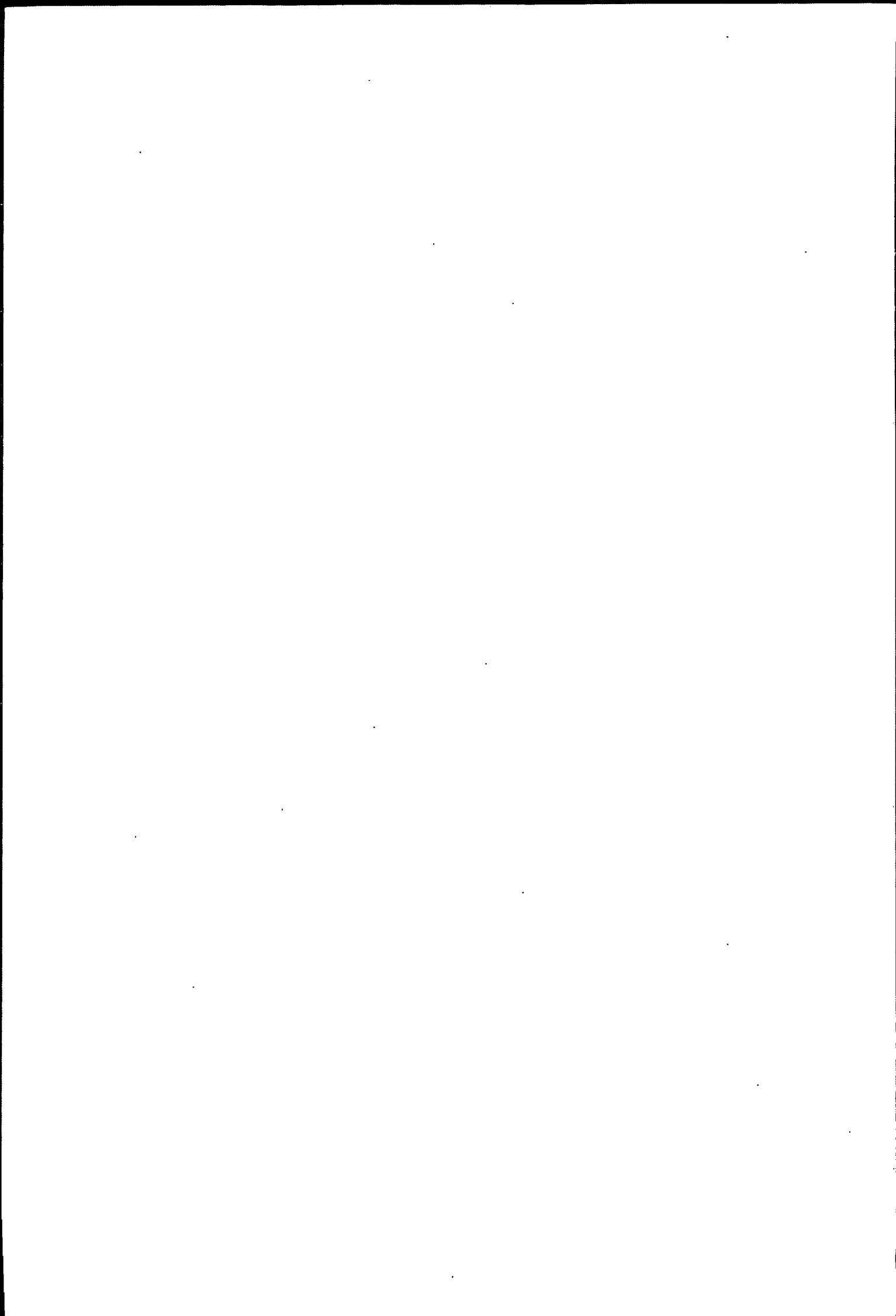
The Secretariat is provided by the Office of Manpower Economics.

---

<sup>1</sup> Sir Peter Matthews is also Chairman of the Review Body on Armed Forces Pay.

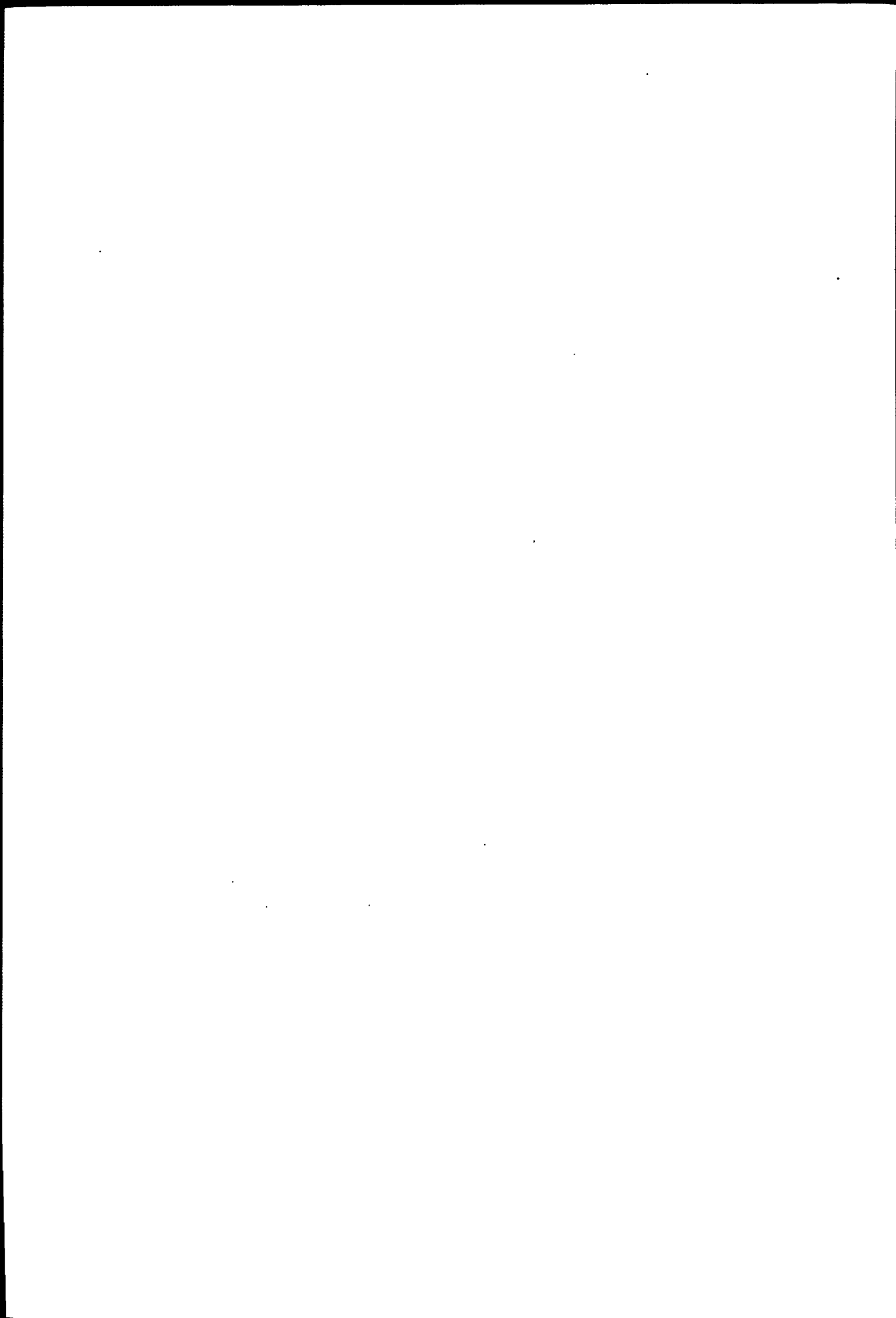
<sup>2</sup> Sir David Nickson was appointed to the Review Body by the Prime Minister in May 1988 and will replace Lord Plowden as Chairman for future reviews.

<sup>3</sup> Hugh Pigott was appointed to the Review Body by the Prime Minister in October 1988.



## CONTENTS

	Paragraph	Page
<b>Chapter 1: Introduction</b>		
Background .. .. .	1	1
Our approach this year .. .. .	4	2
Report by Sir Robert Andrew .. .. .	9	2
 <b>Chapter 2: Particular issues</b>		
<b>The judiciary</b> .. .. .	13	4
Circuit Judges .. .. .	16	4
Other issues relating to the judicial salary structure .. .. .	21	5
<b>The civil service</b> .. .. .	34	7
Fast-stream staff .. .. .	35	7
Range pay for Grades 2 and 3 .. .. .	38	8
London allowance for Grade 3s .. .. .	46	9
<b>The armed forces</b> .. .. .	55	11
Differentials and pay links: two star officers .. .. .	57	11
<b>Summary of detailed proposals and recommendations</b> .. .. .	61	12
 <b>Chapter 3: General considerations and recommendations</b>		
General considerations .. .. .	62	14
Recommendations .. .. .	68	16
 <b>Appendix</b>		
<b>A:</b> Previous Review Body reports on top salaries .. .. .		19
<b>B:</b> List of those who gave oral evidence to the Review Body .. .. .		20
<b>C:</b> List of those who gave oral evidence to the judicial sub-committee or separately to Sir Thomas Skyrme .. .. .		21
<b>D:</b> Survey of top salaries in the private sector, 1987-1988 .. .. .		22
<b>E:</b> Survey of the pre-appointment earnings of recently appointed judges .. .. .		31
<b>F:</b> Revised judicial salary structure .. .. .		32
<b>G:</b> Salary differential between one star officers and two star officers in the armed forces .. .. .		34



# Chapter 1

## Introduction

### Background

1. For our last report we undertook a comprehensive review of the pay of the groups in our remit. We looked in some depth at the question of both pay structures and pay levels for those involved, currently about 1,160 members of the judiciary, 640 senior civil servants and 200 senior officers in the armed forces, a total of some 2,000 individuals. We recommended new salary levels to be effective from 1 April 1988. Our basic recommendations provided increases of 5.4 per cent for senior civil servants and senior officers in the armed forces and for most members of the judiciary. Larger increases were proposed for other members of the judiciary as the result of changes we recommended to the judicial salary structure; they added a further 2.0 per cent to the judicial paybill. The Government accepted our recommendations but implemented them in two stages; 4 per cent from 1 April 1988 and the balance from 1 October 1988.

2. The general increase of 5.4 per cent compared with analogous outside increases of about double that size. Whilst we accepted that our recommendations should not match the increases in the private sector we concluded that increases intended merely to match inflation, which had then fallen to an annual rate of less than 4 per cent, were not sufficient. In reaching this view, we took account of factors to which we attached great importance. In the judiciary, there were potential recruitment difficulties for High Court Judges and difficulties already existed for Circuit Judges. In the civil service, there was evidence of poor morale and of retention difficulties amongst the most able fast-stream staff at Grades 5 and 7; there was thus a serious risk, confirmed by departmental managers, that the calibre of future candidates for the top posts would decline. In a career service, we recognised that loss of the best staff can normally be made good only in the long-term through recruitment at the basic entry grade. For the armed forces, similar long-term considerations applied although the immediate pressure appeared to be less. We considered that increases less than we recommended would have sent the wrong signal, not only to those directly covered by our remit, but also to those who would eventually be needed to fill these exacting posts, about the value put on them and on the responsibilities they carried.

3. We believe it is our responsibility to recommend salaries, including where appropriate performance related payments, which will be sufficient to attract, retain and motivate adequate numbers of high quality people for the posts in our remit. Equally we recognise that salaries should be no higher than is needed to meet these objectives and that salaries at the top of the public sector need not match those of roughly analogous jobs in the private sector. Nevertheless we note an increasing awareness of the salary levels that are achieved by senior people in areas where market forces directly influence salaries. We are concerned to ensure that payments to the groups in our remit form the final part of a satisfactory financial progression which offers a fair reward to people of high ability who choose to devote their working lives to the public sector. This applies particularly to the civil service and the armed forces which are both career services. In forming our judgments on these matters we recognise that in some years exceptional factors may modify, either downwards or upwards, the salary levels we might otherwise recommend. It follows that our task is to make certain that over a period, taking one year with another, the trend of salary changes meets the objectives set out above.

## **Our approach this year**

4. At the outset of our current review we saw its main purpose as being to update the salary levels recommended in our last review and to return to particular issues held over from that review. These were: the development of discretionary range pay for Grades 2 and 3 in the civil service; and the salary differential between one and two star officers in the armed forces and the possible modification of the pay link between two star officers and Grade 3s. During the review a number of other issues emerged to which we were asked to give particular attention. The Government asked us to consider the possible reintroduction of some form of London allowance for Grade 3s; the Lord Chancellor drew our attention to continuing recruitment problems for Circuit Judges; and we were asked by the holders of a small number of other judicial appointments to look at their position within the judicial salary structure. With effect from this review, we have been asked to report about three months earlier than in previous years. This has given us less time than we would normally have expected for considering the issues raised in this review.

5. **Evidence.** We sought written evidence from the Treasury who, at our request, included a contribution from the Office for the Minister for the Civil Service on the Government's 'Agency' programme; the Civil Service Commissioners; the Council of Civil Service Unions; the Ministry of Defence; and the Lord Chancellor's Department, the Scottish Courts Administration, and the Northern Ireland Court Service. At Appendix B we list those who gave oral evidence to us. They include the Lord Chancellor who gave oral evidence to us on two occasions, and the Permanent Secretaries of the Ministry of Defence, the Department of Health, and the Home Office who assisted us on the question of the development of discretionary range pay for Grades 2 and 3 in the civil service.

6. **Judicial sub-committee.** We reconvened our judicial sub-committee under the chairmanship of Sir Thomas Skyrme. The other members of the sub-committee were Hugh Pigott and Jeremy Pope. The sub-committee considered representations about the position in the judicial salary structure of several appointments. Sir Thomas Skyrme also visited Edinburgh to meet members of the Scottish judiciary. At Appendix C we list those who gave oral evidence to the sub-committee or separately to Sir Thomas Skyrme.

7. **Consultants.** We commissioned Hay Management Consultants to conduct a study for us of performance related pay arrangements at senior levels outside the civil service.

8. **Remuneration surveys.** As for previous reviews, the Office of Manpower Economics (OME) carried out on our behalf a survey of remuneration at senior levels in the private sector. The results are at Appendix D. We also asked the OME to undertake a further survey of the earnings before appointment of newly appointed judges. The results are at Appendix E.

## **Report by Sir Robert Andrew**

9. Early in the new year after we had agreed our recommendations we were told by the Government about recommendations in the Andrew Report on the Government Legal Service that relate to the pay of government lawyers. Until then we had not been informed about the nature of these findings or when they were to be published. The report was subsequently published on 19 January. It proposes substantial pay increases, on a selective basis, for government lawyers, including those in Grades 2 and 3, who come within our remit. The Government has asked us for our views, on those recommendations that directly concern us, as soon as possible.

10. It would be wrong for us to offer firm conclusions on these recommendations without considering them carefully and examining the evidence on which they are based. Obviously there has not been time yet for us to do this and we have not therefore made any alterations in our report. However, it is clear to us that the implications are likely to be considerable and wide-ranging. In particular they will affect the development of range pay for senior civil servants, where, for the reasons given at paragraphs 38 to 43, we have decided not to recommend structural

changes this year, and the pay of Circuit Judges and other members of the judiciary where, as we explain in paragraphs 16 to 20, we have found it necessary to carry forward consideration of any major changes. We shall return to these issues in our next review. We shall look also at the wider implications of these issues and of the Andrew recommendations, bearing in mind the pay links between the judiciary, the civil service and the armed forces.

11. We have an immediate concern that selective higher salaries for one sector of the civil service senior open structure, exposed directly to market forces, might give an impression of less fair treatment for others whose work will normally be just as exacting and responsible, but whose worth may be undervalued in the absence of such direct market forces. If this were the case it would not only be demotivating for others in Grades 2 and 3 but would also increase difficulties of recruitment and retention in the lower grades from which candidates for the top appointments come. Overall, we would be concerned if salary structures and performance pay arrangements were modified without regard to the proper needs of our remit groups as a whole.

# Chapter 2

## Particular issues

12. In this Chapter we consider particular issues arising following the examination in our last report of pay levels and structures for the groups within our remit.

## The judiciary

13. The factors involved in setting salaries for the judiciary differ in some ways from those for the other groups with which we are concerned. Market forces apply directly at the recruitment stage. Most judicial posts are filled by external candidates who are established in private practice either at the Bar or as solicitors: there is no career structure in the conventional sense. There is also a wide diversity of posts with over 60 separate types of appointment spread throughout the United Kingdom.

14. The present judicial salary structure is divided into eight Groups. It incorporates a number of minor changes which we recommended in our last report. The salaries currently in payment, shown at paragraph 68, also reflect the recommendation which we made in our last report that the previous salary differential between Groups 7 and 6 should be reduced by a fifth by raising Group 7 in the salary structure. We were satisfied from the evidence we received that the previous salary relativity no longer properly took into account job weight and difficulties with recruitment.

15. For our last report we also looked closely at the recruitment position for Circuit and High Court Judges, and their counterparts in Scotland and Northern Ireland, in view of the signs of difficulties which we had noted in successive reports. There has been a shortfall in the recruitment of Circuit Judges and, at the request of the Lord Chancellor, we have looked further into their position for this review. We have also considered representations from the holders of certain other appointments about their position in the judicial salary structure and we comment on the position of two of these, the Lord Justice Clerk and the immigration appeal appointments.

**Circuit Judges** 16. Shortfalls in the number of Circuit Judges in post have been persistent in recent years. In March 1983 the shortfall was 51, with improvements in the following two years. Since then, the number of Circuit Judges in post has grown each year, but so has the complement required. There are currently about 400 in post, some 30 short of the total required. In Scotland, there is a comparable shortfall with a complement of 101 for Sheriffs and 94 in post.

17. When account is taken of the rate of retirement, the target has been to recruit about 40 Circuit Judges a year. However, fewer than this have been recruited in each of the last five years with the single exception of 1986-87. This followed the full implementation from 1 March 1986 of a salary increase of some 21 per cent which we had recommended in 1985, accompanied by a special recruitment drive. In 1987-88 only 25 were recruited and the position is little better so far this year.

We do not doubt the seriousness of the current position, especially as we understand that there is likely to be a further increase in the requirement for Circuit Judges in the near future.

18. We have been told that of those invited to apply for appointment as a Circuit Judge in 1987-88, there were three refusals for every one acceptance. Salary was said to be a very important factor especially for Queen's Counsel whom the Lord Chancellor wishes to attract onto the Circuit Bench in greater numbers. As the survey of Bar earnings by the OME last year demonstrated, the salary of a Circuit Judge is significantly lower than the earnings of many of those the Lord Chancellor wishes to attract. The results of the annual surveys of earnings before appointment to the High Court and Circuit Benches are given in Appendix E. These show that over three-quarters of the Queen's Counsel were earning more, at April 1988 rates, than the salary they are now paid as Circuit Judges. Average earnings of junior counsel appointed to the Circuit Bench were a little higher than the present salary. However, we recognise that the OME survey, by definition, excludes any information about the earnings of those who declined the opportunity of becoming a Circuit Judge. The Lord Chancellor is also planning to attract more solicitors to the Circuit Bench, but there is evidence, from the OME's survey of pre-appointment earnings and elsewhere, that the earnings of solicitors with appropriate experience exceed those of a Circuit Judge.

19. It has however been put to us that the reasons given by suitable candidates for refusing, or postponing, appointment to the Circuit Bench are not always related exclusively to salary. They include personal factors, such as tax liabilities which arise from winding-up a private practice, or a perceived relative lack of status associated with appointment as a Circuit Judge. A further factor which affects recruitment is the limited size of the pool of people suitable for appointment. The qualifications for appointment as a Circuit Judge are to be a barrister of at least ten years' standing, or a solicitor of the same standing who has subsequently served as a Recorder for at least three years. The ten years' standing is a minimum qualification and in practice an appointee to the Circuit Bench will almost invariably have been in practice for between 20 and 30 years and, whether a barrister or a solicitor, will normally have served successfully for a substantial period as a Recorder. It is usual to appoint barristers who have had a good general practice at the Common Law Bar. Solicitors must have equivalent experience of advocacy and litigation. The Lord Chancellor is planning both to recruit more solicitors and to enhance the attractiveness of appointment to the Circuit Bench by for example increasing the prospect of promotion to the High Court, but these measures are unlikely on their own to lead in the immediate future to an increase in the size of the pool or to a sufficient improvement in recruitment from the existing pool.

20. We have considered as one possibility an improvement in the position of Circuit Judges relative to others in the judicial salary structure. This would potentially have wide implications on the other post holders in Group 6, and also on the differentials with Group 7 below them and with Groups 5, 4a and the High Court above. In any case we do not yet have evidence which enables us to determine what higher salary level would make it possible to recruit enough Circuit Judges from the existing pool. More time is needed to explore all these questions. We therefore do not recommend any changes but we will give priority to this matter in our next review.

#### **Other issues relating to the judicial salary structure**

21. **Lord Justice Clerk.** In our report last year we recommended that the Inner House Judges of the Court of Session in Scotland should be raised from Group 4 to Group 3 of the judicial salary structure. In recommending this we recognised that they would receive the same salary as the Lord Justice Clerk who was in Group 3. We acknowledged that there was a danger that this could be seen as anomalous in that he presided over one of the two Divisions of the Inner House. However, we noted that if he were promoted to Group 2 he would be placed on a level with the Lord President which would also be anomalous in view of the latter's position as head of the whole Supreme Civil Court of Scotland and, as Lord Justice General, Head of the High Court of Justiciary and an Officer of State.

On balance we did not consider it appropriate or justified to propose any change in the position of the Lord Justice Clerk or to create a new sub-tier of the salary structure for his appointment. The salary differential between Groups 2 and 3 was relatively small and we were reluctant to introduce a new salary point between the two Groups.

22. The Lord President and the Lord Justice Clerk have nevertheless asked us to look at this again in our current review. We accept that the Lord President has increasingly delegated his duties to the Lord Justice Clerk over the last year, and in the light of further clarification of the Lord Justice Clerk's responsibilities in relation to the Inner House we have come to the view that it would be appropriate for him to receive a small salary lead over the salary for the other appointments in Group 3.

23. **Recommendation.** We recommend that the Lord Justice Clerk should receive a salary lead of £1,000 over the salary for other appointments in Group 3.

24. **Immigration appeal appointments.** The Chief Immigration Adjudicator and the Immigration Adjudicators were late additions to our remit last year and we were unable to make a full evaluation of where they should be placed in the judicial salary structure. However, we recommended that they be placed in Group 7 and a new Group 8, respectively.

25. There are 15 full-time Adjudicators, including the Chief Adjudicator, and 45 part-time. All recently appointed Adjudicators have been qualified lawyers of some standing and it has been decided that all new appointees will be legally qualified. The Chief Adjudicator is responsible for the work of the Adjudicators as a whole including the allocation of appeals, training and exercising a general management function. He sits regularly as an Adjudicator and hears appeals of particular sensitivity.

26. The Immigration Act, 1971 provides for a two-tier appeals system against decisions taken by the immigration authorities relating to entry to, stay in and removal from the United Kingdom. In general appeals go at first instance to Adjudicators and, if either party is dissatisfied with the outcome, a further appeal lies with leave to the Immigration Appeal Tribunal. There is also a line of direct appeal to the Tribunal in a limited number of cases, mainly those related to deportation.

27. The Tribunal consists of a President, or a Vice-President, and two lay Members. The qualification for appointment as President or Vice-President, currently in Group 6 and Group 7 respectively of the judicial salary structure, is to be a barrister, advocate or solicitor of not less than seven years' standing. The judicial responsibilities of the President of the Immigration Appeal Tribunal are the same as those of the two Vice-Presidents. However, the President also has overall responsibility for the efficient operation of the Tribunal system.

28. We have received further representations from the holders of immigration appeal appointments about their positions in the judicial salary structure, and in particular the position of the Adjudicators. Largely on grounds of job weight and recruitment difficulties, they considered they should move from Group 8 to Group 7.

29. With respect to job weight, about half of the part-time Adjudicators also hold other part-time judicial appointments included in Group 7. They believed that their responsibilities as Adjudicators were of similar or greater weight than these other duties. The appeals which are heard by Adjudicators, against the decisions of the Secretary of State for the Home Department, Immigration Officers at ports of entry into the United Kingdom and Entry Clearance Officers at British diplomatic missions abroad, frequently relate to fundamental aspects of human life. These include the separation of families; deportation, which can involve applications for bail from detention pending an appeal; and claims for political asylum. There is an increasingly large and complex case law to which the Adjudicators have to pay regard. Further demands are made by the requirement that determinations must be given in writing.

30. As to recruitment, some difficulties are emerging in ensuring that there are sufficient Adjudicators to cope with the volume of work involved. The number of appeals referred to Adjudicators has increased. In the first nine months of 1988 there was a total of some 10,700 appeals compared with some 6,900 in the same period in 1987. This increase was largely due to an extension in the requirement for a visa to visit the United Kingdom; India, Bangladesh, Sri Lanka, Ghana and Nigeria have all been added to the list of countries from which visitors require a visa. The refusal of visas is an important factor in the increase in the volume of appeals, and there has also been an increase in political asylum cases. The increase in workload is not expected to abate. Recent efforts to recruit more part-time Adjudicators have met only partial success and there have been problems in retaining existing Adjudicators.

31. We are satisfied from the fuller evidence now available to us about the Adjudicators that the job weight of their posts is comparable to that of posts generally in Group 7 of the judicial salary structure. Recruitment difficulties are likely to increase if this is not recognised. We therefore consider that they should be raised to Group 7 from Group 8 which would as a result be abolished. To maintain appropriate differentials, we consider that the Chief Adjudicator and Vice-Presidents of the Immigration Appeal Tribunal should be raised to Group 6 from Group 7. A consequence of this is that the Vice-Presidents and the President would receive the same salary. This raises a general question of differentials between related posts where there may be small but significant differences in job weight related mainly to administrative responsibilities. We shall return to this when we next review the judicial salary structure as a whole.

32. **Recommendation.** We recommend that the Immigration Adjudicators should be raised from Group 8 to Group 7 and the Chief Immigration Adjudicator and the Vice-Presidents of the Immigration Appeal Tribunal should be raised from Group 7 to Group 6.

33. **Conclusion.** Our revised judicial salary structure is at Appendix F. We consider and make recommendations on the salary levels for this structure in the final chapter of our report.

## The civil service

34. In this review, we examine two specific issues: the development of discretionary range pay for Grades 2 and 3 and the possible reintroduction of some form of London allowance for Grade 3s. Before doing so, we comment as background on the supply of the 'fast-stream' staff who will eventually fill the most senior posts in the civil service.

### Fast-stream staff

35. We continue to be concerned about losses from the civil service among the best younger fast-stream staff, and about difficulties at the recruitment stage. We take the view that there is a connection between perceptions of the attractiveness of the civil service as a career and both the reward opportunities available at the top and the regard in which it is held. Whilst the numbers recruited recently to the basic fast-stream entry grade have been satisfactory, we were concerned by evidence from the First Civil Service Commissioner that the civil service was not recruiting the same proportion as before of candidates with the potential to reach the very highest levels. Whereas in 1986 one in ten of those who passed the Civil Service Selection Board were in this category, in 1988 they accounted for only one in twenty-five.

36. Last year we also commented on the open competition for direct entry fast-stream staff at Grade 7 in response to shortages of good quality staff at that level. Against a 1987 target of 79 vacancies only 50 recruits have so far taken up duty although a further 5 may yet do so. Of this 55, only 29 are from the private sector. Of greater concern, however, is the subsequent response to a similar recruitment

scheme which was mounted in 1988. Applications for the 71 vacancies were down by a quarter and only 24 candidates have been recommended for appointment. Of these, none was 'outstanding' and two were 'very good' as opposed to the minimum standard of 'acceptable'. Whilst in the previous scheme there was one 'outstanding' candidate and nine were 'very good', it is clear that direct entry at this level is not a satisfactory source of candidates with the potential to reach the very highest levels to replace those with this potential who leave the civil service prematurely.

37. This further evidence adds to our concern about ensuring a sufficient supply of people with the necessary abilities and motivation to fill the senior posts within our remit. We return to this question in our final chapter.

**Range pay for Grades 2  
and 3**

38. Following recommendations in our 1985 report, discretionary salary ranges for Grades 2 and 3 in the civil service were introduced with effect from October 1987. Our main aim was to ensure that the pay system encouraged more effective management and recognised and rewarded sustained high performance. In our last report we commented on the need for these arrangements to evolve so that the pay of individuals could be determined more flexibly, and suggested some possible ways in which this might be done: they included increasing the 25 per cent 'quota' on those eligible to receive discretionary payments. We did not however recommend any changes as the new arrangements had only just been brought into operation. We said that we would return to the question in this report after asking for the views of the Government and the staff interests, both of whom have since given evidence to us.

39. We have given careful consideration to this evidence, and to the findings of a survey we commissioned from Hay Management Consultants about the ways in which remuneration is linked to performance at senior levels in different parts of the private and public sectors. The Hay survey, which did not examine pay systems in the civil service, concluded that there were significant potential advantages for organisations which operated performance pay systems. In particular, the energy of individuals was much better directed to those activities which crucially concerned the organisation. Employees generally in the private and public sectors alike, and especially those with the most marketable skills, increasingly expected part of their pay to be linked to performance.

40. The Council of Civil Service Unions in its evidence emphasised that it was opposed to over-extensive use of performance pay and that it should not be a substitute for adequate general pay increases. It was also opposed to the 25 per cent 'quota' on those eligible to receive discretionary payments. The Council argued that as the system was still so new, comprehensive changes should not be made this year and that a thorough appraisal should be made before changes were contemplated.

41. Evidence from the Government also recognised the shortcomings of the present system under which three-quarters of Grades 2 and 3 cannot earn a discretionary award whatever their performance. It saw advantage in extending the principle of performance pay and moving away from the payment of semi-automatic increments on entry to a grade. The Government was giving further thought to possible alternative ways to modify the present scheme. However it believed that as it would be necessary to have consultations with those concerned including the staff interests before any new scheme was introduced, this should not be done before 1990.

42. We are also aware of the agreement between the Government and staff interests to introduce performance related pay arrangements analogous to those for Grades 2 and 3, for staff immediately below them in Grades 4 to 7. These arrangements differ primarily in that, subject to performance of an appropriate standard, there is no overriding quota on the number of individuals who may qualify for the first discretionary increment. We are glad to see these developments and others similar elsewhere in the civil service, all of which strengthen links between pay and performance.

43. In assessing the evidence on this question, we are keenly aware that if employers are to stay competitive, they need to motivate not just the highest performers, for whom promotion prospects are normally a powerful incentive, but also the sound and very satisfactory performers who are a large proportion of the employees in any organisation. It follows that any system for the civil service must ensure that the satisfactory performers—and at this level we believe that the promotion arrangements ensure that the overall standards of those entering the grades are high and that ‘average’ performance should be correspondingly good—are adequately rewarded and able to progress at least some way through the pay range. It should be recognised that, with 469 Grade 3s in post compared with only 130 Grade 2s, the majority of Grade 3s cannot realistically expect promotion to Grade 2 or above and will spend some 10 to 15 years in their grade. We also believe that any system should ensure that adequate differentials are maintained between Grade 3s and staff in Grades 4 and 5 immediately below them. We believe that it would be premature to make changes this year to the structure of the scheme, but expect that on the basis of the Government’s consideration of possible alternative modifications to the present scheme we may be in a position to make recommendations next year.

44. One change however should be made at once. We are convinced that it is undesirable to leave the ‘quota’ at 25 per cent. It was intended originally as a necessary means of controlling costs while the scheme was being introduced. Unless the ‘quota’ is raised, it will rapidly demotivate high performers who are unable to qualify for merit awards until some of those currently receiving them are promoted or retire. The existing 25 per cent ‘quota’ for Grade 2s is used up and almost so for Grade 3s where over 21 per cent of staff are in receipt of discretionary increments. Thus, there is little or no scope to award further discretionary increments whatever the merits of eligible staff, except where existing recipients leave the grades. We consider therefore that, as an interim measure pending the further development of the range pay system, the existing ‘quota’ should be raised to 35 per cent, with effect from 1 October 1989 when the award of further discretionary increments will be due under the existing scheme.

45. **Recommendation.** We recommend that the existing 25 per cent ‘quota’ on the numbers of staff in Grade 2 and Grade 3 who can be in receipt of one or more discretionary increments at any one time should be increased to 35 per cent.

**London allowance for  
Grade 3s**

46. The Government in its evidence asked us to consider the reintroduction of some form of London payment for Grade 3s. The need for this arises from considerations of recruitment and retention, in that any significant problems which occur for the grades we cover are at Grade 3 level, and from the increasing compression of differentials between Grade 3 and Grades 4 and 5 below. Problems are most likely to occur in London where grades up to and including Grade 4 receive London Weighting, currently £1,750 in Inner London, for which since 1985 Grade 3s have not been eligible.

47. Prior to 1985, Grade 3s were the most senior grade to receive London Weighting. For the 1985 review, we considered a recommendation made in the Megaw Report on civil service pay that London Weighting should be extended to Grades 2 and 1. The grounds for this were that three-quarters of organisations consulted in the private sector who paid London Weighting did so to all levels of staff.

48. The Government’s evidence to us in 1985, however, urged us to maintain the existing arrangements because so few Grade 2 and 1 posts were outside London and the amount of pay received by those working in Inner London was in effect the national rate. The Government also said that it had come to regard London Weighting not as a form of cost compensation but as an aid to recruitment and retention, and that there were no recruitment and retention grounds for extending it in the way proposed in the Megaw Report.

49. In the face of the conflicting evidence and the fact that the majority of Grade 3 posts were in London, we concluded in 1985 that the most satisfactory outcome would be to regard Grade 3 as predominantly London-based, as we did Grade 2 and above, and to determine salaries accordingly. Our salary recommendations were therefore on the basis that no civil servants whose pay fell within our terms of reference would continue to receive London Weighting. At the same time, we also recommended a three-point length of service incremental scale for Grade 3s, through which those newly promoted were required to progress before reaching the normally attainable maximum, to replace a single salary level. The combined effect of these changes was some compression of differentials for Grade 3s on promotion in London but some increase in the differential at the normally attainable maximum.

50. Differentials have since eroded further and the current position is shown in Table 1. Most promotions to Grade 3 are from Grade 5, although an increasing number are promoted from Grade 4. In the past Grade 4 posts have predominantly been of a specialist or managerial character. Whilst over recent years the number of Grade 3s has decreased, Grade 4 posts have been used more widely, and there have been increases in the number of fast-stream staff filling them.

**Table 1** Salary scales for Grades 5, 4 and 3 as at 1 October 1988 and the addition of Inner London Weighting for Grades 5 and 4

	Salary	+ London Weighting (£1,750) for Grades 5 and 4
	£	£
Grade 5	27,087	28,837
	28,154	29,904
	29,255	31,005
scale maximum	30,387	32,137
discretionary points	31,563	33,313
	32,784	34,534
	34,053	35,803
	35,371	37,121
Grade 4	32,219	33,969
	33,019	34,769
scale maximum	33,819	35,569
discretionary point	35,457	37,207
Grade 3	35,800	
	37,400	
normally attainable maximum	39,000	
discretionary points	41,100	
	43,200	
	45,300	

51. With Inner London Weighting the top two discretionary points for Grade 5 overlap the bottom point of the Grade 3 scale, although they are newly negotiated and are not likely to be in payment for the next year or so. However, the new long-term pay arrangements for Grades 5 to 7 may lead to a further compression of differentials in the coming year. Under the long-term pay arrangements provision was made for initial increases of 4 per cent from 1 April 1988, 3 per cent from 1 October 1988 and 4 per cent from 1 April 1989. This will be followed by an award from 1 August 1989 based on outside pay evidence.

52. As to Grade 4, the pay structure currently fits rather uncomfortably between those for Grades 5 and 3. Ordinary increments, at £800, are half those for Grade 3 and smaller even than those for Grade 5, which are about £1,100. Moreover, the discretionary maximum for Grade 5 is at almost the same level as the discretionary point for Grade 4. With Inner London Weighting this discretionary point overlaps the bottom point for Grade 3.

53. The problem of compressed differentials is compounded by the fact that such recruitment and retention difficulties which do occur at the levels we cover are largely among Grade 3s and confined to London. We therefore conclude that the restoration of some form of London payment for Grade 3s is justified. We considered the reintroduction of London Weighting as paid to the civil service generally but are not persuaded that this would be appropriate. A London payment for Grade 3s should be aimed at improving differentials, and assisting recruitment and retention; London Weighting on the other hand has commonly been seen as compensation for the extra cost of living and working in London. We would also see advantage in the Review Body setting the level of the payment for Grade 3s and being able to review it from time to time. Following our consideration of the Government's request to examine the question, we therefore favour the introduction of a separate London Allowance for Grade 3s. This should be a flat rate amount of £2,000, not subject to banding like London Weighting but as with London Weighting, reckonable for pension purposes. We recognise that the Allowance will have the effect of narrowing the differential between Grades 3 and 2, which we regard as undesirable. However, we do not think it necessary to deal with this in the current review.

54. **Recommendation.** We recommend that a London Allowance of £2,000 should be paid to Grade 3s with effect from 1 April 1989.

### **The armed forces**

55. In our last report we said that our general approach when considering the salaries for senior officers in the armed forces was similar to that for the higher civil service. We commented on the various factors involved, including salary differentials and existing pay links with the civil service, and also on the differences which existed between the career patterns of senior officers and senior civil servants. Performance related pay had been introduced in the civil service, and we expected it to have an increasing influence on the pay of Grades 2 and 3; but we had not recommended similar arrangements for the armed forces. As indicated in the report, we subsequently asked for views on whether the civil service arrangements should influence the pay structure for two and three star officers, bearing in mind the importance attached to widening the pay differential between one and two star officers and to maintaining links between officers and civil servants.

56. Senior management in the Ministry of Defence continue to hold the view that performance related pay would be inappropriate for senior officers and, above all, could weaken 'esprit de corps'. They argue in particular that the relatively short period of time which senior officers generally serve in any rank before they retire or are promoted, would make performance pay impractical. We accept that the career structure in the armed forces is different from that in the civil service and we make no recommendations about performance pay for the armed forces. However, the major issues of the differential between one and two star officers and pay links between officers and civil servants remain. They cannot be considered in isolation and we discuss them below.

#### **Differentials and pay links: two star officers**

57. Since 1979, the differential between one and two star officers has fluctuated between nil and 15.6 per cent. For much of the time it has been around 10 per cent (see Appendix G for details). The differential has fallen to its current level of 6.7 per cent as a result of the proportionately lower increases for two star officers which have resulted from our recommendations, than have resulted for one star officers from the recommendations by the Review Body on Armed Forces Pay. The differential is reduced further for officers at one star level who receive additional pay, for example flying pay or submarine pay, to an extent that their total pay may exceptionally overtake that of two star officers, at which rank they are not eligible for additional pay. Strong representations were made to us again this year about the inadequacy of the differential.

58. We accept that it is desirable that a promotion which marks a significant change in responsibility between ranks should be more clearly recognised in the pay structure. Last year we considered modifying the salary link between two star officers and Grade 3 civil servants which is currently at the normally attainable maximum point for Grade 3s. In deciding not to proceed with this, despite the likely continued compression of the differential, we had in mind amongst other factors possible developments over discretionary pay, particularly for Grades 3 and 2 in the civil service. However, senior management in the Ministry of Defence now believe that whilst it would be highly desirable to preserve the link, if necessary a higher priority should be attached to establishing an adequate differential between one and two star officers. As we make no recommendations for any major changes in discretionary pay for the coming year, we believe that a modification in the link should be made without further delay.

59. In our view it is important to maintain an identifiable link and we recognise that we may need to look again at what we recommend this year in the light of possible changes next year in the discretionary pay arrangements for Grade 3s. We have considered three options: the introduction of a two-point scale for two star officers based on the existing link and the first discretionary point for Grade 3s, which could be payable after the first tour of duty as a two star officer; modifying the link to the mid-point between the salary on promotion and the top discretionary point for Grade 3s, as suggested to us by the Government; and modifying the link to the first discretionary point for Grade 3s. We ruled out the first option because it would not provide a sufficient increase on promotion. We saw advantages in the second option, but we do not consider that it would now provide a sufficient differential. We concluded therefore that the most satisfactory arrangement would be to alter the pay link for two star officers to the first discretionary point for Grade 3s. In reaching this decision we have taken into account that the median age at which one star officers are promoted to two star rank is about five years later than the median age at which civil servants are promoted to Grade 3, and that they spend less time in their new rank than civil servants in Grade 3; the fact that we are recommending that the 'quota' on the number of Grade 3s who can be in receipt of a discretionary increment at any one time should be raised from 25 per cent to 35 per cent; and that we have recommended the introduction of a London Allowance for Grade 3s.

60. **Recommendation.** We recommend that two star officers should be paid the same basic salary as Grade 3s on the first discretionary incremental point for their grade. This recommendation is reflected in our salary recommendations at paragraph 68 of our report. We will wish to review the position again next year in the light of the possible development of discretionary range pay for Grades 3 and 2.

## Summary of detailed proposals and recommendations

61. A summary of our detailed proposals and recommendations is as follows:

### Judiciary

- (i) We propose next year to review the pay of Circuit Judges and their position in the judicial salary structure in the light of continuing recruitment difficulties (paragraphs 16 to 20).
- (ii) We **recommend** that the Lord Justice Clerk should receive a salary lead of £1,000 over the salary for other appointments in Group 3 (paragraphs 21 to 23).
- (iii) We **recommend** that the Immigration Adjudicators should be raised from Group 8 to Group 7 and the Chief Immigration Adjudicator and the Vice-Presidents of the Immigration Appeal Tribunal should be raised from Group 7 to Group 6 (paragraphs 24 to 32).

Our revised judicial salary structure, taking account of (ii) and (iii), is at Appendix F.

#### **Civil service**

- (iv) We believe that it would be premature to make changes this year to the structure of the discretionary range pay scheme for Grades 2 and 3, but expect that on the basis of the Government's consideration of possible alternative modifications to the present scheme we may be in a position to make recommendations next year (paragraphs 38 to 43).
- (v) Meanwhile, we *recommend* that the existing 25 per cent 'quota' on the numbers of staff in Grade 2 and Grade 3 who can be in receipt of one or more discretionary increments at any one time should be increased to 35 per cent (paragraphs 44 and 45).
- (vi) We *recommend* that a London Allowance of £2,000 should be paid to Grade 3s with effect from 1 April 1989 (paragraphs 46 to 54).

#### **Armed forces**

- (vii) We *recommend* that the existing link between the pay of two star officers and Grade 3s should be modified from the normally attainable maximum to the first discretionary incremental point for Grade 3s. This is reflected in our salary recommendations at paragraph 68 (paragraphs 57 to 60).

# Chapter 3

## General considerations and recommendations

- General considerations** 62. In our comprehensive review last year, we recommended increases which, whilst more than matching inflation, were about half the size of those at senior levels outside. This increased the gap between salary levels for the most senior jobs in the public and private sectors but we took the view that this reflected growing differences between them in relation to factors such as job security and accountability. We believed the increases would be sufficient to deal with immediate problems of recruitment and retention.
63. This year, as set out in Chapter 2, we have considered a number of particular issues, two of them held over from our last review. The main recommendations we have made are for the payment of a London Allowance to Grade 3s in the civil service; and for a modification of the pay link between Grade 3s and two star officers in the armed forces with the purpose of widening the differential between two star and one star officers. With both, the compression of differentials was the main factor which, if ignored, would have affected morale and motivation and, in due course, recruitment and retention. At the request of the Lord Chancellor, we also examined the continuing difficulties in recruiting Circuit Judges but did not have evidence to enable us to make a firm proposal. We plan in our next review to examine the issue in greater depth. Meanwhile we have recommended two relatively minor changes to the judicial salary structure.
64. In considering what general level of increase we should recommend, we have noted that outside salaries for broadly analogous jobs, which were significantly above the salaries we recommended last year, have continued to increase strongly. However, we have this year thought it right to attach great weight to resisting and doing what we can to discourage any addition to current inflationary pressures. The Government attaches an overriding priority to ensuring that the economic gains of recent years are not put at risk through inflation; and argues strongly that it would be both self-defeating and economically damaging for negotiators to allow pay increases to be driven upwards by what should prove to be a temporary increase in the inflation rate. We agree with this view. We have also borne in mind that the Tax and Price Index, which takes account of both price and tax changes, showed an increase of only 4.4 per cent in the year to November 1988 as a result of the reduction in income tax announced in the last Budget; and that the reduction was of significant benefit to the senior public servants covered by our remit.
65. Against this background we regard it as essential that our recommendations should not set the wrong example to those responsible for pay negotiations. Although we do not believe that our recommendations have any material effect on salary increases at senior levels in the private sector, they are highly visible and may be used out of context by pay bargainers. We have noted the salary increases announced in December 1988 for Ministers and parliamentary office holders which averaged 4.5 per cent. We believe that a similarly modest general increase is appropriate this year for the groups with whom we are concerned; but we must make it clear that this results in pay levels lower than we would otherwise have thought appropriate for them.
66. We emphasise that the approach we have adopted this year, whilst justified in view of the need to resist inflationary pressures, must not be repeated regularly. There are strong upward pressures on salaries at this level in the public services

which will have to be recognised and accommodated over the next few years. The salary levels which we recommended in our last report were significantly below outside salaries for broadly analogous jobs; and the latter have continued to increase strongly. Pay movements at higher levels in large non-financial companies show a median increase of 12.3 per cent to July 1988 in our latest regular survey. A summary of the survey information on salary levels and increases is shown in Tables 2 and 3; fuller details are given in Appendix D. Increases for Grades 4 to 7 in the civil service are reducing differentials between them and the grades in our remit group. The increases were agreed for reasons including recruitment and retention. The pay of the ranks of the armed forces immediately below those in our remit group, and which is also influenced by recruitment and retention, has similarly increased so that differentials have been reduced. The recommendations we make about a London Allowance for Grade 3s and on the pay link between Grade 3s and two star officers are targeted on these areas. They should ease the immediate problems, but will in turn reduce differentials with the grades and ranks above them. As to the judiciary, market forces bear directly on recruitment. There is evidence that the earnings of barristers and solicitors, from whom appointments must be made, are continuing to increase at a rate significantly greater than that we recommend for posts in the judiciary. Moreover, as many barristers and solicitors already earn substantially more than posts in the judiciary, the reduction in income tax rates has further widened the gap in income after tax.

**Table 2 Median salary plus bonus, commission and profit-sharing (non-financial companies) at 1 July 1988**

	<i>£ per annum</i>		
	Annual turnover of company		
	£1,800m and over	£904-1,799m	£475-903m
Chief executives	209,000	190,000	110,000
Other main board members	115,000	100,000	75,000
Heads of function reporting to main board members	61,900	53,000	46,200

Source: OME.

**Table 3 Median percentage increase in earnings between 1 July 1987 and 1 July 1988**

	<i>Per cent</i>		
	Senior posts in non-financial companies		Senior posts in financial companies
	All	Higher level posts in largest companies <sup>a</sup>	
Salary	10.2	11.0	12.0
Salary plus bonus, commission and profit sharing	11.2	12.3	14.1

<sup>a</sup>Main board members and heads of function reporting to main board members in companies with annual turnover of £475 million and over.

Source: OME.

67. If increases for the posts in our remit groups are allowed to diverge significantly from broad movements in the economy generally, there will be a corresponding fall in the quality of those who are available to fill them. In recent years we have met many people of the highest quality, both in our remit groups and among those who might aspire to appointments at these levels. We are disturbed, particularly by our discussions with some of those who have left, that the civil service will not continue to attract, retain and motivate people of this quality. Within a decade this could create major problems when appointments need to be made to posts at the most senior levels. In future years therefore, increases must adequately reflect the responsibility of the work undertaken and

maintain differentials of the order which were established following our recommendations in 1985. Not to do so, stores up greater difficulty for the future unless there is to be an unacceptable loss of quality; it would lead in our view to an unavoidable need for a catching-up exercise of a potentially embarrassing scale which is greater for each year it is postponed.

**Recommendations** 68. The levels of salary we recommend as appropriate at 1 April 1989 are set out below<sup>1</sup>. Our basic recommendations provide increases of about 5 per cent. In arriving at this figure we have had to strike a balance between responding to the undoubted upward pressure on salaries for roughly analogous jobs in the private sector and the need this year to make exceptional efforts to discourage inflationary pay increases. The targeted increases which we have recommended, as summarised in paragraph 61, will add a further 0.3 per cent to the judicial paybill, a further 2.5 per cent to the paybill for senior civil servants (excluding any cost which may arise from the increase in the 'quota' for discretionary increments as the numbers affected are unknown) and a further 3.6 per cent to the paybill for senior officers in the armed forces; the additional cost of these targeted increases on the paybill for our remit groups as a whole will be 1.3 per cent.

	<i>Salaries currently in payment £</i>	<i>Recommended 1 April 1989 salaries £</i>	<i>Numbers in post at 30 September 1988<sup>a</sup></i>
<b>Members of the judiciary</b>			
The recommended composition of each Group is given in Appendix F and the changes from the existing structure are listed in paragraph 61. The numbers in post relate to the new structure.			
Group 7	37,500	39,400	421
6	45,800	48,100	548
5	50,900	53,400	24
4a	59,700	62,700	6
4	68,500	72,000	103
3	75,750	79,500 <sup>b</sup>	39
2	78,750	82,750	13
1	85,250	89,500	1
<b>Senior civil servants</b>			
Grade 3			469
on promotion	35,800	37,600	
after one year's service in the grade	37,400	39,300	
after two years' service in the grade (normally attainable maximum)	39,000	40,900	
discretionary	{ 41,100	43,100	
	43,200	45,400	
	45,300	47,600	
Grade 2			130
on promotion	45,800	48,100	
after one year's service in the grade (normally attainable maximum)	48,000	50,400	
discretionary	{ 50,600	53,100	
	53,800	56,500	
	57,000	59,800	
Grade 1A	62,750	66,000	15
Grade 1	68,500	72,000	24
Permanent Secretary of the Treasury Secretary of the Cabinet <sup>c</sup>	} 79,750	83,750	1
Head of the Civil Service (and Secretary of the Cabinet) <sup>d</sup>	85,250	89,500	1

<sup>1</sup> The total cost to the paybill of what is recommended takes no account of Earnings Related National Insurance Contributions or of the cost to the Government of pensions.

	<i>Salaries currently in payment</i> £	<i>Recommended 1 April 1989 salaries</i> £	<i>Numbers in post at 30 September 1988<sup>a</sup></i>
<i>Senior officers of the armed forces</i>			
Rear Admiral	39,000	43,100	150
Major General			
Air Vice-Marshal			
Vice-Admiral	48,000	50,400	33
Lieutenant General			
Air Marshal			
Admiral	68,500	72,000	20
General			
Air Chief Marshal			
Admiral of the Fleet	85,250	89,500	1 <sup>e</sup>
Field Marshal			
Marshal of the Royal Air Force			

PLOWDEN  
 TERENCE BECKETT  
 DEREK BIRKIN  
 LOUISE BOTTING  
 CHORLEY  
 ROBIN IBBS  
 PETER MATTHEWS  
 DAVID NICKSON  
 HUGH PIGOTT  
 JEREMY POPE  
 THOMAS SKYRME

OFFICE OF MANPOWER ECONOMICS  
 25 January 1989

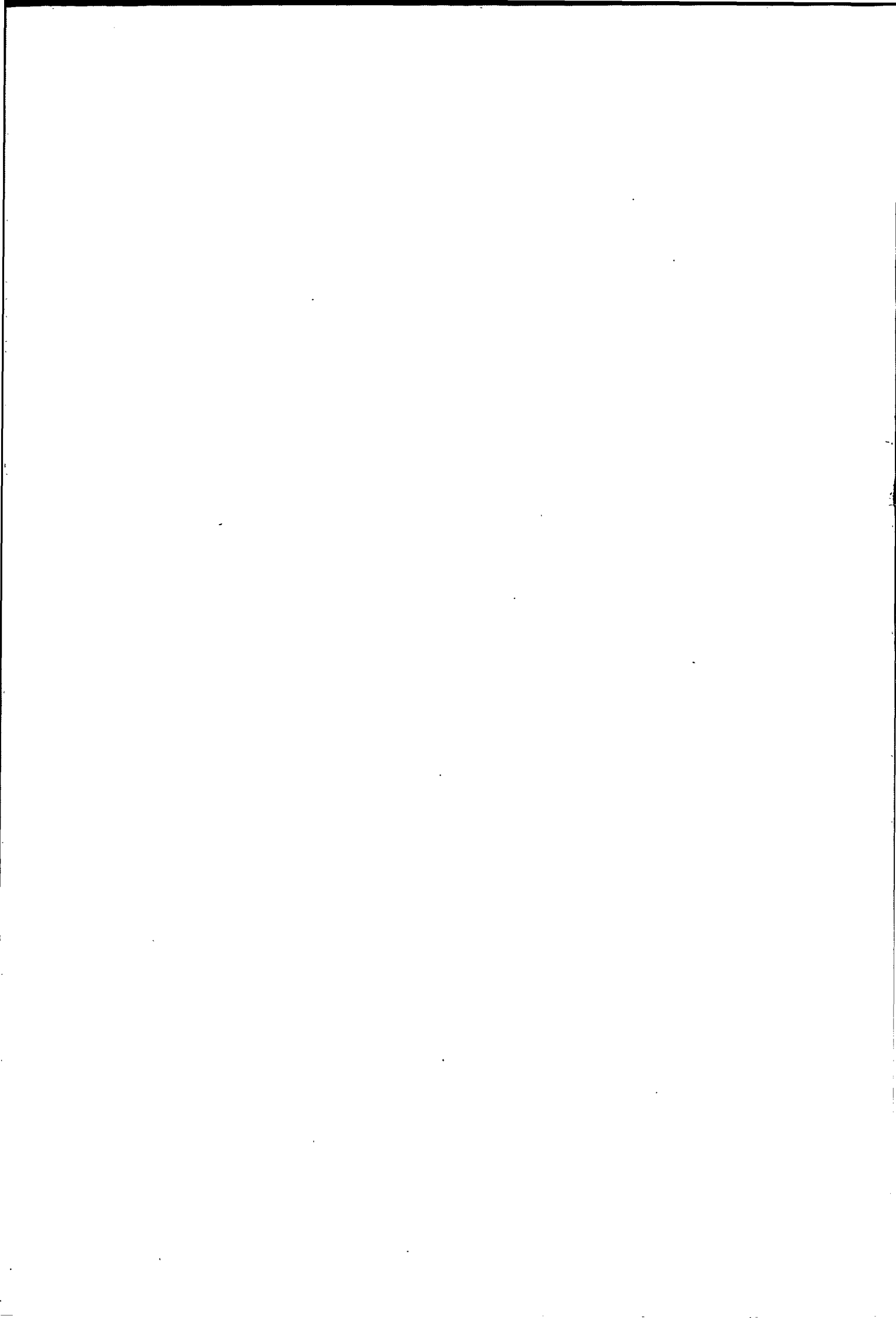
<sup>a</sup> Numbers in post exclude the Northern Ireland Civil Service.

<sup>b</sup> The Lord Justice Clerk to be paid a salary lead of £1,000.

<sup>c</sup> Paid at this level if not also Head of the Civil Service (see footnote <sup>d</sup>).

<sup>d</sup> At present a combined post.

<sup>e</sup> Only one officer holds an appointment at this level at any one time as Chief of Defence Staff.



## 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.
- No. 25: Tenth Report on Top Salaries—Cm 128, April 1987.
- No. 27: Eleventh Report on Top Salaries—Cm 359, April 1988.

## Appendix B

### List of those who gave oral evidence to the Review Body

Sir Robin Butler, KCB, CVO—Secretary of the Cabinet and Head of the Civil Service

Mr L Christie—General Secretary, National Union of Civil and Public Servants

Ms S Corby—Acting General Secretary, First Division Association

Admiral of the Fleet Sir John Fieldhouse, GCB, GBE—Chief of the Defence Staff

Sir Christopher France, KCB—Permanent Secretary, Department of Health

Mr D P Hornby—Civil Service Commissioner

Mr P Jones—Secretary, Council of Civil Service Unions

Mr E P Kemp, CB—Second Permanent Secretary, Office of the Minister for the Civil Service

Mr T S Legg, CB—Deputy Secretary, Lord Chancellor's Department

The Rt. Hon. The Lord Mackay of Clashfern—Lord Chancellor

Mr W McCall—General Secretary, Institution of Professional Civil Servants

Sir Peter Middleton, GCB—Permanent Secretary, HM Treasury

Dame Anne Mueller, DCB—Second Permanent Secretary, HM Treasury

Sir Derek Oulton, KCB—Permanent Secretary, Lord Chancellor's Department

Sir Michael Quinlan, KCB—Permanent Under Secretary of State, Ministry of Defence

Mr D J Trevelyan, CB—First Civil Service Commissioner

Mr B Walmsley—Second Civil Service Commissioner

Sir Clive Whitmore, GCB, CVO—Permanent Under Secretary of State, Home Office

## Appendix C

### List of those who gave oral evidence to the judicial sub-committee or separately to Sir Thomas Skyrme

#### Seen by the judicial sub-committee

Lady Anson—Immigration Adjudicator  
Mr G W Farmer—Vice-President of the Immigration Appeal Tribunal  
Ms Stella Hutcheson—Lord Chancellor's Department  
Professor D C Jackson—Vice-President of the Immigration Appeal Tribunal  
Mr D L Neve—President of the Immigration Appeal Tribunal  
Mr M Patey—Chief Immigration Adjudicator  
Ms Helen Tuffs—Lord Chancellor's Department

#### Seen separately by Sir Thomas Skyrme

The Rt. Hon. The Lord Cameron of Lochbroom, QC—Lord Advocate of the  
Court of Session  
The Hon. Lord Elliot, MC—President of the Lands Tribunal (Scotland) and  
Chairman of the Scottish Land Court  
The Rt. Hon. The Lord Emslie, MBE, LLD—Lord President of the Court of  
Session and Lord Justice General of Scotland  
Sheriff W C Henderson—Sheriffdom of Tayside, Central and Fife at Stirling  
Mr G Murray—Director, Scottish Courts Administration  
The Rt. Hon. The Lord Ross of Marnock, MBE—Lord Justice Clerk

## Appendix D

### Survey of top salaries in the private sector, 1987-1988<sup>1</sup>

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

#### CONTENTS

	<i>Page</i>
Description of the survey .. .. .	22
Summary of results .. .. .	23

#### *Table*

1. Median, quartile and decile salary plus bonus at 1 July 1988, by level of post and size of company .. .. .	25
2. Mean salary and salary plus bonus by level of post and size of company, at 1 July 1987 and 1 July 1988 .. .. .	26
3. Date of last increase in salary for each level of post .. .. .	28
4. Response and coverage of survey .. .. .	29
5. Weighting of results from non-financial companies .. .. .	30

*Note:* Because of rounding, rows or columns may not add exactly to the totals shown, percentages may not add to 100 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. On this occasion, pensions and fringe benefits were not covered<sup>1</sup>. The Review Body is grateful for the co-operation of those who contributed to the survey.

#### Selection of the sample

2. **Non-financial companies.** 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 the size bands are redrawn so that each stratum contains approximately the same number of companies each year. The sample was expanded from 173 non-financial companies to 196 in this latest survey; the increase was concentrated in the two lowest turnover bands to produce the greatest reduction in the overall sampling error.

3. **Financial companies.** The number of companies selected was increased in 1987 from 27 to 50 in order to include a wider range of financial institutions (formerly consisting of the clearing banks and a selection of other banks, insurance companies and building societies) and to reduce the sampling error for this sector. In this survey, 54 companies were included.

#### The questionnaire

4. All companies selected for the survey were asked to provide data on salaries and bonus, including commission and profit-sharing, for full-time members of the main board and for senior executives who reported to a main board member. In addition, companies in the top two size bands of the non-financial sector (those with a turnover of at least £904 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

<sup>1</sup> This survey was the fourteenth such inquiry. Details of previous surveys are given in the Reports listed in Appendix A. Pensions and fringe benefits were last covered in the thirteenth survey—see Report No. 27.

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 6. 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 July 1988.

**Response** 5. An overall response rate of 82 per cent was obtained. Replies were received from over 90 per cent of the larger non-financial companies and nearly 90 per cent of financial companies, but this was offset by lower response from smaller companies. Table A shows the number of companies and the response rate in each stratum.

**Table A Organisations' response to the salary survey**

Sector	Number in 'Times 1,000'	Number selected	Providing replies		Number used
			Number	As a percentage of number selected	
	No.	No.	No.	%	No.
Non-financial					
Turnover (£ million)					
1,800 and over	62	26	25	96	22
904-1,799	61	23	22	96	20
475-903	87	28	25	89	23
206-474	138	22	18	82	24
99-205	282	46	32	70	31
51-98	370	51	35	69	32
All non-financial	1,000	196	157	80	152
Financial	..	54	48	89	48
All	..	250	205	82	200

.. Nine companies gave information for a subsidiary in a lower size band, 3 of which had a turnover of less than £51 million. Because of organisational changes in 2 companies, their replies were not used.

**Scaling the replies** 6. To produce overall estimates for the whole non-financial sector for each level of post, the survey data for each size band have been weighted to allow for the achieved sample of the companies of that size in the 'Times 1,000' list. In addition, the data for all companies have been scaled up to allow for the sampling of posts below board level (referred to in paragraph 4 above). The numbers of posts for which earnings were fully reported appear in Table 4, while the weights used to produce overall estimates for each level of post in non-financial companies and, from these, the estimates for all posts are given in Table 5.

### Summary of results

7. Detailed results are given in Tables 1 to 3. The main points are described in the following paragraphs.

**Levels of pay** 8. Table 1 shows the extent to which salary plus bonus rises with company size and the wide range of pay between the smallest and the largest companies covered by the 'Times 1000' list. For example, median pay in companies with a turnover exceeding £1,800 million was twice that in companies with a turnover of £51 to 98 million. Upper quartile pay for smaller companies was below the lower quartile for the largest companies. Median pay plus bonus in the financial sector was similar to that for the larger non-financial companies.

9. Table 2 gives the means of the salaries with and without bonuses and the increases between 1987 and 1988. Bonuses added an average of nearly 12 per cent to basic salaries at board level in non-financial companies in 1988 and 9 per cent for senior executives, in each case slightly more than in 1987. Of the posts reported

in this survey, 55 per cent had been paid a bonus in both 1987 and 1988, 4 per cent in 1987 only and 8 per cent in 1988 only. The numbers of posts eligible for bonuses are not known.

**Movements in pay** 10. Mean basic salary showed a 13.0 per cent increase, averaged across all posts in non-financial companies in the survey, between July 1987 and July 1988 and an increase of 13.6 per cent in salary plus bonus, with similar increases in financial companies. Excluding the 12 per cent of posts where a bonus was paid only in 1987 or in 1988, the increase in average salary alone in non-financial companies was 12.5 per cent and salary plus bonus rose 13.2 per cent.

*Table B*

		Annual percentage increase <sup>a</sup> in mean pay			
		Non-financial companies		Financial companies	
		Basic salary	Salary plus bonus	Basic salary	Salary plus bonus
September	1980-81	12.9	11.3	12.3	12.0
	1981-82	10.4	11.3	10.8	11.0
Sept 1982 -	Oct 83	9.5	10.8	6.8	5.7
October	1983-84	10.0	11.6	8.0	8.3
	1984-85	9.5	9.2	9.1	9.1
	1985-86	9.6	11.6	10.8	12.1
	1986-87	10.6	11.6	13.7	21.3
July	1987-88	13.0	13.6	13.1	13.4

<sup>a</sup> Based on a comparison with the same posts a year earlier.

**Date of last increase in salary** 11. Table 3 gives details of the timing of the last increase in salary for the different levels of post in the survey. In 5 per cent of cases no increase had been given since 1 July 1987. For the rest, three-quarters of salary reviews occurred in one of four months of the year—January, April, July and October.

Table 1 Median, quartile and decile salary plus bonus<sup>a</sup> at 1 July 1988, by level of post and size of company

Level of post		Non-financial						All	Financial	
		Turnover (£ million)								
		1,800 and over	904-1799	475-903	206-474	99-205	51-98			
<b>Main board members</b>										
1. Chief executives										
	Highest decile	£000	415.1	*	165.0	185.8	116.3	130.6	200.0	288.1
	Upper quartile	£000	276.1	*	155.0	150.0	110.6	93.2	130.6	209.6
	Median	£000	<b>209.0</b>	<b>190.0</b>	<b>110.0</b>	<b>118.6</b>	<b>91.5</b>	<b>79.0</b>	<b>93.2</b>	<b>150.0</b>
	Lower quartile	£000	198.9	*	91.5	85.0	76.3	61.0	70.0	105.4
	Lowest decile	£000	140.9	*	64.0	68.9	66.0	45.0	60.2	89.7
	Mean	£000	241.0	214.8	120.7	121.3	93.8	84.1	114.4	166.3
2. Deputy chief executives										
	Highest decile	£000	*	*	*	*	*	*	175.9	*
	Upper quartile	£000	*	*	*	*	*	*	115.0	170.9
	Median	£000	<b>170.0</b>	*	*	*	*	*	<b>99.0</b>	<b>135.7</b>
	Lower quartile	£000	*	*	*	*	*	*	69.2	87.3
	Lowest decile	£000	*	*	*	*	*	*	59.5	*
	Mean	£000	189.0	188.8	90.3	77.0	88.4	95.0	109.0	129.3
3. Other main board members										
	Highest decile	£000	190.0	146.2	105.5	90.0	85.7	68.7	109.5	205.0
	Upper quartile	£000	140.0	120.0	91.6	74.9	76.0	55.0	80.5	144.0
	Median	£000	<b>115.0</b>	<b>100.0</b>	<b>75.0</b>	<b>57.8</b>	<b>61.6</b>	<b>48.6</b>	<b>60.0</b>	<b>102.0</b>
	Lower quartile	£000	90.0	75.3	56.9	44.8	52.5	43.6	47.3	73.8
	Lowest decile	£000	80.0	59.0	44.9	37.5	43.4	38.0	41.0	52.4
	Mean	£000	123.4	103.8	73.9	60.7	64.3	52.6	69.3	120.9
<b>Senior executives</b>										
4. Heads of function reporting to main board members										
	Highest decile	£000	90.0	90.5	71.8	54.0	51.2	46.0	65.7	112.5
	Upper quartile	£000	74.4	65.9	57.5	45.8	43.5	38.0	51.5	76.8
	Median	£000	<b>61.9</b>	<b>53.0</b>	<b>46.2</b>	<b>38.5</b>	<b>39.1</b>	<b>30.0</b>	<b>40.2</b>	<b>58.7</b>
	Lower quartile	£000	51.3	39.5	40.0	31.5	32.8	25.7	32.2	44.3
	Lowest decile	£000	42.5	30.6	34.2	27.5	28.0	21.6	26.9	33.1
	Mean	£000	64.1	54.9	49.5	40.0	39.7	32.4	43.6	65.8
5. Others reporting to main board members										
	Highest decile	£000	76.8	104.3	60.5	56.1	54.6	36.2	62.7	80.1
	Upper quartile	£000	67.6	71.2	48.4	45.5	50.7	33.5	48.4	71.7
	Median	£000	<b>58.3</b>	<b>58.8</b>	<b>42.2</b>	<b>38.5</b>	<b>39.5</b>	<b>27.3</b>	<b>37.5</b>	<b>58.8</b>
	Lower quartile	£000	44.3	38.5	35.9	29.4	30.5	23.0	29.4	37.1
	Lowest decile	£000	42.2	27.0	31.5	26.2	23.0	20.8	24.6	33.1
	Mean	£000	58.4	58.2	43.7	39.4	39.1	28.2	40.9	57.6
6. Executives reporting to heads of function at 4 above										
	Highest decile	£000	62.9	53.3	}	}	}	}	60.3	87.2
	Upper quartile	£000	54.5	45.5					53.0	63.2
	Median	£000	<b>48.5</b>	<b>38.4</b>					<b>45.0</b>	<b>50.2</b>
	Lower quartile	£000	42.5	30.9					37.7	37.7
	Lowest decile	£000	35.1	26.8					30.0	32.0
	Mean	£000	48.7	40.4	45.7	55.3				
7. Executives reporting to those at 5 above										
	Highest decile	£000	*	*	}	}	}	}	52.8	*
	Upper quartile	£000	*	*					50.7	54.9
	Median	£000	<b>36.0</b>	<b>44.0</b>					<b>36.0</b>	<b>43.8</b>
	Lower quartile	£000	*	*					35.5	40.4
	Lowest decile	£000	*	*					34.0	*
	Mean	£000	41.9	43.7	43.1	45.6				

For numbers of posts reported see Table 4.

<sup>a</sup>Including commission and profit-sharing.

<sup>b</sup>Information about these posts was not sought from non-financial companies whose turnover was under £904 million.

\* Too few posts reported to provide reliable figures.

**Table 2 Mean salary and salary plus bonus<sup>a</sup>, by level of post and size of company, at 1 July 1987 and 1 July 1988**

Level of post and sector	Mean salary			Mean salary plus bonus, etc.		
	1987	1988	Percentage increase	1987	1988	Percentage increase
	£000	£000	%	£000	£000	%
<b>Main board members</b>						
1. Chief executives on main board						
Non-financial						
Turnover (£m)						
1,800 and over	183.6	217.5	18.5	198.1	241.0	21.6
904-1799	156.1	183.1	17.3	169.1	214.8	27.1
475-903	94.1	111.0	17.9	106.8	120.7	13.0
206-474	84.0	102.1	21.7	96.8	121.3	25.2
99-205	76.0	83.3	9.6	85.0	93.8	10.4
51-98	63.9	78.3	22.5	76.9	84.1	9.3
All non-financial	86.9	102.3	17.6	98.9	114.4	15.7
Financial	115.9	133.4	15.1	146.1	166.3	13.8
2. Deputy chief executives on main board						
Non-financial						
Turnover (£m)						
1,800 and over	143.5	175.3	22.2	157.2	189.0	20.2
904-1799	156.7	177.8	13.5	166.2	188.8	13.6
475-903	70.7	82.8	17.1	78.0	90.3	15.9
206-474	65.6	71.5	9.0	70.2	77.0	9.7
99-205	73.0	84.0	15.1	74.7	88.4	18.4
51-98	75.5	84.2	11.6	83.1	95.0	14.3
All non-financial	87.6	101.2	15.5	93.8	109.0	16.2
Financial	91.0	106.9	17.5	134.5	129.3	-3.9
3. Other main board members						
Non-financial						
Turnover (£m)						
1,800 and over	95.7	111.8	16.8	103.6	123.4	19.2
904-1799	77.8	91.3	17.3	83.2	103.8	24.8
475-903	57.2	65.6	14.6	65.3	73.9	13.1
206-474	46.0	52.1	13.4	53.4	60.7	13.6
99-205	50.7	58.2	14.9	55.6	64.3	15.6
51-98	42.2	47.9	13.5	46.9	52.6	12.1
All non-financial	53.9	61.9	14.9	59.8	69.3	15.8
Financial	77.3	87.4	13.0	113.4	120.9	6.6

Table 2 continued Mean salary and salary plus bonus<sup>a</sup>, by level of post and size of company, at 1 July 1987 and 1 July 1988

Level of post and sector	Mean salary			Mean salary plus bonus, etc.		
	1987	1988	Percentage increase	1987	1988	Percentage increase
	£000	£000	%	£000	£000	%
<b>Senior executives</b>						
4. Heads of function reporting to main board members						
Non-financial						
Turnover (£m)						
1,800 and over	54.1	60.7	12.1	56.6	64.1	13.3
904-1799	43.4	48.8	12.4	47.8	54.9	14.8
475-903	37.9	42.6	12.4	43.4	49.5	14.1
206-474	32.9	36.7	11.6	36.2	40.0	10.5
99-205	33.0	36.7	11.2	35.0	39.7	13.5
51-98	27.6	30.3	9.7	29.5	32.4	9.8
All non-financial	35.8	39.9	11.5	38.7	43.6	12.7
Financial	51.2	57.8	12.8	57.5	65.8	14.5
5. Others reporting to main board members						
Non-financial						
Turnover (£m)						
1,800 and over	44.5	48.7	9.4	54.2	58.4	7.7
904-1799	49.0	53.8	9.9	52.2	58.2	11.6
475-903	37.0	40.9	10.5	39.3	43.7	11.2
206-474	32.7	36.1	10.4	35.9	39.4	9.9
99-205	32.0	35.5	10.9	35.2	39.1	11.1
51-98	23.4	26.1	11.6	25.6	28.2	10.4
All non-financial	33.9	37.4	10.5	37.1	40.9	10.4
Financial	44.6	51.6	15.6	50.7	57.6	13.6
6. Senior executives reporting to those at 4 above						
Non-financial						
Turnover (£m)						
1,800 and over	40.6	46.5	14.7	42.4	48.7	15.0
904-1799	32.7	36.8	12.5	35.9	40.4	12.5
904 and over <sup>b</sup>	37.7	43.0	14.0	40.0	45.7	14.2
Financial	44.6	49.8	11.8	47.0	55.3	17.6
7. Senior executives reporting to those at 5 above						
Non-financial						
Turnover (£m)						
1,800 and over	34.7	38.1	9.7	39.1	41.9	7.2
904-1799	36.3	40.2	10.7	37.6	43.7	16.4
904 and over <sup>b</sup>	35.8	39.5	10.4	38.1	43.1	13.1
Financial	35.8	41.2	15.2	38.6	45.6	18.1
8. Others <sup>c</sup>						
Non-financial	61.5	71.4	16.0	66.8	77.7	16.2
Financial	101.2	116.5	15.2	108.4	119.2	10.0
All posts						
Non-financial	41.5	46.9	13.0	45.3	51.5	13.6
Financial	52.1	58.9	13.1	60.7	68.9	13.4

For numbers of posts reported see Table 4

<sup>a</sup>Including commission and profit-sharing.

<sup>b</sup>Information about these posts was not sought from non-financial companies whose turnover was under £904 million.

<sup>c</sup>See note <sup>b</sup> to Table 4.

Table 3 Date of last increase in salary for each level of post

Level of post	Percentage of posts with salary increase in														Total
	July 1988	June 1988	May 1988	April 1988	March 1988	Feb 1988	Jan 1988	Dec 1987	Nov 1987	Oct 1987	Sept 1987	Aug 1987	July 1987	June 1987 or earlier	
<b>Main board members</b>															
1. Chief executives	13.9	2.5	4.2	20.6	4.2	3.6	23.9	0.5	2.4	8.9	1.4	2.5	1.5	9.7	100.0
2. Deputy chief executives	5.3	—	4.7	24.2	—	1.2	34.1	0.6	6.9	11.4	—	5.5	—	6.1	100.0
3. Other main board members	13.5	3.0	4.0	20.2	2.2	3.4	23.8	1.0	3.2	10.9	2.8	5.6	1.6	4.8	100.0
<b>Senior executives</b>															
4. Heads of function reporting to main board members	16.3	2.9	3.9	19.9	2.8	3.8	21.9	0.7	2.8	15.7	0.5	1.6	4.5	2.8	100.0
5. Others reporting to main board members	23.5	1.0	4.1	15.7	2.5	4.0	21.5	3.9	4.8	13.1	1.6	3.4	0.3	0.5	100.0
6. Executives reporting to heads of function at 4 above <sup>a</sup>	29.9	2.5	5.0	32.1	2.1	3.1	19.5	0.2	—	3.0	0.9	0.3	0.6	0.8	100.0
7. Executives reporting to those at 5 above <sup>a</sup>	63.6	1.4	8.6	2.6	—	—	8.2	—	6.6	—	8.8	—	—	—	100.0
<b>8. Other posts<sup>b</sup></b>	4.6	5.3	2.4	25.7	1.1	8.7	24.5	0.2	0.5	16.7	5.2	0.9	0.4	3.8	100.0
<b>All posts</b>	20.8	2.5	4.3	20.5	2.4	3.6	21.4	1.2	2.9	11.6	1.6	2.3	2.3	2.6	100.0

For numbers of posts reported see Table 4

<sup>a</sup>Information about these posts was not sought from non-financial companies whose turnover was under £904 million.

<sup>b</sup>See note <sup>b</sup> to Table 4.

**Table 4 Response and coverage of survey**

	Non-financial						Financial	Total	
	Turnover (£million)								
	1,800 and over	904-1,799	475-903	206-474	99-205	51-98			All
Number of organisations in 'Times 1000'	62	61	87	138	282	370	1,000	—	—
Questionnaires despatched	26	23	28	22	46	51	196	54	250
Replies received	25	22	25	18	32	35	157	48	205
Replies used <sup>a</sup>	22	20	23	24	31	32	152	48	200
<b>Number of posts reported</b>									
<b>Main board members</b>									
1. Chief executives	21	15	23	21	25	25	130	41	171
2. Deputy chief executives	8	3	5	5	5	2	28	18	46
3. Other main board members	97	92	76	98	94	87	544	189	733
<b>Senior executives</b>									
4. Heads of function reporting to main board members	179	150	132	136	147	145	889	270	1,159
5. Others reporting to main board members	41	60	64	102	24	62	353	88	441
6. Executives reporting to heads of function at 4 above	95	59	}	}	}	}	154	186	340
7. Executives reporting to those at 5 above	14	13					27	20	47
8. Others <sup>b</sup>	30	32	24	10	7	19	122	18	140
<b>Total</b>	<b>485</b>	<b>424</b>	<b>324</b>	<b>372</b>	<b>302</b>	<b>340</b>	<b>2,247</b>	<b>830</b>	<b>3,077</b>

<sup>a</sup>Nine non-financial companies provided information for a subsidiary in a smaller size band, three of which had a turnover of less than £51 million. Because of organisational changes in two companies, their replies were not used.

<sup>b</sup>'Others' contain any of the following posts not included elsewhere: chairmen and deputy chairmen who are not chief or deputy chief executives; chief and deputy chief executives not on main boards; full-time members of boards of subsidiaries.

<sup>c</sup>Information about these posts was not sought from non-financial companies whose turnover was under £904 million.

**Table 5 Weighting of results from non-financial companies**

Level of post	Annual turnover (£ million)						All sizes
	1,800 and over	904–1,799	475–903	206–474	99–205	51–98	
<b>Main board members</b>							
1. Chief executives	28	21	41	56	106	135	387
2. Deputy chief executives	11	4	9	13	21	11	69
3. Other main board members	127	131	134	263	399	469	1,523
<b>Senior executives</b>							
4. Heads of function reporting to main board members	495	317	660	561	1,281	933	4,247
5. Others reporting to main board members	118	192	333	507	212	405	1,767
6. Reporting to heads of function at 4 above <sup>a</sup>	805	462	—	—	—	—	1,267
7. Reporting to those at 5 above <sup>a</sup>	157	297	—	—	—	—	454
8. Others	39	46	42	27	30	102	286
<b>All levels of post</b>	<b>1,780</b>	<b>1,470</b>	<b>1,219</b>	<b>1,427</b>	<b>2,049</b>	<b>2,055</b>	<b>10,000</b>

<sup>a</sup> Information about these posts was not sought from non-financial companies whose turnover was under £904 million.

*Note:* Financial companies' results are combined without weighting.

## Appendix E

### Survey of the pre-appointment earnings of recently appointed judges

- Description of the survey**
1. The Office of Manpower Economics, on behalf of the Review Body on Top Salaries, has updated its annual survey of the pre-appointment earnings of judges recently appointed throughout the United Kingdom. The co-operation of those who completed questionnaires is gratefully acknowledged.
  2. As in previous surveys, the judges were asked to provide figures (excluding VAT) of receipts from practice, receipts from other professional activities and expenses deductible for tax purposes. Because of the time lag between execution of the work and payment for it, receipts in a particular year will not reflect work done in that year. Data were therefore collected for the three most recent complete years before appointment to the Bench in order to provide a more representative indication of a respondent's earnings.
  3. The number of appointments in any year is relatively small and results from the latest survey have therefore been combined with earlier surveys. All data have been brought to a common date of 1 April 1988 by using the movements in average earnings (salary plus bonus, etc) shown by the OME survey of top salaries (see Appendix D). While this is not necessarily the most relevant basis, analysis of data from the surveys has strongly suggested that earnings at the Bar have increased at similar rates to those at senior levels in the corporate sector. Hence, the top salaries survey provides a much better guide than, say, retail prices or average earnings in the whole economy.
  4. The latest survey provided 27 usable returns from the 40 forms sent out. When added to previous surveys, this provides totals of 39 returns from High Court Judges and 88 from Circuit Judges (or their equivalents<sup>1</sup>). There has been a very good response rate of over 90 per cent from High Court Judges. The response of 60 per cent from Circuit Judges means that their results cannot be regarded as fully representative of those appointed to the Circuit Bench.
- Results**
5. The average annual net receipts (brought to a common date of 1 April 1988) are summarised in the table below. There are too few appointments in Scotland and Northern Ireland for separate analysis.

#### Judges appointed in the United Kingdom, 1984/5-1987/8 Net receipts prior to appointment (standardised to 1 April 1988)<sup>a</sup>

	High Court Judges	Circuit Judges, previously:			All Circuit Judges
		Queen's Counsel <sup>1</sup>	Junior Counsel	Solicitor	
Number of returns	39	25	50	13	88
Upper quartile	£ 244,600	£ 87,500	£ 56,800	£ 75,200	£ 66,700
Median	118,800	65,400	45,300	64,700	55,100
Lower quartile	90,300	49,600	38,000	51,400	42,800
Mean	177,100	77,900	49,400	64,600	59,700

<sup>a</sup>Pensions contributions not deducted.

6. Pre-appointment earnings of High Court Judges show a much wider spread than those of Circuit Judges. For those appointed to the Circuit Bench, median net receipts of Queen's Counsel and solicitors were similar and some 45 per cent above those of Junior Counsel.

<sup>1</sup> From 1987, the coverage of the surveys includes Judges of the Court of Session and Sheriffs in Scotland and Puisne Judges and County Court Judges in Northern Ireland.

## Appendix F

### Revised judicial salary structure

The order in which posts are listed within each Group is not intended as an indication of relative importance or standing within the Group.

#### Group 1

Lord Chief Justice

#### Group 2

Lords of Appeal  
Master of the Rolls  
Lord President of the Court of Session  
Lord Chief Justice (Northern Ireland)

#### Group 3

Lord Justice Clerk<sup>1</sup>  
Lords Justices of Appeal  
Inner House Judges of the Court of Session  
Lords Justices of Appeal (Northern Ireland)  
President of the Family Division  
Vice-Chancellor

#### Group 4

High Court Judges  
Outer House Judges of the Court of Session  
Puisne Judges (Northern Ireland)

#### Group 4a

London Official Referees

#### Group 5

Sheriffs Principal  
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, Scotland and Northern Ireland)

### **Group 6**

Circuit Judges  
Sheriffs  
County Court Judges (Northern Ireland)<sup>2</sup>  
Social Security Commissioners (England, Wales and Scotland and Northern Ireland)  
Chairman, Scottish Land Court<sup>3</sup>  
Registrar of Criminal Appeals  
Registrar of Civil 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  
Vice-Presidents, Immigration Appeal Tribunal<sup>4</sup>  
Chief Immigration Adjudicator<sup>4</sup>  
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)

### **Group 7**

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)  
County Court Registrars and District Registrars of the High Court  
Circuit Registrars (Northern Ireland)  
President, Pensions 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  
Immigration Adjudicators<sup>5</sup>

---

<sup>1</sup> To be paid a salary lead of £1,000 over the salary for Group 3.

<sup>2</sup> Paid the salary for Group 5 for as long as they are required to carry out significantly different work from their counterparts elsewhere in the United Kingdom. Circuit Judges in England and Wales and Sheriffs in Scotland.

<sup>3</sup> Paid as if in Group 5 when the post is combined with that of President, Lands Tribunal (Scotland).

<sup>4</sup> Previously in Group 7.

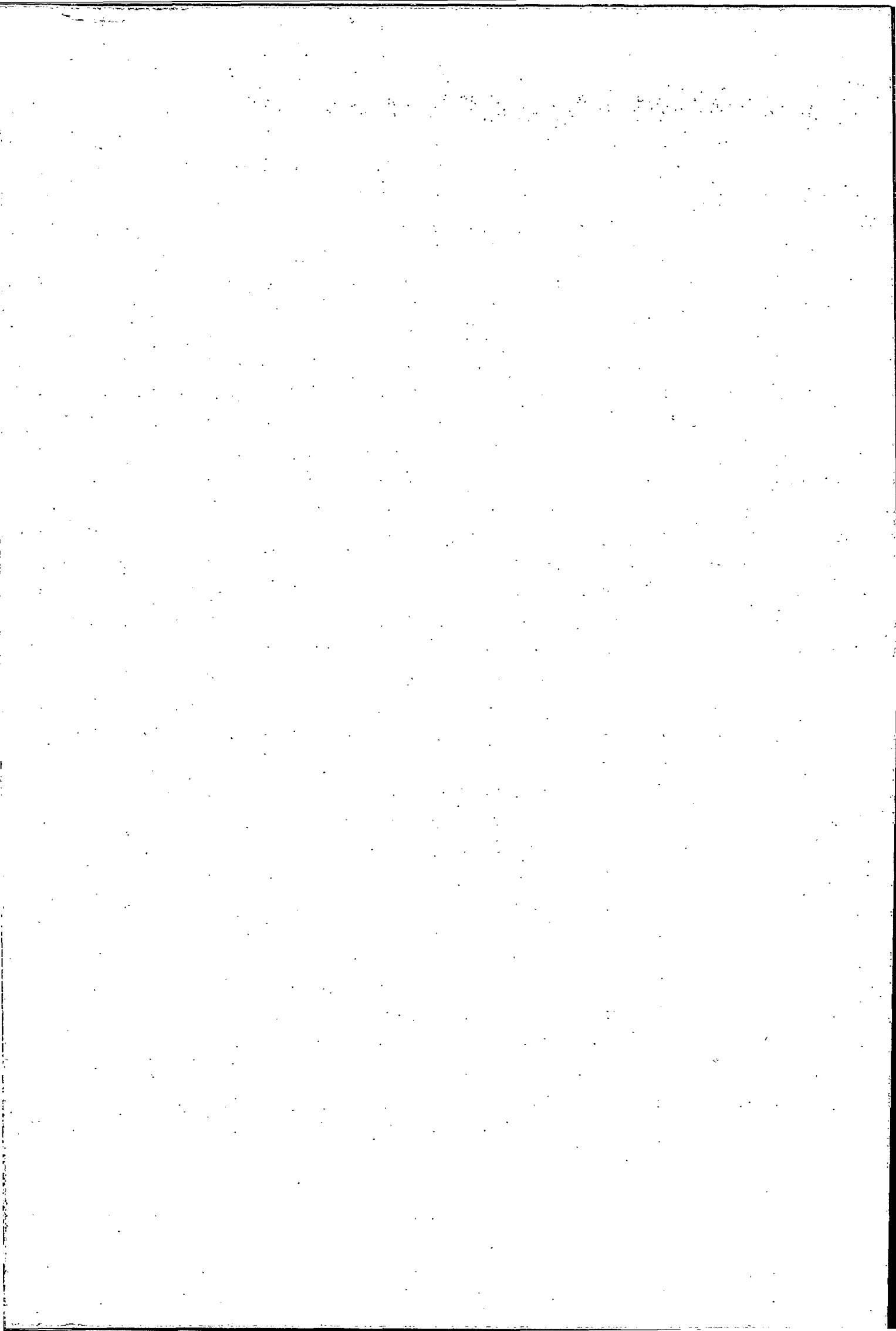
<sup>5</sup> Previously in Group 8 which has been abolished.

## Appendix G

### Salary differential between one star officers and two star officers in the armed forces

1. The pay of one star officers is recommended by the Review Body on Armed Forces Pay (AFPRB); the pay of two star officers is recommended by the Review Body on Top Salaries (TSRB). Since 1979 the differential between one and two star officers has varied as follows:

<i>Date</i>	<i>Differential %</i>	<i>Remarks</i>
April 1979	9.6	
April 1980	12.3	
April 1981	5.0	
April 1982	9.9	
April 1983	nil	AFPRB award but no TSRB award
August 1983	7.0	TSRB interim award
January 1984	11.0	TSRB second stage
April 1984	11.0	TSRB and AFPRB first stage
November 1984	8.9	TSRB and AFPRB second stage
April 1985	0.3	AFPRB award but no TSRB award
July 1985	8.0	TSRB first stage
March 1986	15.6	TSRB second stage
July 1986	9.9	TSRB and AFPRB deferred awards
April 1987	8.1	AFPRB full award and TSRB first stage
October 1987	8.5	TSRB second stage
April 1988	5.5	AFPRB award and TSRB first stage
October 1988	6.7	TSRB second stage





HMSO publications are available from:

**HMSO Publications Centre**

(Mail and telephone orders only)

PO Box 276, London SW8 5DT

Telephone orders 01-873 9090

General enquiries 01-873 0011

(queuing system in operation for both numbers)

**HMSO Bookshops**

49 High Holborn, London, WC1V 6HB 01-873 0011 (Counter service only)

258 Broad Street, Birmingham, B1 2HE 021-643 3740

Southey House, 33 Wine Street, Bristol, BS1 2BQ (0272) 264306

9-21 Princess Street, Manchester, M60 8AS 061-834 7201

80 Chichester Street, Belfast, BT1 4JY (0232) 238451

71 Lothian Road, Edinburgh, EH3 9AZ 031-228 4181

**HMSO's Accredited Agents**

(see Yellow Pages)

*and through good booksellers*