

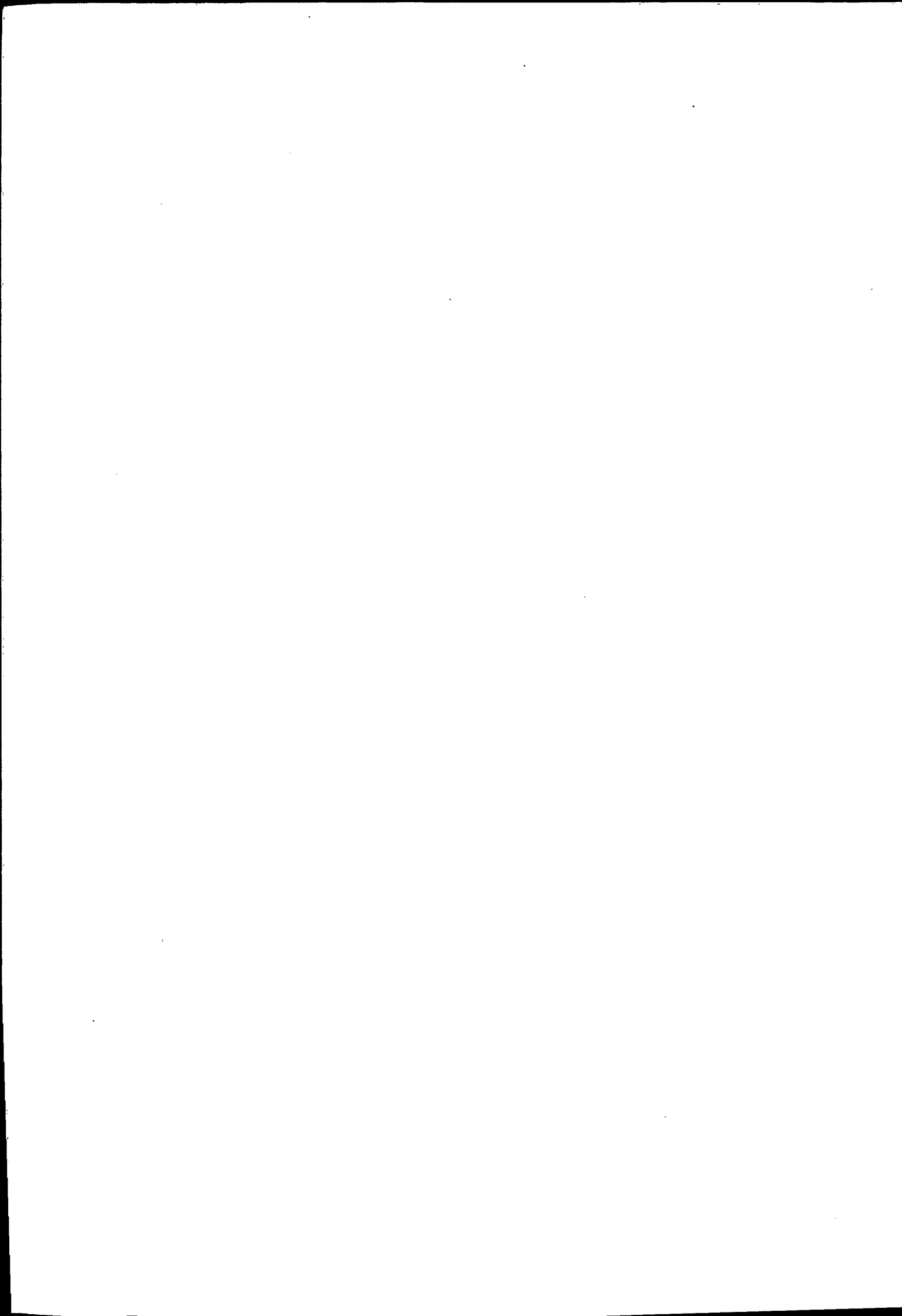


Review Body  
on Top Salaries

REPORT No. 29

**Thirteenth Report  
on Top Salaries**

*Chairman:* Sir David Nickson, KBE, DL





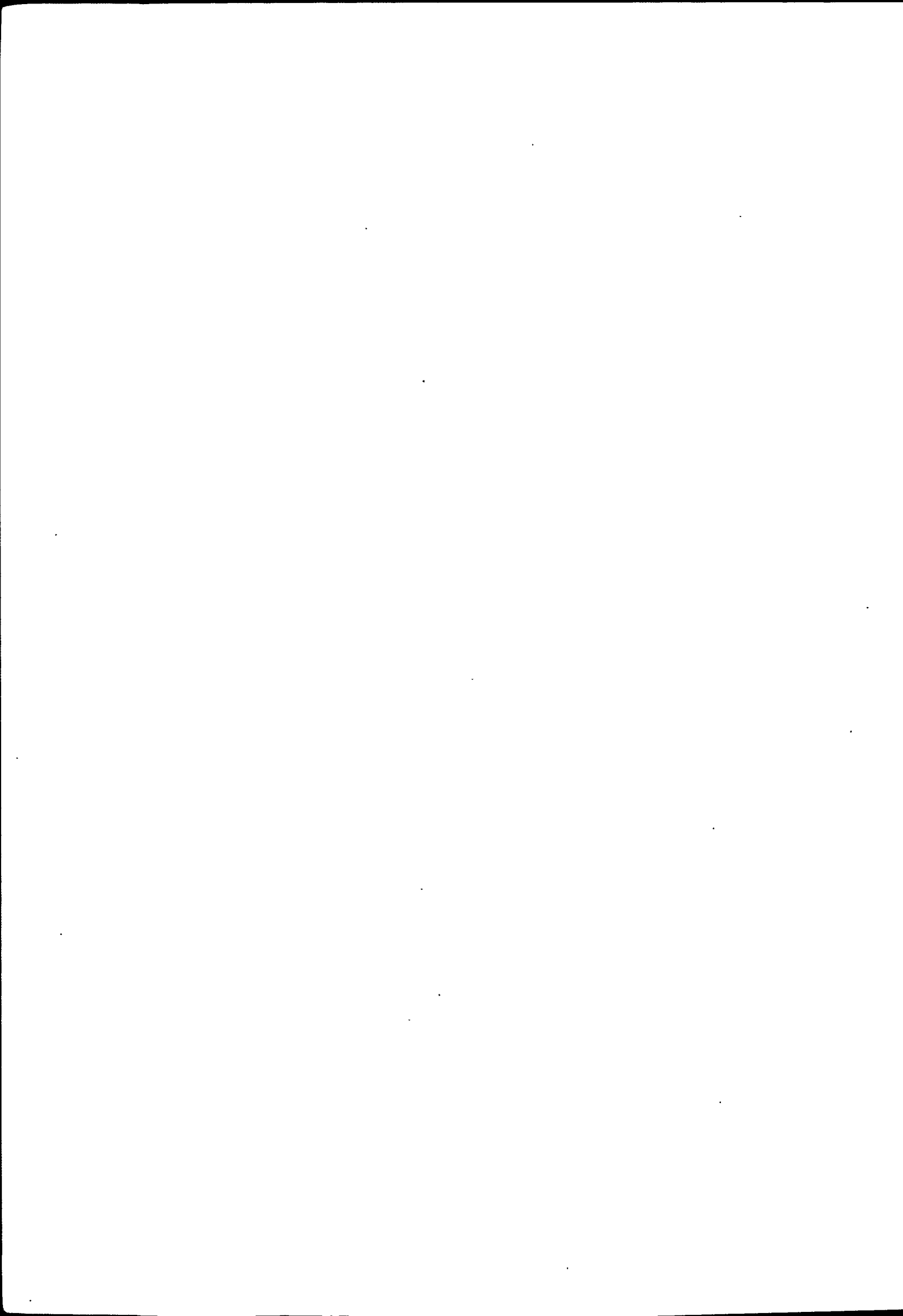
Review Body  
on Top Salaries

REPORT No. 29

Thirteenth Report  
on Top Salaries

*Chairman:* Sir David Nickson, KBE, DL

Presented to Parliament by the Prime Minister  
by Command of Her Majesty  
February 1990



## 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<sup>1</sup> are:

Sir David Nickson, KBE, DL, *Chairman*  
Sir Terence Beckett, KBE  
Louise Botting  
Sir Peter Cazalet<sup>2</sup>  
Lord Chorley  
Sir Cecil Clothier, KCB, QC<sup>3</sup>  
Hugh Pigott  
Jeremy Pope, OBE  
Sir Thomas Skyrme, KCVO, CB, CBE, TD, DL  
Sir Anthony Wilson<sup>2</sup>

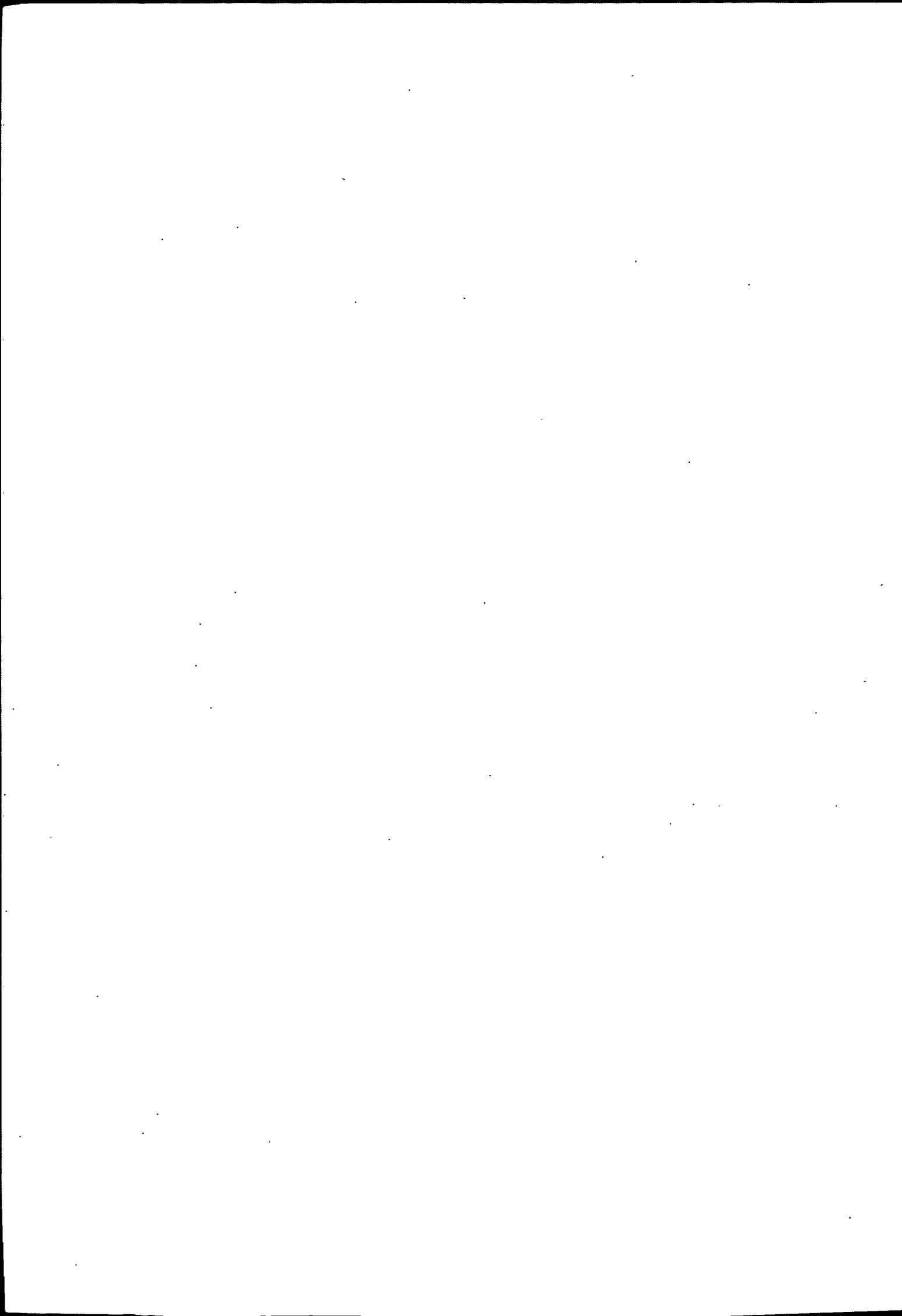
The Secretariat is provided by the Office of Manpower Economics.

---

<sup>1</sup> At the conclusion of the last review Lord Plowden, who was Chairman, Sir Robin Ibbs and Sir Peter Matthews retired from the Review Body; Derek Birkin resigned from the Review Body during the course of the latest review.

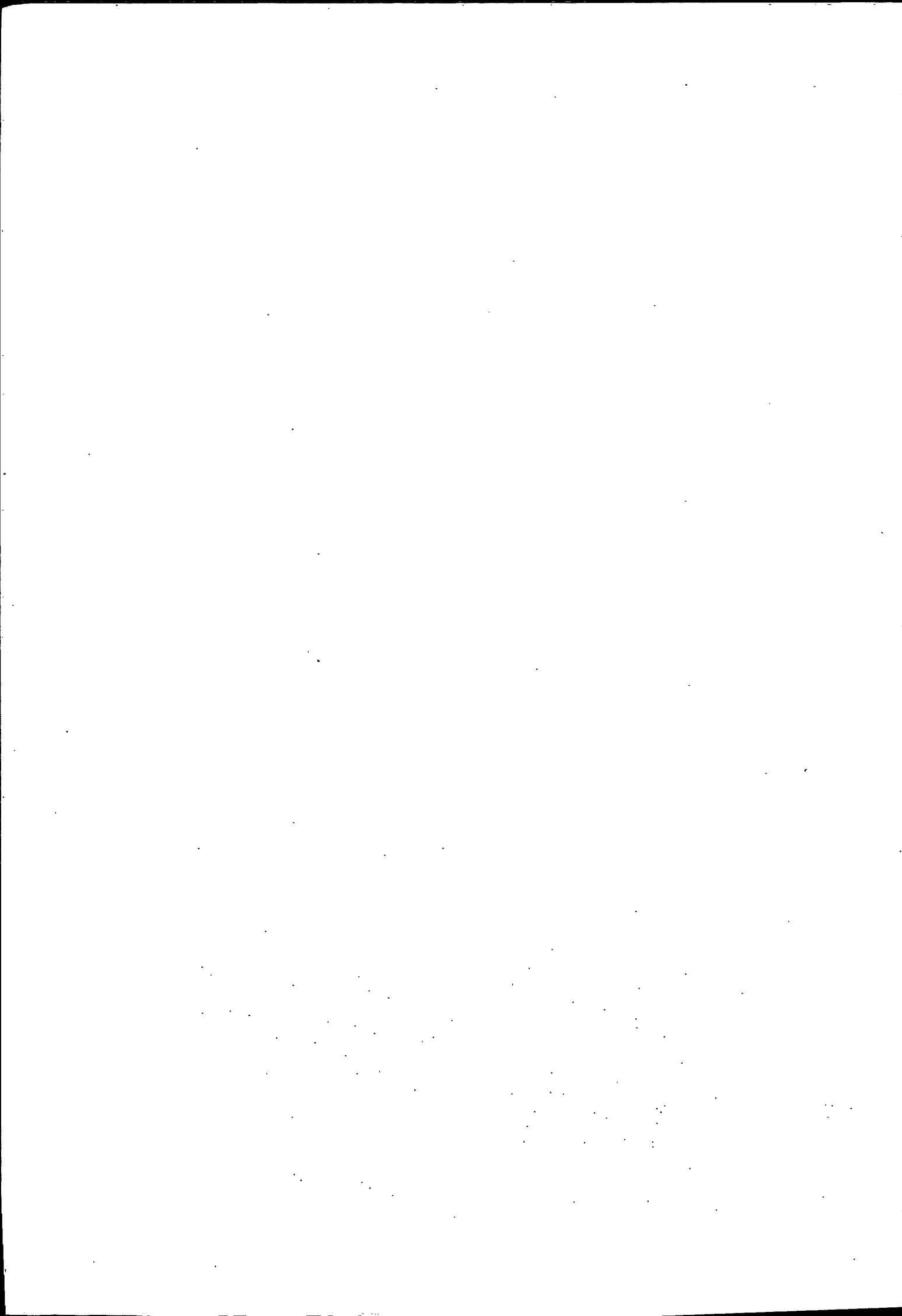
<sup>2</sup> Sir Peter Cazalet and Sir Anthony Wilson were appointed to the Review Body by the Prime Minister with effect from the beginning of the latest review; Sir Peter Cazalet is also Chairman of the Review Body on Armed Forces Pay.

<sup>3</sup> Sir Cecil Clothier was appointed to the Review Body by the Prime Minister with effect from 4 October 1989.



## CONTENTS

		<i>Paragraph</i>	<i>Page</i>
<i>Chapter 1:</i>	<b>Introduction</b>		
	Background .. .. .	1	1
	Conduct of the review .. .. .	6	2
<i>Chapter 2:</i>	<b>General salary levels .. .. .</b>	8	3
<i>Chapter 3:</i>	<b>The civil service .. .. .</b>	17	6
	Fast-stream staff .. .. .	18	6
	Performance-related pay .. .. .	23	7
	Pay differentials .. .. .	38	10
<i>Chapter 4:</i>	<b>The armed forces .. .. .</b>		
	Differentials and pay links .. .. .	50	13
<i>Chapter 5:</i>	<b>The judiciary .. .. .</b>	57	15
	Circuit Judges .. .. .	59	15
	Other judicial posts .. .. .	77	19
	Conclusions .. .. .	80	20
	Judicial pensions .. .. .	83	21
<i>Chapter 6:</i>	<b>Summary of recommendations and salary levels .. .. .</b>	84	22
<i>Appendix A:</i>	Previous Review Body reports on top salaries .. .. .		25
<i>B:</i>	List of those who gave oral evidence to the Review Body .. .. .		26
<i>C:</i>	Survey of top salaries in the private sector, 1988-89 .. .. .		27
<i>D:</i>	Surveys of lawyers' earnings .. .. .		36
<i>E:</i>	List of departments which took part in an assessment of the proposed performance-related pay scheme for Grades 2 and 3 in the civil service .. .. .		41
<i>F:</i>	List of organisations with whom the Office of Manpower Economics discussed their performance pay arrangements .. .. .		42
<i>G:</i>	List of those who gave oral evidence to the judicial sub-committee or separately to its Chairman .. .. .		43
<i>H:</i>	Judicial salary structure .. .. .		44
<i>I:</i>	Salaries currently in payment and numbers in post at the latest available date .. .. .		46



# Chapter 1

## Introduction

### Background

1. Our remit groups currently comprise about 1,170 members of the judiciary, 660 senior civil servants and 200 senior officers in the armed forces, a total of some 2,030 individuals. The most senior posts in our remit are the Lord Chief Justice of England; the Secretary of the Cabinet, and the Chief of the Defence Staff. Below this level, the members of the judiciary are in over 60 different categories of posts; the senior civil servants are those in the senior open structure; and the senior officers are those in the next top three ranks of the armed forces.
2. The increases in remuneration which we recommended in our last report with effect from 1 April 1989 were accepted by the Government. Our basic recommendations on salary levels provided increases of about 5 per cent. In arriving at this figure we 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 to make exceptional efforts to discourage inflationary pay increases. We also recommended additional increases for a restricted number of posts in each of the remit groups. For the civil service, this included a recommendation for the introduction of a London Allowance of £2,000 for Grade 3s. For the armed forces we recommended that the existing link between the pay of two star officers and Grade 3s should be modified.
3. In our last report we said it was the Review Body's responsibility to recommend salaries, including where appropriate performance-related payments, which would be sufficient to attract, retain and motivate adequate numbers of people of high calibre for the posts in our remit. In forming our judgments on these matters we recognised that in some years exceptional factors might modify the salary levels we would otherwise recommend. It followed that our task was to make certain that over a period, taking one year with another, the trend of salary changes met our objectives. We went on to refer to the modest general increase which we thought appropriate in the light of inflationary pressures at the time, but emphasised that this approach must not be repeated regularly. We added that there were strong upward pressures on salaries at this level in the public services which would have to be recognised and accommodated over the next few years.
4. Our view of the Review Body's responsibilities remains unchanged. This year our task has been to update the salary levels recommended in our last review and also to examine important issues arising for the groups in our remit.
5. As to such issues, we said in our last report that we proposed this year to review the pay of Circuit Judges and their position in the judicial salary structure in the light of continuing serious recruitment difficulties. We also said we expected on the basis of the Government's consideration of possible modifications to the present discretionary range pay scheme for Grades 2 and 3 in the civil service that we might be in a position to make recommendations for changes this year. We recognised this might have implications for the pay links between senior civil servants and senior officers in the armed forces. In considering these issues, we have taken account of the sharp compression of differentials arising from pay increases in the civil service grades immediately below those in our remit group.

**Conduct of the review**

6. We have sought evidence from government departments and from other organisations and individuals (a list of those who gave oral evidence to us is at Appendix B); and the Office of Manpower Economics (OME) has carried out surveys on our behalf of remuneration at senior levels in the private sector and of lawyers' earnings. Our judicial sub-committee under the chairmanship of Sir Thomas Skyrme has reported to us on problems of recruitment to the judiciary with particular reference to Circuit Judges and their counterparts in Scotland and Northern Ireland.

7. We are grateful for all the assistance we have received.

# Chapter 2

## General salary levels

8. The last major adjustment to salary levels and structure for our remit groups took place following our report in 1985 when the Government accepted our recommendation that substantial increases were necessary if the differences between such salary levels and salaries in the private sector were not to be unacceptably large. Since then we have year by year considered what updating of salaries would be appropriate for our remit groups against the background of general economic considerations and the Government's view that a high priority should be attached to moderation in the growth of earnings. We have accepted the need for such moderation and the increases in salary levels which we have recommended in our recent reports have been significantly below the increases for broadly analogous jobs in the private sector. Since April 1985, the general salary increases for our remit groups following our recommendations in 1986 to 1989 totalled 20 per cent (and thus broadly kept pace with inflation); whereas average earnings for the whole economy increased by about 40 per cent and earnings for analogous groups at the most senior levels in the private sector by about 60 per cent. Thus the position established by our recommendations in 1985, resulting in salary levels for our remit groups which were in our view broadly right, has been seriously eroded.

9. The trend for large increases in the earnings of analogous groups at the most senior levels in the private sector has continued unabated. Our latest regular survey shows that at higher levels in the largest non-financial companies, the median earnings increase in the 12 months to July 1989 was 14.5 per cent. A summary of the relevant information is at Tables 1 and 2. Further details are contained in Appendix C.

**Table 1 Median salary plus bonus, commission and profit-sharing (non-financial companies) at 1 July 1989**

	<i>£ per annum</i>		
	Annual turnover of company		
	£2,000m and over	£950-1,999m	£500-949m
Chief executives	285,500	265,900	150,000
Other full-time main board members	140,000	130,600	94,500
Heads of function reporting to main board members	75,800	65,000	48,000

Source: OME.

**Table 2 Median percentage increase in earnings between 1 July 1988 and 1 July 1989**

	<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	11.5	13.0	11.4
Salary plus bonus, commission and profit sharing	12.7	14.5	16.3

<sup>a</sup> Full-time main board members and heads of function reporting to main board members in companies with annual turnover of £500 million and over.

Source: OME.

10. Current salary levels for our remit groups compare unfavourably with earnings in the private sector where senior people in larger companies commonly receive £130,000 and in some cases considerably more, as the median figures in Table 1 show. Also, in our survey of earnings at the Bar, reported in Appendix D, half of Queen's Counsel in England and Wales were earning £120,000 or more. On the other hand, Permanent Secretaries in the civil service, four star officers in the armed forces and High Court Judges receive £72,000; ranges of £48,100 to £59,800 and £37,600 to £47,600 apply respectively to Grade 2s and Grade 3s in the civil service, and similar salary levels apply in the armed forces and the judiciary.

11. We have always accepted that various factors need to be taken into account when making comparisons between salary levels for our remit groups and the private sector which have persuaded us in the past and continue to do so that there is no case for equivalent levels of remuneration. However, we remain convinced that salary levels for our remit groups should be based on a fair relationship with the private sector. This is important in itself and recognises that market pressures on posts in our remit are sensitive in different ways. The judiciary is directly subject to outside competition with nearly all appointments being made from barristers and solicitors in private practice. The civil service and the armed forces are career services, where the impact of market forces is less direct at senior levels, except for specialists in the civil service such as lawyers, accountants or actuaries. However, sufficiently attractive salary prospects at the highest levels in the civil service and the armed forces are part of the incentive package required if the necessary numbers with the potential to reach those levels are to be recruited and retained against market competition in lower grades and ranks. Beyond the influence of the market, people in career services such as the civil service and the armed forces should have a reasonable expectation that they will not be excluded indefinitely from benefiting from the gains in prosperity of the nation as a whole. There is also a need to maintain an internal coherence to the pay structure for our remit groups. Traditionally, there has been a link at the highest levels between the pay of the Lord Chief Justice of England, the Secretary of the Cabinet and the Chief of the Defence Staff, and between High Court Judges, Permanent Secretaries and four star officers; and there are other links at less senior levels.

12. The size of the gap which has opened between private sector earnings and those of our remit groups conflicts with our conviction that the relativities which were established following acceptance by the Government of our recommendations in 1985 must be maintained in the long term if these groups are to continue to attract and retain individuals of the highest calibre. If this disparity is not reduced significantly there will be damaging long term consequences, and the quality of the people available to fill these posts, which are as demanding as those in any walk of life, will fall.

13. However, we are equally conscious that our recommendations are highly visible and may be used out of context by pay bargainers. We also recognise the priority which the Government attaches to reducing the level of inflation. We note that, with effect from 1 January 1990, Ministers and other parliamentary office holders received increases which averaged 6.5 per cent, whilst Members of Parliament received 10.8 per cent. We have also borne in mind that the Index of Retail Prices showed an increase of 7.7 per cent in the year to November 1989 and that the Government said, at the time of the Chancellor of the Exchequer's Autumn Statement, that it expects the annual rate of increase to remain above 7 per cent for the first half of 1990.

14. We recognise a strong need to support the Government's current efforts to discourage the growth of inflationary pay increases and note that the Government does not see this as a year in which substantial increases would be appropriate for our remit groups. Although we believe that larger increases would be justified, we propose a basic increase in salary of 7 per cent. Whilst we tackle the most immediate pressure points in the rest of our report, we shall wish to explore with the Government in the coming year how the ground lost generally since 1985 in comparison with the private sector may be made up.

15. **Recommendation 1.** We recommend that the groups in our remit should receive a basic increase in salary of 7 per cent with effect from 1 April 1990.

16. In the following chapters we examine the case for specific, targeted increases in pay supplementary to the basic increase for some posts in each of the remit groups. This takes account of market competition, erosion of differentials caused by increases awarded to those immediately below our remit groups, and proposals for performance-related pay to provide senior civil servants with effective incentives and rewards; there is also the need for coherence at senior levels in public service pay. We make recommendations accordingly. Such an approach to these issues is piecemeal and no more than a temporary expedient. We are concerned that a general catching-up exercise is, sooner or later, inevitable. The longer it is postponed the greater the problems will be in the long term.

# Chapter 3

## The civil service

17. The particular civil service issues we address in this report are the supply of fast-stream staff to fill senior posts, the development of performance-related pay for Grades 2 and 3 and pay differentials between the grades covered by our remit and Grades 4 and 5 immediately below them.

**Fast-stream staff** 18. We continue to be concerned about the supply of fast-stream staff to fill senior posts, particularly those with the potential to reach the very highest levels. The overall resignation rate for fast-stream staff in Grades 4 to 7 has remained broadly steady since 1985, but we are aware that individual departments with direct contact with outside employers have been vulnerable to the loss of their most able staff to sectors where opportunities for well-paid employment become readily known to them. The Office of Manpower Economics discussed with a number of departments<sup>1</sup> the supply of staff with the potential to reach the highest grades. There was reasonable confidence that filling top posts with suitable staff over the next decade could be achieved without great difficulty. Beyond that period however, the outlook was more uncertain as there had been some significant losses of staff with the highest potential at Grades 5 and 7. Given the small numbers of fast-stream staff, resignations amongst them can be highly visible and can leave gaps which are difficult to fill. Problems have been particularly acute in the loss of specialists, for example accountants, tax inspectors and lawyers, especially in London.

19. We have commented in our last two reports on the open competitions for direct entry fast-stream staff at Grade 7 in response to the loss of good quality staff at that level. Against a 1987-88 target of filling 79 vacancies, 51 recruits eventually took up duty. A further scheme in 1988-89 was far less successful with the total of those appointed unlikely to exceed 21 against a target of 71 vacancies. The number of applications fell by 23 per cent and the quality of the field was thought to be lower. Few of the successful candidates were from the private sector.

20. Recent experience in recruitment at the fast-stream trainee entry grades mirrors that for Grade 7. After what were regarded as three good years for appointment in 1986, 1987 and 1988, when the numbers recruited were respectively 93, 92 and 109 against targets of 104, 108 and 116, the number appointed in 1989 fell back to 78 whereas the target had risen to 122, a shortfall of 36 per cent. The 1989 figures reflect an ever-increasing demand for high quality graduates generally. Meanwhile, more difficult problems continue to exist in the recruitment of specialists where there is even keener competition from other employers.

21. For our current review we have sought evidence from university careers services on the attitude of the ablest young people towards a career in the civil service, the changes that have occurred in recent years and the factors which influence their attitudes. The replies we received, from Oxford, Cambridge, Durham and Aberystwyth, confirm that for well-qualified graduates there has been an increase in the choice of alternative careers which frequently offer greater flexibility for future employment. The civil service, like the public service generally, is often seen by well-qualified graduates as having suffered a loss of status and

---

<sup>1</sup> HM Treasury, and the Departments of the Environment, Transport, Trade and Industry and, jointly, Health and Social Security.

public esteem. There was also some criticism of lengthy recruitment procedures. However, the major factor was said to be pay expectations by the mid-thirties which have been regarded as low compared with earnings in banking, accountancy or the law.

22. Substantial changes have been negotiated by the Government in the pay arrangements for fast-stream entrants and other civil service staff at levels below our remit, including the introduction of performance pay and additional increments in London. These changes have still to be absorbed fully both in practice and in the perceptions of staff and potential recruits. Although pay progression does not match that in the private sector, we understand that following recent pay increases for the civil service, pay rates for fast-stream trainee entrants are at about the median for first year graduates in the private sector. We welcome these and other improvements and will be looking for evidence that they help to ensure a sufficient supply of people with the necessary abilities and motivation to fill the senior posts within our remit.

#### Performance-related pay

23. 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 two reports we commented on the need for these arrangements to evolve so that the pay of individuals could be determined more flexibly. Last year we commissioned Hay Management Consultants to survey the ways in which remuneration was linked to performance at senior levels in different parts of the private and public sectors; and we took evidence from the Council of Civil Service Unions and the Government. Evidence from the Government recognised the shortcomings of the present system under which, at that time, three-quarters of Grades 2 and 3 could not earn a discretionary award however good their performance. It saw advantage in extending the principle of performance pay and moving away from the payment of semi-automatic increments after entry to the grades. The Government said it was giving further thought to possible ways of modifying the present scheme. However, it believed that as it would be necessary to have consultations with all those concerned before any new scheme was introduced, this should not be done before 1990.

24. In our last report we said we were keenly aware that if employers were to stay competitive, they needed to motivate not just the highest performers, for whom promotion prospects were normally a powerful incentive, but also the fully satisfactory performers who represent a large proportion of the employees in any organisation. We also said that any system should ensure that adequate differentials were maintained between Grade 3s and staff in Grades 4 and 5 immediately below them. We added that it would be premature to propose any changes to the structure of the existing scheme but that we might be in a position to do so this year; meanwhile we recommended that, as an interim measure, the then-existing 25 per cent 'quota' on the numbers of staff who could receive one or more discretionary increments at any one time should be increased to 35 per cent. The Government accepted this recommendation and nearly 30 per cent of staff in Grades 2 and 3 have been receiving discretionary increments since October 1989.

25. The Government has now proposed to us a new scheme to replace the existing arrangements. The aims are to encourage and reward good performance by making all pay increases at these levels performance-related; to provide opportunities for the best performers to receive additional pay in recognition of their high performance, while at the same time ensuring that this does not result in the pay of fully satisfactory performers being depressed; and to avoid the problems which can arise with limitations on the number of performance awards, while still maintaining control over the total paybill. The present incremental scales and discretionary increments would be abolished. Instead, there would be a pay range for each grade, with set minimum and maximum points. The normal expectation would be that individuals would enter at the minimum of the range. All movement up the range would depend on performance. Those performing fully satisfactorily

(broadly equivalent to box 3 of the existing five box marking system for staff assessment) or better would be awarded at least a 'standard' increase at each annual review but there would be managerial discretion within an available budget to award larger increases where these were considered to be justified. Where an increase would take an individual beyond the range maximum for the grade, the amount above the range maximum would be paid as a one-off, non-pensionable bonus. If individuals performed below a satisfactory level, they could be awarded less than the 'standard' increase, or nothing at all. It is envisaged that each year we would recommend the new minimum and maximum for each grade; the 'standard' pay increase for fully satisfactory performers in each grade; and the further provision necessary in the paybill for larger performance-related increases.

26. There would be three main differences from the existing scheme. First, the fixed scale increases and the discretionary increments would be abolished, and the normal entry points to the grades would be higher. Second, under the new scheme even the 'standard' increase would be earned only through performance. Third, the 'quota' on the number of staff who could receive discretionary increments would be replaced by a cash budget which would allow a greater element of discretion for awarding above-standard increases. Unlike the current arrangements this would not suffer from the problem of being restricted to a specific percentage of staff.

27. The performance-related pay awards would not be linked automatically to box markings: the appraisal system at these levels has wider aims. As at present, decisions so far as possible would be delegated to departments. Each department would have a cash budget for above-standard increases, allocated in direct proportion to the number of staff it has at Grades 2 and 3. The Government also told us that the new scheme was not intended to affect the system of awarding personal pay points, used in particular to meet manning needs such as those where a department has to recruit an individual from outside the civil service who cannot be accommodated at the normal starting salary for the grade.

28. As to timing, the Government has suggested it would be preferable to make all increases effective from 1 April. At present general increases are paid from 1 April, scale increases on the anniversary of promotion to the grade, and discretionary increments from 1 October.

29. In our view, the Government's proposals embody major improvements over the present performance pay arrangements. As we have already commented, the 'quota' on the number of staff who can receive performance awards is an unsatisfactory feature which arbitrarily limits those who can receive an award. The increase in the 'quota' which was introduced last year on our recommendation has gone some way to easing the problem, but the fact is that however good their performance, two out of every three staff in each grade in any department cannot be rewarded through the scheme.

30. In the summer of 1989 the Government held a 'dummy run' involving 14 departments, listed in Appendix E, to test how the proposed scheme might work in practice. An assessment of the results suggested that it would be viable in a variety of circumstances and provide a generally welcome flexibility in the management of pay increases at senior levels. The exercise proceeded on the assumption that, in addition to the 'standard' increase for fully satisfactory performance, there was a notional sum of 1.5 per cent of the paybill to be distributed as performance pay. On this basis nearly half the staff at Grades 2 and 3 were notionally awarded a generally modest additional performance increase. Commenting on the exercise, the Permanent Secretaries involved, some of whom we met, on the whole preferred the new proposals to the present arrangements. They particularly welcomed freedom from precise quotas. However, several commented that the new scheme would be worthwhile only if the sum of money available for additional performance increases were adequate, and that 1.5 per cent of the paybill was very much a minimum figure. They felt that the budget used in the exercise provided only limited room for discretion and that in future it would be important to provide sufficient resources to allow scope for adequately

differentiated awards. Other comments stressed the need for reasonable equity of treatment across departments and the increase in top management time required to run an essentially individual pay system.

31. We endorse the principles of the Government's proposals for a new scheme, the essential features of which would be the replacement of the existing scale and discretionary increments by a pay range with movement based on performance. However, the success of such a scheme will require skilful management and adequate funding, and we make the following observations.

32. First, we are concerned that fully satisfactory performers, who are a high proportion of the staff in any organisation, must be adequately rewarded and motivated. In broadly similar schemes which we studied with outside employers (listed at Appendix F), it is common practice to have procedures which provide an expectation that the fully satisfactory performer will progress over time to, say, the mid-point of a pay range. No such procedures exist in the proposed new scheme, but we are assured that Permanent Secretaries in the exercise of their discretion would be able to take account of this fundamental point. Some such provision would also be necessary to limit inequalities between individuals caused by compressed differentials between grades and the resultant need sometimes to put those newly promoted onto a higher point in the range than some others already in the grade.

33. Second, it would be damaging to the success of the scheme if there were any wide divergence between departments over the pay of individuals with the same performance assessments. Central oversight of the new scheme will be needed to minimise any marked divergences between departments, otherwise the integrity of the pay structure for these grades could be undermined.

34. Third, the scheme must be properly funded. We regard it as vital that the funding should be adequate, especially in the early years when the scheme must command wide acceptance. All the evidence available to us about the 'dummy run' suggested that 1.5 per cent of the paybill was very much a minimum figure. The importance we attach to securing a successful start to the new scheme convinces us that it is prudent to invest a greater sum. We recommend therefore a figure of 2 per cent to be available for distribution to individuals on a discretionary basis. We would not wish to endorse the scheme if the funding were reduced beneath this figure, which will in practice cost less for the reasons explained in the following paragraph.

35. As with other performance-related schemes of this type, the net cost of discretionary payments is likely to be significantly less than the gross cost. This arises from the turnover of staff within these grades, with those leaving having been paid at a higher rate than those joining, in much the same way as normal incremental scales are generally regarded as self-financing. We expect that as it matures the new scheme will become largely self-financing.

36. The Government wishes to bring the new scheme into operation from 1 April 1990, and, subject to the observations we have made above, we agree with this proposal. However, as we believe that performance pay schemes can be fully effective only if they have the support of the great majority of staff, we shall wish to keep the operation of the scheme under close review. It may be appropriate for an external assessment of staff reactions to be undertaken early in the life of the scheme, and we shall wish to discuss this with the Government.

37. **Recommendation 2.** We recommend that the new performance-related pay scheme proposed by the Government for Grades 2 and 3 should be introduced on the following basis with effect from 1 April 1990. Fully satisfactory performers should receive no less than the basic increase of 7 per cent which we recommend at paragraph 15. A cash sum of 2 per cent of the paybill for each of these grades, excluding the London Allowance for Grade 3s, should be made available for allocation to individuals on a discretionary basis. A similar sum should, subject to

review by us, be made available in future years. Initially there will be a net cost, but we expect that through the turnover of staff in these grades the scheme will become largely self-financing.

#### Pay differentials

38. In our last report we recommended that a London Allowance of £2,000 should be paid to Grade 3s with effect from 1 April 1989, largely on the grounds that differentials with the grades below had become increasingly compressed. The recommendation was accepted by the Government. We said in our report that we would see advantage in our being able to review the level of payment from time to time; and we acknowledged that the allowance would have the effect of narrowing the differential between Grades 3 and 2 which we regarded as undesirable, although we did not think it necessary to deal with the question in that review.

39. A further factor which we have now had to consider is the pay settlement which the Government reached in 1989 for Grades 5 to 7, and subsequently applied also to Grade 4, based on pay movements outside the civil service. As a result of this settlement, in addition to general increases from 1 August 1989, staff in London received a further increment from 1 January 1990 worth almost 4 per cent in addition to their London Weighting (£1,750 in Inner London). This, and the further pay review effective from 1 August 1990 (the new annual review date for these grades) has considerable implications for differentials between the grades in our remit and those immediately below them. The implementation of our recommendations from 1 April 1990 would have the result that they would be in force for only four months before differentials will be eroded again by any pay award which might be given to Grades 4 and 5 with effect from 1 August.

40. The compression of differentials is at its most acute for staff in London where the majority of Grade 3 posts are based. The current position is shown in Table 3. Most promotions to Grade 3 are from Grade 5, although an increasing number, recently about a quarter, are from Grade 4.

**Table 3 Salary scales for Grade 5, 4 and 3 non-specialists in London as at 1 January 1990 including Inner London Weighting (£1,750) for Grades 5 and 4 and London Allowance (£2,000) for Grade 3<sup>a</sup>**

	£
Grade 5	33,026
	34,355
	35,741
scale maximum	37,186
discretionary points	38,568
	40,004
	41,496
	43,046
Grade 4	40,004
scale maximum	41,496
discretionary points	43,046
	44,657
Grade 3	39,600
	41,300
normally attainable maximum	42,900
discretionary points	45,100
	47,400
	49,600

<sup>a</sup> The salary levels recommended in Chapter 6 for Grade 3 exclude London Allowance which would continue to be paid. The salaries currently in payment for Grade 3 shown in Appendix I also exclude London Allowance.

41. The table shows that Grade 5 staff on the second and third discretionary points, respectively earn some £400 and £1,900 more than the normal starting salary for Grade 3. Even if a Grade 5 on the third discretionary point went direct on promotion to Grade 3 to the normally attainable maximum, and thus overtook a number of other Grade 3s, an increase of only 3.4 per cent would be payable.

42. As to Grade 4 staff the table shows that on the top discretionary point they would be earning over £1,700 more than Grade 3s on their normally attainable maximum. Even if promotion were to the first discretionary point an increase of only 1 per cent would be payable.

43. The recommendation last year for a London Allowance of £2,000 for Grade 3s was aimed at improving differentials. The Government's proposal as part of its new performance-related pay scheme, to which we refer at paragraph 26, for raising the normal entry points to Grades 2 and 3, by removing the fixed scale increments, will provide some further improvement. However, it is evident to us that additional steps are needed in view of the increases which the Government has agreed at Grade 4 and below, particularly for those in London with effect from 1 January 1990, and the prospect of a further pay review for those grades with effect from 1 August 1990.

44. Outside London, the removal of the fixed scale increments, and the basic increase of 7 per cent which we recommend in paragraph 15, will provide adequate differentials. For Grade 3s in London, we believe that the new salary range should, in view of increases received by Grades 4 and 5 in London, be raised by more than the basic increase. In addition to raising the minimum and the maximum of the new range by 7 per cent, we propose that the minimum and maximum points of the salary range for Grade 3s in London should be supplemented by an additional £1,200. This will result in increases in the range minimum of £4,100 and in the range maximum of £4,500, and a differential of about 5 per cent between the highest point for Grade 4s in London and the range minimum for Grade 3s in London. We recognise that these improved differentials are liable to be eroded both in London and elsewhere by the pay review due from 1 August 1990 for Grades 4 and 5. We will need to review the position again next year.

45. Whilst the changes we propose for Grade 3s in London tackle the problem of differentials for non-specialists, they will do no more than ease the greater problem which exists of differentials for government lawyers and tax inspectors. Both groups have recently received special increases, that for lawyers following the recommendations of the Andrew Report. As a result, the normal entry point to the salary range for Grade 3s will continue to be overlapped by the highest point for Grade 4 government lawyers and only a very small differential will exist over the highest point for Grade 4 tax inspectors.

46. The changes we propose for Grade 3s in London will inevitably affect differentials between them and Grade 2s, almost all of whom are in London. To offset this we consider that the minimum and the maximum of the new salary range for all Grade 2s should also be increased by more than our recommendation for a basic increase of 7 per cent. We propose that the new range minimum and maximum should be supplemented by £972 and £314 respectively to give a total increase to both points of £4,500, the same increase as we recommend for the Grade 3 maximum in London.

47. The raising of the entry point to the salary ranges for Grades 2 and 3 and the increases which we recommend for the minimum and the maximum of the salary ranges will affect individuals in different ways. Our intention is that staff who are currently on the fixed scale points which are being removed, should move to the minima of the new ranges. Staff already on or above the new minima should receive cash supplements (to which we refer in paragraphs 44 and 46), in addition to their basic increase, as follows. Grade 3s in London would receive a cash supplement of £1,200. Grade 2s would receive a supplement ranging from £972 to £314 in order to provide a total increase of £4,500. Under the terms of the new performance-related pay scheme, payment of the basic 7 per cent increase would of course be subject to performance being at least fully satisfactory.

48. Finally, whilst our recommendations will create a minimum differential between Grade 4 and Grade 3 of about 5 per cent, a safeguard is needed to meet individual circumstances which may arise from time to time. We suggest that, as already applies for the grades below, those promoted to, or between, our remit grades should always receive on promotion an increase of at least 5 per cent.

49. **Recommendation 3.** We recommend, because of the sharp compression of differentials caused by the Government's decisions on pay for the grades immediately below our remit group, that in addition to the basic increase of 7 per cent which we recommend in paragraph 15 and the removal of the fixed scale increments, the minimum and the maximum of the salary range for Grade 3s in London should be increased by £1,200 and, for all Grade 2s, the range minimum should be increased by £972 and the range maximum by £314. Our intention is that increases for individuals should be determined in the light of paragraph 47.

# Chapter 4

## The armed forces

### Differentials and pay links

50. In our last report we recommended that the existing link between the pay of two star officers, the lowest rank in our remit, and Grade 3s should be modified from the normally attainable maximum to the first discretionary incremental point for that grade. However, we added that we would wish to review the position again this year in the light of the possible development of discretionary range pay for Grades 3 and 2.

51. In reaching our decision last year we accepted that it was desirable for a promotion from one to two star rank to be more clearly recognised in the pay structure. We also took 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. Other relevant factors were our recommendations to increase the 'quota' on the number of Grade 3s who can be in receipt of a discretionary increment at any one time, and to introduce a London Allowance for Grade 3s. The Government accepted our salary recommendation which, with the pay recommendation for one star officers made by the Review Body on Armed Forces Pay, resulted in a differential between one and two star officers of 11.2 per cent compared with only 6.7 per cent in 1988-89. However, the Government considered that the link for two star officers should be expressed as around 85 per cent of the normally attainable maximum for Grade 2 civil servants (and therefore also 85 per cent of the pay point for three star officers) rather than be linked to a performance point for Grade 3 civil servants. The Government has since told us that in its view it is wrong in principle to link pay which has no performance element to performance pay.

52. We agree with the Government's view that it continues to be highly desirable to maintain a link between the pay of senior civil servants and senior military officers. The link is seen as serving both to maintain coherence in pay at senior levels across the public service and, more particularly, to recognise the similarity (and in some instances interchangeability) in the responsibilities of senior civil servants and senior military officers working in the Ministry of Defence. At the same time, senior management in the Ministry of Defence continues to hold the view that performance-related pay would be inappropriate for senior military officers and could weaken 'esprit de corps'. We accept that circumstances in the armed forces are materially different from those in the civil service and also the argument put to us that performance pay for the armed forces would be inappropriate. However, this leaves the problem of how the pay links for two and three star officers should be expressed in view of the fact that the normally attainable maximum salary for Grade 2s, which is now used in expressing the links for both two and three star officers, will cease to exist in that form under the proposed performance-related pay scheme for Grades 2 and 3.

53. The new links should be simple and readily understandable. However, the growing disparity between a performance-related pay structure for the civil service and a pay structure for the armed forces which contains no performance element makes it difficult to identify an option which fully meets these criteria. Moreover, we recognise it may be premature, until experience of the working of the new arrangements for civil servants has been built up, to settle firmly on a new basis for the links.

54. The Government has suggested to us that, for 1990, three star officers should be treated in the same way as fully satisfactory Grade 2s currently on the normally attainable maximum, with the pay of two star officers set at 85 per cent of the three star rate. It added that for subsequent years there should be a provisional assumption, to be confirmed in future reviews, that the pay of two and three star officers should increase broadly in line with the pay of Grade 3s and Grade 2s who perform fully satisfactorily. We are not persuaded that this would be a satisfactory basis either for this year or subsequently. But in any event, as stated above, we do not think it sensible to come to a firm view now on any new basis.

55. For this year therefore we recommend a pay structure for senior officers which takes full account both of our earlier recommendations about the pay of Grade 2 and Grade 3 civil servants and of the need to maintain sensible differentials between three star and two star officers and the ranks above and below them. The differential between one and two star officers will be affected by the recommendation for one star officers made by the Review Body on Armed Forces Pay. As a general principle, however, we consider that the differential between one and two star officers, and between two and three star officers, should be broadly maintained at the levels established last year. We shall examine the links again next year when we have further Government evidence about the development of the new performance pay scheme in the civil service.

56. **Recommendation 4.** We recommend pay levels for three and two star officers as set out in Chapter 6. They take full account both of our earlier recommendations about the pay of Grade 2 and Grade 3 civil servants and of the need to maintain sensible differentials between three and two star officers and the ranks above and below them.

# Chapter 5

## The judiciary

57. Our judicial sub-committee, under the chairmanship of Sir Thomas Skyrme<sup>1</sup>, reported to us for our review. We asked it to examine the nature and extent of any problems of recruitment to the judiciary, with particular reference to Circuit Judges and their counterparts in Scotland and Northern Ireland; to consider the extent to which any such problems might be attributable to pay; and to find out whether any changes in the judicial salary structure were needed.

58. The judicial sub-committee sought written evidence from the Lord Chancellor's Department, the Scottish Courts Administration and the Northern Ireland Court Service, the Lord Chief Justice of England, the Lord President of the Court of Session (both the present incumbent and his predecessor), the Lord Advocate, the Lord Chief Justice (Northern Ireland), the Council of HM Circuit Judges, the Sheriffs' Association in Scotland and the Council of HM County Court Judges in Northern Ireland. Written evidence was also received from a number of other sources about the position of Circuit Judges and other appointments. A list of those who gave oral evidence to the sub-committee or separately to its Chairman is at Appendix G. The sub-committee also drew considerably on its members' informal contact with a wide range of individual members of the judiciary, barristers and solicitors with first-hand experience relevant to the issues under examination, particularly those factors other than pay which appear to have a considerable bearing on recruitment difficulties for the Circuit Bench. Sir Thomas Skyrme wrote additionally to the presidents of a number of the larger provincial law societies asking for their views on the appointment of solicitors to the Circuit Bench.

### Circuit Judges

59. On our recommendation in 1985, there was an improvement in the relative position of Circuit Judges in the judicial salary structure, followed by a brief improvement in the recruiting position. Since then however there has been evidence of continuing difficulty in recruitment to the Circuit Bench. The Lord Chancellor has, with increasing concern, raised this with us on several occasions. He regards the Circuit Bench as a mainstay of the judiciary to which it is vital to attract enough lawyers of the right calibre. Sitting in the Crown and County Courts and, on occasions, as Judges of the High Court, Circuit Judges are responsible for hearing nearly all serious criminal cases and a considerable proportion of civil cases. They have a wide-ranging civil and criminal jurisdiction and a great deal of publicity can attach to some of their judgments. The shortage of Circuit Judges causes delays in cases being heard which has attracted widespread criticism. Accordingly the Lord Chancellor attaches the highest priority to improving the present recruitment position. He asked that the position should be looked at further and our judicial sub-committee has examined in depth the factors involved.

60. In our last report we pointed out that market forces apply directly in recruitment to most judicial posts. For example, most Circuit Judges are recruited from lawyers in private practice at the Bar or, far less frequently, as solicitors. We said that salary was a very important factor, especially for Queen's Counsel whom

<sup>1</sup> The other members of the judicial sub-committee were Hugh Pigott and Jeremy Pope (Sir Cecil Clothier joined the judicial sub-committee on his appointment to the Review Body on 4 October 1989 but this was after the judicial sub-committee had reported to us).

the Lord Chancellor would like to attract to the Circuit Bench in greater numbers. The earnings of most Queen's Counsel and many other lawyers in private practice are higher than the salaries of Circuit Judges, as is brought out in the reference to our latest surveys in paragraph 75. However, we added in our last report that the reasons given by suitable candidates for refusing, or postponing, appointment to the Circuit Bench were not always related exclusively to salary. They also included personal factors, such as the accelerated tax liability which arises from winding-up a private practice, or a perceived lack of status associated with appointment as a Circuit Judge. A further factor was the limited size of the pool of people suitable for appointment. Last year it was felt that more time was needed to explore these questions.

61. There has been some improvement in recruitment in the last year. Since 1 April 1989 about 30 Circuit Judges have been, or are shortly to be, appointed largely as a result of a special recruitment initiative. By the end of March 1990, the Lord Chancellor hopes to be closer to his target of making about 40 appointments a year to replace those leaving the Circuit Bench and to raise the number in post.

62. The Lord Chancellor told us he was still seriously concerned about Circuit Bench recruitment despite the improved figures in the last year. He pointed out to us that only once in the past had 40 or more new appointments been made in one year: this was in 1986-87 when 53 Judges were appointed. We believe it significant that this success followed the full implementation from 1 March 1986 of a salary increase of some 21 per cent which we had recommended in 1985. It was preceded by one of the lowest years for new appointments, 17 in 1985-86, and was followed by relatively poor years for new appointments, 25 in 1987-88 and 30 in 1988-89. The Lord Chancellor concluded that it is difficult to maintain a high level of recruitment in successive years from the available recruitment pool without an improved financial inducement.

63. There are just over 400 Circuit Judges in England and Wales in Group 6 of the judicial salary structure (which is set out in Appendix H). This compares with an authorised complement of about 445, including a recent increase of 30 posts which could be filled if the Lord Chancellor were able to recruit sufficient suitable candidates. He is also concerned that a further increase in posts will be necessary over the next few years as the result of continuing growth in the work of the Circuit Bench. He remains concerned about a lack of competition for Circuit Bench appointments; and about the difficulty in attracting Queen's Counsel, as opposed to junior counsel, to the Circuit Bench.

64. As to the size of the recruitment pool, a simple count of those eligible for the Circuit Bench does not give an accurate indication of either willingness to accept, or suitability for, appointment. The statutory requirement for appointment as a Circuit Judge is to be a barrister or solicitor of at least ten years' standing, and also, in the case of a solicitor, to have sat on the Circuit Bench in a part-time capacity as a Recorder for three years, although it has been proposed that this latter requirement be dropped. In practice the pool from which recruits are drawn consists broadly of practising barristers and solicitors of ten years' standing who have also been sitting as Recorders, and before that as Assistant Recorders, preferably for a total of at least five years. So defined, the pool consists at any one time of a comparatively small number, perhaps about half of the current solicitor and barrister Recorders who are aged between 45 and 60. From these 200 or so must be subtracted those Queen's Counsel who are, or feel they may come, under consideration for the High Court, or are known or presumed not to be interested in the Circuit Bench for other reasons. We were told by the Lord Chancellor's Department that this probably removes about 100 from the pool. Of the remaining 100 or so, a significant number of the better qualified, largely consisting of Queen's Counsel, turn out on enquiry either not to be interested in the Circuit Bench at all or, more frequently, whilst not wanting to rule out the possibility, are not yet available for appointment.

65. We have looked at ways in which the recruitment pool might be enlarged. The Lord Chancellor has for some time been appointing a significant number of candidates at only just over, and in some cases just under, the normal minimum age of 45 years. This has helped in the short term but there is little or no scope for further extending the pool in this way or, with a normal retirement age of 72, of getting Circuit Judges to serve longer. The Lord Chancellor is taking steps to increase the number of solicitors who are asked to sit as Assistant Recorders, the first step to the Circuit Bench. However, given the time between appointment as an Assistant Recorder and readiness for the Circuit Bench, it will clearly be some years before these initiatives can be expected to bear fruit.

66. Our judicial sub-committee has suggested to the Lord Chancellor's Department detailed ways in which recruitment procedures could be more sympathetic to solicitors' circumstances, but from evidence received from the larger provincial law societies, we doubt whether it will be possible to attract significantly more solicitors to the Circuit Bench in the foreseeable future. Several factors are involved: first, the typical career path for solicitors increasingly takes them away from court advocacy work relevant to possible appointment to the Circuit Bench; second, the continuing professional obligation of senior solicitors towards their established clients makes it difficult for them to absent themselves for regular periods of service as an Assistant Recorder and Recorder; third, partners in a firm of solicitors are often reluctant to allow one of their number to spend periods away from the practice for part-time service on the Circuit Bench as this results in added burdens on the remaining partners and some loss of income to the practice as a whole. More generally, many solicitors will also be deterred from seeking full-time judicial appointments because of loyalty to their partners and long-standing clients. It follows that solicitors with aspirations to become Circuit Judges would ideally need to plan their careers differently from an early stage and some may eventually be encouraged to do so as the result of the profession being allowed greater access to advocacy work.

67. We also note the view put to the judicial sub-committee on behalf of the County Court Registrars and District Registrars of the High Court (in Group 7 of the judicial salary structure), who are recruited from solicitors, that they would welcome improved prospects of promotion to the Circuit Bench on the basis of ability and judicial experience. The existing pension arrangements represent a major obstacle for them and we discuss this and other pension issues in paragraph 73.

68. Despite the effort which is being made to recruit more solicitors, it is clear to us that barristers of the right age, experience and ability, are likely to remain the main source of recruitment to the Circuit Bench for some time to come. The pool is limited and, as we shall discuss later, the comparison between judicial salary and earnings at the Bar is an important consideration for potential candidates. However, we have always recognised that other factors are involved and our judicial sub-committee has spent some time assessing what changes might assist recruitment.

69. The judicial sub-committee received evidence about the volume and character of the work undertaken by a Circuit Judge. The progressive increase in the number of sitting days a year, a total of 30 since 1973, when added to the considerable volume of preparatory and, in some circumstances, administrative work out of court, has made the job more stressful and less attractive to candidates for appointment. There is also a widely-held perception that the criminal case-work becomes monotonous and repetitive and that the Circuit Judge can feel cut off from contact with other judges or with former colleagues at the Bar. The Lord Chancellor's Department is aware of these perceptions and the adverse effect which they may have on recruitment. The Department is receptive to the need to vary both the type and the place of work. Whilst we recognise the traditional preoccupation with maintaining the integrity and independence of individual judges we believe there is a need to ensure there is appropriate professional or advisory support to which Circuit Judges may turn to assist them in their work.

70. We appreciate that the range of cases tried by Circuit Judges has been broadened in recent years by the increasing delegation of work from the High Court. For example, some Circuit Judges try serious criminal cases such as murder, and others sit regularly as deputy High Court Judges. This trend is likely to accelerate as the Civil Justice Review is implemented, and it has added to the challenge and intellectual stimulus of the work. It has also raised the pressure on individual judges and increased the job weight of the post generally, thus reinforcing the need to recruit candidates of high quality to the Circuit Bench. This has implications for the salary they should be paid.

71. There has never been a defined career structure for the Circuit Bench. The prospects of judicial advancement for a Circuit Judge are very limited and compare unfavourably with the prospects for advancement for a High Court Judge. There are in England and Wales about 80 High Court Judges and some 40 posts above them to which they may be promoted. In contrast there are some 400 Circuit Judges, in Group 6 of the judicial salary structure, but only 15 posts for Senior Circuit Judges or equivalent in Group 5, to which they may be promoted. Very few Circuit Judges progress to being High Court Judges: only 4 out of 43 appointments to the High Court in the last five years were from this source. We consider that greater prospects for advancement would benefit the recruitment of Circuit Judges. In particular we believe that if the upper tier of the Circuit Bench were to be expanded this would have a significant effect upon the morale of the Circuit Bench as a whole with consequent benefits to recruitment. In this context, the judicial sub-committee has received representations from the Circuit Judges at the Central Criminal Court that they should be paid as Senior Circuit Judges because of the difficult and sensitive work they carry out. We have some sympathy with this argument. However, it must be recognised that there are other Circuit Judges who also try difficult and sensitive cases and who have an equally strong case for additional remuneration. We consider that this issue would be tackled best by examining more broadly the division of work between Circuit and Senior Circuit Judges with a view to increasing the number of Senior Circuit Bench posts, rather than looking at posts in isolation. These are issues to which we would want to return if there were the prospect of expanding the upper tier of the Circuit Bench. We await the views of the Lord Chancellor's Department on this point with interest.

72. The factors to which we have referred have a direct bearing on the perceived lack of status associated with appointment to the Circuit Bench. Evidence to the judicial sub-committee confirms that this continues to deter potential candidates and is in sharp contrast to the sense of professional achievement associated with appointment to the High Court. An increase in the status of the Circuit Bench, by enhancing the work involved and improving career prospects, would in our view greatly assist recruitment. However, status and salary are inextricably linked. An increase in the Circuit Judges' salary, bringing it closer in the judicial salary structure to that for High Court Judges, would be regarded as raising the status of the Circuit Bench. This should assist recruitment in terms of both numbers and the quality of those appointed.

73. There are other factors, also financial, which do not have a direct bearing on the status of the Circuit Bench but which may affect recruitment. The judicial pension arrangements, which in the case of Circuit Judges provide for a pension of half final salary and a lump sum after 15 years' service or at age 72, whichever is earlier, have far fewer attractions than in the past. Much higher levels of earnings at the Bar and greater tax incentives have encouraged successful barristers to make adequate pension provision of their own and many do so. The incentive to acquire a judicial pension is therefore less strong, but there are ways in which the judicial pension scheme might be made more attractive in a manner consistent with normal practice elsewhere in the public services. For example, the possibility of an actuarially reduced pension for those wishing to complete less than fifteen years' service might be a significant attraction for older candidates, including Queen's Counsel, prepared to accept appointment to the Circuit Bench for a period of, say, five to ten years. Consideration might also be given to the position of those who are offered promotion within the judiciary from County Court Registrar or

equivalent to Circuit Judge, or from Circuit Judge to High Court Judge. In both cases they are restricted to taking a pension based either on years of service and final salary in the higher office, or on the aggregated years of service at both levels and the salary on retirement for the lower office. We feel strongly that, as for High Court Judges who are promoted to the Court of Appeal, all years of service in the judiciary should count for a pension based upon final salary in payment to the individual at the time of retirement. We comment generally on pension matters at paragraph 83.

74. A further financial factor which can affect recruitment is the accelerated tax liability, relating to the last three tax years, which can arise from winding-up a private practice. Unless this is covered by accumulated capital, it has to be met either from the judicial salary, which is usually lower than previous practice earnings, and at a time when family financial commitments may still be at their peak, or by activating existing pensions. It would be helpful if this burden could be eased in some way, for example by instalments phased over a period of years.

75. With regard to the comparison between earnings at the Bar and judicial salaries, returns made by Queen's Counsel in the OME's sample survey (see Appendix D) showed that in each of the three years up to April 1989, almost all had net earnings (pension premiums not deducted) higher than the salaries of Circuit Judges (£45,800 in 1988-89). Earnings of about four out of five Queen's Counsel in England and Wales were above High Court Judges' salaries (£68,500 in 1988-89). While junior counsel generally had lower incomes, their returns showed that a rising proportion earned more than judges. Thus in 1988-89 about half had earnings higher than the salary of a Circuit Judge and 20 per cent earned more than a High Court Judge.

76. A high proportion of the barristers with the necessary experience and stature required for the Circuit Bench is thus likely to be earning fees which may be double or more the salary of a Circuit Judge; at the same time the Circuit Bench has fewer of the attractions, in terms of job satisfaction and status, which compensate those appointed to the High Court Bench for the drop in remuneration which they, too, almost always experience. Whilst consideration might be given to improving the non-salary factors which affect recruitment to the Circuit Bench, and our judicial sub-committee has discussed this with the Lord Chancellor's Department, a substantial increase in salary is also required to ensure that a sufficient number of appointments of suitably qualified and experienced candidates can be made. Some parallel exists with the special increases which the Government has introduced for lawyers and other specialist groups in the civil service where there are market-related recruitment and retention problems, although we recognise that lawyers in the civil service are for the most part recruited from a different pool.

#### **Other judicial posts**

77. We have given careful thought to the representations we have received on behalf of other judicial posts and have concluded that no changes would be justified at present in their relative positions in the judicial salary structure. We also considered carefully the implications for the rest of the judicial salary structure of a special increase in the pay of Circuit Judges alone. In doing so we took the view that such a targeted approach would need to include, in Group 6 of the judicial salary structure, Circuit Judges and their equivalents in Scotland and Northern Ireland, respectively Sheriffs and County Court Judges.

78. Compared with the position for Circuit Judges, recruitment of Sheriffs in Scotland has been less of a problem because solicitors provide a major source of recruitment, much recruitment takes place at an earlier age and earnings at the Bar have been less than in England and Wales. However, there are signs that recruitment may be becoming difficult and, as for County Court Judges in Northern Ireland where vacancies that arise are always difficult to fill, we regard the principle of parity of salary with Circuit Judges as one that should not be disturbed lightly. We also consider that an appropriate salary differential is necessary between Circuit Judges and Senior Circuit Judges, and between the other posts to which we refer in Groups 6 and 5. We consider therefore that these

established links and differentials should be maintained and believe there are both job weight and recruitment grounds for doing so. We note that Circuit Judges and their counterparts account for 501 of the 559 posts in Group 6. In Group 5, the targeted approach would need to include Senior Circuit Judges, the Vice-Chancellor of the County Palatine of Lancaster, the Recorder of Liverpool and the Recorder of Manchester and their equivalents in Scotland and Northern Ireland, respectively Sheriffs Principal and the Recorder of Belfast. This would account for 17 of the 23 posts in Group 5. Our judicial sub-committee also took the view that if a targeted approach were pursued there would be strong arguments for including certain other posts as well. However, we are not persuaded that a targeted approach would be the right way to proceed.

79. A targeted approach would undermine the judicial salary structure created as the result of our judicial sub-committee's thorough-going study, published in 1985, of the relative job weight of the 60 or more types of appointment covered by the structure as a whole. The structure was re-examined in some detail in 1988 and the only substantial modification which resulted was an improvement of the salary position for Group 7 in relation to Group 6. A targeted increase for Circuit Judges would, as well as disturbing relativities within Group 6, re-open the differential between at least the major part of Group 6 and Group 7. We do not think this justified, not least because of uncertainties over the recruitment position for many of the other appointments involved, particularly for posts such as the Chairmen of Industrial Tribunals, Metropolitan Magistrates, Provincial Stipendiary Magistrates, and County Court Registrars and District Registrars of the High Court. As we emphasise earlier we are very much aware that recruitment to the judiciary is directly affected by market forces and of the extent to which salaries generally have fallen behind professional earnings.

**Conclusions** 80. We have therefore come to the view that a wider approach should be adopted, benefiting Groups 7 to 5 as a whole. This would preserve the established relationship of posts in Groups 6 and 5 which has existed since 1985, and avoid widening the salary differential between them and post holders in Group 7 which we narrowed in 1988. We recognise that the differential between, on the one hand, Groups 5, 6 and 7, and on the other hand, Groups 4a, 4 and above would be narrowed but we attach importance to preserving the present composition of the Groups within the judicial salary structure. We will want to keep the effect of the changes we recommend under close review, and in particular the differential between Circuit and High Court Judges.

81. The cost of the wider approach will be greater than that of an increase targeted on Circuit Judges and directly related posts. However, the wider approach is necessary both to tackle the recruitment problem for Circuit Judges and to maintain the established satisfactory pay relationships between them and other posts in Groups 5 to 7, against the background of the remuneration opportunities for barristers and solicitors in private practice. We consider that the gap between the salaries for Groups 5 to 7 and private practice earnings of lawyers must be reduced. We believe an increase of 10 per cent, in addition to the basic increase of 7 per cent which we recommend in paragraph 15, is the minimum adjustment required to have any significant effect on the recruitment problems which have been identified to us. We recognise however that current economic circumstances make it most unlikely that the Government would be prepared to implement this in full immediately. We have therefore considered whether to recommend that it should be staged over 2 or 3 years, which we believe to be the only practicable options. Our strong preference is for 2 years.

82. **Recommendation 5.** We recommend, in view of recruitment difficulties, the increased earnings of lawyers in private practice, and the need to maintain the coherence of the judicial salary structure, an adjustment of 10 per cent to salary levels for Groups 5 to 7 in addition to the basic increase of 7 per cent; however, in the light of the current economic circumstances, this adjustment should be staged over 2 years with 5 per cent paid from 1 April 1990.

**Judicial pensions**

83. We commented on pensions as a factor in recruitment to the Circuit Bench at paragraph 73 and suggested ways in which existing arrangements could be made more attractive. Our attention has been drawn more generally to differences in pension arrangements for the judiciary, for example, where two posts which we would regard as being of similar weight for salary purposes have different accrual periods for full pension. For example, a Circuit Judge has an accrual period of 15 years, whereas the equivalent period for Sheriffs in Scotland is 20 years. In past reports we have also referred to the discrepancies in pension arrangements for different judicial posts within the same country. For example, Stipendiary Magistrates in England are required to serve for 20 years for a full pension. It has been put to us strongly that this is a particular disincentive to recruitment to these posts and not in the public interest. Our judicial sub-committee has taken the view in the past that the proper way to deal with pensions anomalies which were seen as clearly inequitable, was by amending the legislation concerned, not by adjusting salary relativities. We have urged in the past, as in our reports in 1982 and 1985, that the present pension anomalies should be removed as soon as possible but no such changes have been made. We remain concerned about the differences in the present pension arrangements for which there can be no justification.

# Chapter 6

## Summary of recommendations and salary levels

84. In this review, we make recommendations for a basic increase of 7 per cent and for specific, targeted increases in pay for posts in each of the remit groups. Our main concern however is about the gap which has opened between private sector earnings and those of our remit groups since our 1985 recommendations. The Government of the day accepted the relativities established then and which we believe were broadly right. Further, we are convinced they must be maintained in the long term if the posts we cover are to continue to attract and retain individuals of the highest calibre.

85. This year, we recognise the strong need to support the Government's current efforts to discourage the growth of inflationary pay increases and note that the Government does not see this as a year in which substantial increases would be appropriate for our remit groups. The basic increase we recommend is accordingly modest, but we will seek to explore with the Government in the coming year how the ground lost generally since 1985 might be made up. A summary of our recommendations, to take effect from 1 April 1990, is as follows.

### ***Recommendation 1***

We recommend that the groups in our remit should receive a basic increase in salary of 7 per cent (paragraphs 8 to 15).

### ***Recommendation 2: the civil service***

We recommend that the new performance-related pay scheme proposed by the Government for Grades 2 and 3 should be introduced on the following basis. Fully satisfactory performers should receive no less than the basic increase of 7 per cent. A cash sum of 2 per cent of the paybill for each of these grades, excluding the London Allowance for Grade 3s, should be made available for allocation to individuals on a discretionary basis. A similar sum should, subject to review by us, be made available in future years. Initially there will be a net cost, but we expect that through the turnover of staff in these grades the scheme will become largely self-financing (paragraphs 23 to 37).

### ***Recommendation 3: the civil service***

We recommend, because of the sharp compression of differentials caused by the Government's decisions on pay for the grades immediately below our remit group, that in addition to the basic increase of 7 per cent and the removal of the fixed scale increments, the minimum and the maximum of the salary range for Grade 3s in London should be increased by £1,200 and, for all Grade 2s, the range minimum should be increased by £972 and the range maximum by £314. Our intention is that increases for individuals should be determined in the light of paragraph 47 (paragraphs 38 to 49).

### ***Recommendation 4: the armed forces***

We recommend pay levels for three and two star officers as set out below. They take full account both of our earlier recommendations about the pay of Grade 2 and Grade 3 civil servants and of the need to maintain sensible differentials between three and two star officers and the ranks above and below them (paragraphs 50 to 56).

### **Recommendation 5: the judiciary**

We recommend, in view of recruitment difficulties, the increased earnings of lawyers in private practice, and the need to maintain the coherence of the judicial salary structure, an adjustment of 10 per cent to salary levels for Groups 5 to 7 in addition to the basic increase of 7 per cent; however, in the light of the current economic circumstances, this adjustment should be staged over 2 years with 5 per cent paid from 1 April 1990 (paragraphs 57 to 82).

86. The levels of salary we recommend as appropriate at 1 April 1990 are as follows.

	£
<b>Senior civil servants<sup>a</sup></b>	
Grade 3	
Outside London	
range minimum	43,800
range maximum	50,900
London <sup>b</sup>	
range minimum	45,000
range maximum	52,100
Grade 2	
range minimum	54,900
range maximum	64,300
Grade 1A	70,750
Grade 1	77,000
Permanent Secretary to the Treasury Secretary of the Cabinet <sup>c</sup>	89,500
Head of the Civil Service (and Secretary of the Cabinet) <sup>d</sup>	95,750
<b>Senior officers of the armed forces</b>	
Rear Admiral Major General Air Vice-Marshal	47,300
Vice-Admiral Lieutenant General Air Marshal	55,300
Admiral General Air Chief Marshal	77,000
Admiral of the Fleet Field Marshal Marshal of the Royal Air Force	95,750
<b>Members of the judiciary</b>	
Group <sup>e</sup>	
7	44,300
6	54,000
5	60,000
4a	67,000
4	77,000
3	85,000 <sup>f</sup>
2	88,500
1	95,750

<sup>a</sup> New salary structure for Grades 2 and 3: the current structure is given in Appendix I.

<sup>b</sup> Excludes London Allowance of £2,000 which continues in payment to Grade 3s (two star officers in the armed forces receive London Pay and Group 7 of the judicial salary structure receive London Weighting).

<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> The composition of each Group is given in Appendix H.

<sup>f</sup> The Lord Justice Clerk is paid a salary lead of £1,000.

DAVID NICKSON  
TERENCE BECKETT  
LOUISE BOTTING  
PETER CAZALET  
CHORLEY  
CECIL CLÓTHIER  
HUGH PIGOTT  
JEREMY POPE  
THOMAS SKYRME  
ANTHONY WILSON

OFFICE OF MANPOWER ECONOMICS  
*25 January 1990*

## 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.
- No. 28: Twelfth Report on Top Salaries—Cm 581, February 1989.

## Appendix B

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

Sir Robert Andrew, KCB—formerly Permanent Under Secretary of State, Northern Ireland Office  
Sir Alan Bailey, KCB—Permanent Secretary, Department of Transport  
Mr W Brett—General Secretary, Institution of Professionals, Managers and Specialists  
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  
Marshal of the Royal Air Force Sir David Craig, GCB, OBE—Chief of the Defence Staff  
Sir David Hancock, KCB—formerly Permanent Secretary, Department of Education and Science  
Sir Brian Hayes, GCB—formerly Permanent Secretary, Department of Trade and Industry  
Mr R R Hillhouse—Permanent Under Secretary of State, Scottish Office  
Sir Geoffrey Holland, KCB—Permanent Secretary, Department of Employment  
Mr J H Holroyd—First Civil Service Commissioner  
Sir Derek Hornby—Civil Service Commissioner  
Mr P D Jones—Secretary, Council of Civil Service Unions  
Mr E P Kemp, CB—Second Permanent Secretary, Office of the Minister for the Civil Service  
The Rt Hon The Lord Lane, AFC—Lord Chief Justice of England  
Mr T S Legg, CB—Permanent Secretary, Lord Chancellor's Department  
Sir Richard Lloyd Jones, KCB—Permanent Secretary, Welsh Office  
The Rt Hon The Lord MacKay of Clashfern—Lord Chancellor  
Sir Peter Middleton, GCB—Permanent Secretary, HM Treasury  
Dame Anne Mueller, DCB—Second Permanent Secretary, HM Treasury  
Mr J Nursaw, CB, QC—Treasury Solicitor  
Sir Michael Quinlan, KCB—Permanent Under Secretary of State, Ministry of Defence  
Ms E Symons—General Secretary, First Division Association  
Mr B Walmsley—Civil Service Commissioner

## Appendix C

### Survey of top salaries in the private sector, 1988-1989<sup>1</sup>

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

#### CONTENTS

	Page
Description of the survey .. .. .	27
Summary of results .. .. .	28
<i>Table</i>	
1. Median, quartile and decile salary plus bonus at 1 July 1989, by level of post and size of company .. .. .	30
2. Mean salary and salary plus bonus by level of post and size of company, at 1 July 1988 and 1 July 1989 .. .. .	31
3. Date of last increase in salary for each level of post .. .. .	33
4. Response and coverage of survey .. .. .	34
5. Weighting of results from non-financial companies .. .. .	35

*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 1988 and the increase was concentrated in the two lowest turnover bands to produce the greatest reduction in the overall sampling error. The same numbers of companies were sampled from each stratum in this latest survey as in 1988.

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, as in 1988, 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. Questions were included in this survey on whether earnings were dependent, either wholly or partly, on individuals' own performance. In addition, companies in the top two size-bands of the non-financial sector (those with a turnover of over £950 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,

<sup>1</sup> This survey was the fifteenth 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.

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 7. 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 1989.

5. In previous surveys, any holding company in the sample was asked to report instead on posts in its largest operating subsidiary; the return was included in the stratum appropriate to the subsidiary's turnover. Analysis of those returns showed that the salaries generally were lower than those in independent companies of similar size. For that reason and to simplify the completion of their returns, holding companies in the latest survey were asked to report pay of their own main boards and senior executives.

**Response** 6. The overall response rate fell from 82 per cent in 1988 to 80 per cent. However, all returns from non-financial companies were used, whereas three returns in 1988 were for subsidiaries too small for inclusion. Replies were received from 85 per cent or more of the larger non-financial companies and 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 <sup>a</sup>
			Number	As a percentage of number selected	
	No.	No.	No.	%	No.
Non-financial					
Turnover (£ million)					
2,000 and over	61	26	22	85	22
950—1,999	60	23	21	91	21
500—949	88	28	25	89	25
235—499	136	22	17	77	17
110—234	287	46	39	85	39
60—109	368	51	30	59	30
All non-financial	1,000	196	154	79	154
Financial	..	54	46	85	45
All	..	250	200	80	199

<sup>a</sup> Because of organisational changes in one financial company its reply was not used.

**Scaling the replies** 7. 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

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

**Levels of pay** 9. 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 of board members in companies

with a turnover exceeding £2,000 million was more than twice that in companies with a turnover of £60–109 million. Upper quartile pay at all levels in smaller companies was below the lower quartile for the largest companies. Median salary plus bonus in the financial sector was similar to that for the larger non-financial companies.

10. Table 2 gives the means of the salaries with and without bonuses and the increases between 1988 and 1989. Bonuses added an average of over 18 per cent to basic salaries at board level in non-financial companies in 1989 and 11 per cent for senior executives, in each case slightly more than in 1988. Of the posts reported in this survey, 55 per cent had been paid a bonus in both 1988 and 1989, 6 per cent in 1988 only and 9 per cent in 1989 only. The numbers of posts eligible for bonuses are not known.

**Movements in pay**

11. Mean basic salary showed a 13.0 per cent increase, averaged across all posts in non-financial companies in the survey, between July 1988 and July 1989 and there was an increase of 15.2 per cent in salary plus bonus (Table B). In financial companies, mean basic salary rose by about 12 per cent, while salary plus bonus rose 16 per cent. Excluding the 15 per cent of posts where a bonus was paid only in 1988 or in 1989, the increase in average salary alone in non-financial companies was 13.1 per cent and salary plus bonus rose 14.7 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 1983		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
July	1986–87	10.6	11.6	13.7	21.3
	1987–88	13.0	13.6	13.1	13.4
	1988–89	13.0	15.2	12.1	15.9

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

**Performance-related pay**

12. A summary of the information collected about performance-related pay (Table C) shows that salaries of about four-fifths of posts were dependent at least partly on appraisals of individual performance. Excluding a quarter of posts where bonuses were not payable in 1989, the individual's performance at least partly determined bonus and other payments in half of the remainder.

**Table C Performance-related pay**

	Salary increase	Bonus, etc
	Per cent of posts	
Wholly based on individual performance	37	21
Partly based on individual performance	42	17
Not dependent on individual performance	21	38
Not applicable	10	24

**Date of last increase in salary**

13. Table 3 gives details of the timing of the last increase in salary for the different levels of post in the survey. In 3 per cent of cases no increase had been given since July 1988. 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 1989, by level of post and size of company

Level of post		Non-financial						All	Financial
		Turnover (£ million)							
		2,000 and over	950-1,999	500-949	235-499	110-234	60-109		
<b>Main board members</b>									
<b>1. Chief executives</b>									
	£000	*	*	*	*	145.1	158.5	238.2	410.0
Upper quartile	£000	380.0	*	217.5	*	120.0	104.2	158.5	250.0
<b>Median</b>	<b>£000</b>	<b>285.5</b>	<b>265.9</b>	<b>150.0</b>	<b>139.4</b>	<b>103.1</b>	<b>78.1</b>	<b>110.0</b>	<b>172.0</b>
Lower quartile	£000	228.2	*	115.5	*	84.5	66.0	80.0	140.0
Lowest decile	£000	*	*	*	*	72.1	50.5	66.0	110.1
Mean	£000	329.5	284.2	161.8	144.5	108.6	92.8	134.8	208.0
<b>2. Deputy chief executives</b>									
	£000	*	*	*	*	*	*	210.3	350.9
Upper quartile	£000	*	*	*	*	*	*	130.0	211.3
<b>Median</b>	<b>£000</b>	<b>196.0</b>	*	*	*	<b>91.4</b>	*	<b>100.0</b>	<b>143.2</b>
Lower quartile	£000	*	*	*	*	*	*	62.5	104.6
Lowest decile	£000	*	*	*	*	*	*	51.5	76.1
Mean	£000	217.1	231.0	101.7	78.6	94.0	80.2	113.0	171.0
<b>3. Other main board members</b>									
	£000	285.0	197.8	135.0	110.0	111.5	81.4	138.1	219.0
Upper quartile	£000	188.9	157.0	112.2	85.9	84.5	64.7	103.6	168.8
<b>Median</b>	<b>£000</b>	<b>140.0</b>	<b>130.6</b>	<b>94.5</b>	<b>68.8</b>	<b>70.0</b>	<b>56.0</b>	<b>69.5</b>	<b>107.5</b>
Lower quartile	£000	115.0	107.7	75.0	54.1	57.4	47.6	55.2	83.4
Lowest decile	£000	100.0	89.4	57.5	47.1	47.1	41.5	46.0	68.0
Mean	£000	166.3	138.8	96.9	72.9	73.3	59.4	85.1	128.5
<b>Senior executives</b>									
<b>4. Heads of function reporting to main board members</b>									
	£000	107.2	100.0	75.0	58.4	60.7	76.7	77.7	137.7
Upper quartile	£000	90.8	79.8	58.9	49.6	50.4	51.3	59.0	100.0
<b>Median</b>	<b>£000</b>	<b>75.8</b>	<b>65.0</b>	<b>48.0</b>	<b>44.6</b>	<b>45.0</b>	<b>40.0</b>	<b>47.0</b>	<b>70.0</b>
Lower quartile	£000	60.9	47.8	39.1	38.0	38.0	29.7	38.0	54.2
Lowest decile	£000	50.9	42.2	33.0	34.0	33.0	26.5	30.0	40.5
Mean	£000	78.7	66.5	52.0	45.5	45.9	43.8	51.4	86.2
<b>5. Others reporting to main board members</b>									
	£000	85.5	97.8	65.4	66.0	51.7	43.3	70.2	123.1
Upper quartile	£000	70.0	85.7	49.5	43.1	42.9	38.3	49.5	87.2
<b>Median</b>	<b>£000</b>	<b>55.5</b>	<b>68.9</b>	<b>45.7</b>	<b>39.0</b>	<b>34.2</b>	<b>34.4</b>	<b>40.8</b>	<b>60.4</b>
Lower quartile	£000	45.5	57.6	40.3	31.5	25.0	28.9	33.5	45.6
Lowest decile	£000	44.5	42.7	34.1	25.9	21.0	23.6	25.4	40.0
Mean	£000	61.2	71.7	47.0	40.2	34.2	33.8	44.4	74.8
<b>6. Executives reporting to heads of function at 4 above</b>									
	£000	68.5	75.0	}	b	}	}	70.0	89.5
Upper quartile	£000	57.5	61.0					57.5	73.7
<b>Median</b>	<b>£000</b>	<b>51.0</b>	<b>50.0</b>					<b>50.7</b>	<b>57.4</b>
Lower quartile	£000	44.1	45.9					44.9	43.9
Lowest decile	£000	38.0	41.5					38.3	34.6
Mean	£000	52.8	53.9					53.0	61.3
<b>7. Executives reporting to those at 5 above</b>									
	£000	*	*	}	b	}	}	55.0	102.2
Upper quartile	£000	*	*					48.5	98.6
<b>Median</b>	<b>£000</b>	*	<b>41.7</b>					<b>39.9</b>	<b>66.7</b>
Lower quartile	£000	*	*					37.4	58.3
Lowest decile	£000	*	*					31.0	41.1
Mean	£000	37.0	45.2					42.8	71.7

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 £950 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 1988 and 1 July 1989**

Level of post and sector	Mean salary			Mean salary plus bonus, etc.		
	1988	1989	Percentage increase	1988	1989	Percentage increase
	£000	£000	%	£000	£000	%
<b>Main board members</b>						
1. Chief executives on main board						
Non-financial						
Turnover (£m)						
2,000 and over	214.2	248.9	16.2	265.6	329.5	24.1
950-1,999	197.4	245.7	24.5	226.0	284.2	25.8
500-949	119.7	143.7	20.1	132.2	161.8	22.4
235-499	106.2	124.5	17.2	125.9	144.5	14.7
110-234	82.7	94.5	14.3	91.3	108.6	19.0
60-109	69.7	77.7	11.5	79.3	92.8	17.0
All non-financial	98.2	113.7	15.9	112.6	134.8	19.7
Financial	144.6	164.8	14.0	179.1	208.0	16.1
2. Deputy chief executives on main board						
Non-financial						
Turnover (£m)						
2,000 and over	163.5	182.1	11.4	188.9	217.1	15.0
950-1,999	204.0	217.3	6.5	228.5	231.0	1.1
500-949	83.8	98.0	16.9	88.0	101.7	15.5
235-499	70.4	75.0	6.6	73.4	78.6	7.1
110-234	75.3	86.4	14.7	82.6	94.0	13.8
60-109	64.1	71.8	11.9	79.2	80.2	1.3
All non-financial	91.7	102.4	11.7	102.3	113.0	10.4
Financial	108.5	121.3	11.8	133.1	171.0	28.5
3. Other main board members						
Non-financial						
Turnover (£m)						
2,000 and over	113.3	131.3	15.9	134.2	166.3	23.9
950-1,999	102.3	118.3	15.6	116.7	138.8	18.9
500-949	71.5	83.9	17.3	83.3	96.9	16.3
235-499	55.5	61.8	11.2	66.2	72.9	10.1
110-234	57.5	65.2	13.5	62.1	73.3	18.0
60-109	42.5	48.1	13.1	52.7	59.4	12.6
All non-financial	62.5	71.4	14.3	73.0	85.1	16.6
Financial	87.5	97.8	11.7	114.8	128.5	12.0

**Table 2 continued Mean salary and salary plus bonus<sup>a</sup>, by level of post and size of company, at 1 July 1988 and 1 July 1989**

Level of post and sector	Mean salary			Mean salary plus bonus, etc.		
	1988	1989	Percent- age increase	1988	1989	Percent- age increase
	£000	£000	%	£000	£000	%
<b>Senior executives</b>						
4. Heads of function reporting to main board members						
Non-financial						
Turnover (£m)						
2,000 and over	60.9	69.1	13.5	65.3	78.7	20.4
950-1,999	52.1	59.1	13.4	58.5	66.5	13.8
500-949	40.6	46.1	13.6	44.6	52.0	16.6
235-499	35.5	40.9	15.1	38.5	45.5	18.1
110-234	36.6	41.3	12.9	39.3	45.9	17.0
60-109	32.9	37.8	14.6	38.1	43.8	15.2
All non-financial	39.9	45.4	13.9	43.9	51.4	17.0
Financial	62.7	70.3	12.2	73.4	86.2	17.4
5. Others reporting to main board members						
Non-financial						
Turnover (£m)						
2,000 and over	49.7	54.1	8.9	55.2	61.2	10.7
950-1,999	57.4	64.1	11.7	63.4	71.7	13.2
500-949	39.7	44.4	11.9	41.6	47.0	12.9
235-499	33.3	36.1	8.2	37.9	40.2	6.0
110-234	28.0	31.6	12.9	30.0	34.2	14.0
60-109	26.1	29.0	11.1	29.4	33.8	14.7
All non-financial	36.1	40.0	10.8	39.7	44.4	12.0
Financial	57.8	64.0	10.7	70.8	74.8	5.6
6. Senior executives reporting to those at 4 above						
Non-financial						
Turnover (£m)						
2,000 and over	45.9	50.5	9.8	47.2	52.8	11.9
950-1,999	44.9	50.0	11.3	49.4	53.9	9.1
950 and over <sup>b</sup>	45.7	50.4	10.1	47.6	53.0	11.4
Financial	48.0	53.7	11.9	52.2	61.3	17.5
7. Senior executives reporting to those at 5 above						
Non-financial						
Turnover (£m)						
2,000 and over	31.9	36.6	14.6	32.2	37.0	14.7
950-1,999	37.5	41.0	9.5	41.3	45.2	9.4
950 and over <sup>b</sup>	35.8	39.7	10.8	38.7	42.8	10.7
Financial	53.1	59.5	12.0	60.4	71.7	18.7
8. Others <sup>c</sup>						
Non-financial	76.5	85.7	12.1	87.9	97.4	10.8
Financial	109.8	128.0	16.5	122.6	143.4	17.0
<b>All posts</b>						
Non-financial	47.1	53.2	13.0	52.4	60.4	15.2
Financial	61.7	69.2	12.1	72.3	83.8	15.9

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 £950 million.

<sup>c</sup> See note <sup>a</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 1989	June 1989	May 1989	April 1989	March 1989	Feb 1989	Jan 1989	Dec 1988	Nov 1988	Oct 1988	Sept 1988	Aug 1988	July 1988	June 1988 or earlier	
<b>Main board members</b>															
1. Chief executives	15.2	3.3	4.5	19.6	3.7	4.2	26.0	0.5	2.0	4.1	3.9	2.2	1.5	9.4	100.0
2. Deputy chief executives	15.4	—	2.5	20.1	—	3.9	17.7	—	4.8	6.3	4.2	11.7	2.0	11.3	100.0
3. Other main board members	14.9	3.9	4.8	17.7	3.0	1.8	29.9	0.8	3.2	7.0	3.1	3.5	1.0	5.2	100.0
<b>Senior executives</b>															
4. Heads of function reporting to main board members	15.7	1.7	3.5	22.0	6.7	3.3	30.6	0.4	4.7	3.2	3.1	4.0	0.3	0.8	100.0
5. Others reporting to main board members	23.0	2.1	7.2	19.0	0.8	1.0	20.9	6.3	3.3	12.8	1.9	0.8	0.1	0.7	100.0
6. Executives reporting to heads of function at 4 above <sup>a</sup>	30.3	2.0	3.3	38.1	0.2	1.5	16.1	—	4.0	4.1	0.1	0.1	—	0.1	100.0
7. Executives reporting to those at 5 above <sup>a</sup>	64.2	—	6.7	7.1	—	—	16.5	—	4.9	0.7	—	—	—	—	100.0
8. Other posts <sup>b</sup>	0.8	2.6	1.1	18.5	—	4.8	36.2	0.2	—	9.4	5.6	2.6	2.4	15.9	100.0
<b>All posts</b>	21.3	2.1	4.4	21.8	3.5	2.3	25.9	1.4	3.9	5.6	2.4	2.6	0.5	2.2	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 £950 million.

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

**Table 4 Response and coverage of survey**

	Non-financial						All	Financial	Total
	Turnover (£ million)								
	2,000 and over	950- 1,999	500- 949	235- 499	110- 234	60- 109			
Number of organisations in 'Times 1000'	61	60	88	136	287	368	1,000	..	..
Questionnaires despatched	26	23	28	22	46	51	196	54	250
Replies received	22	21	25	17	39	30	154	46	200
Replies used	22	21	25	17	39	30	154	45	199
<b>Number of posts reported</b>									
<b>Main board members</b>									
1. Chief executives	18	15	19	12	31	25	120	43	163
2. Deputy chief executives	8	3	4	4	9	2	30	21	51
3. Other main board members	105	68	94	52	90	79	488	153	641
<b>Senior executives</b>									
4. Heads of function reporting to main board members	172	124	174	81	150	113	814	265	1,079
5. Others reporting to main board members	25	60	88	37	23	51	284	77	361
6. Executives reporting to heads of function at 4 above	88	41	}	h	}	}	129	202	331
7. Executives reporting to those at 5 above	5	16					21	25	46
8. Others <sup>a</sup>	25	35	23	3	17	12	115	26	141
<b>Total</b>	<b>446</b>	<b>362</b>	<b>402</b>	<b>189</b>	<b>320</b>	<b>282</b>	<b>2,001</b>	<b>812</b>	<b>2,813</b>

<sup>a</sup> Others<sup>1</sup> 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>b</sup> Information about these posts was not sought from non-financial companies whose turnover was under £950 million.

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

Level of post	Annual turnover (£ million)						All sizes
	2,000 and over	950-1,999	500-949	235-499	110-234	60-109	
<b>Main board members</b>							
1. Chief executives	27	23	36	51	122	163	422
2. Deputy chief executives	12	5	7	17	35	13	89
3. Other main board members	155	104	176	222	353	517	1,527
<b>Senior executives</b>							
4. Heads of function reporting to main board members	518	260	568	687	1,012	1,152	4,197
5. Others reporting to main board members	111	209	422	328	141	543	1,754
6. Reporting to heads of function at 4 above <sup>a</sup>	906	215	—	—	—	—	1,121
7. Reporting to those at 5 above <sup>a</sup>	176	423	—	—	—	—	599
8. Others	37	53	43	13	67	78	291
<b>All levels of post</b>	<b>1,942</b>	<b>1,292</b>	<b>1,252</b>	<b>1,318</b>	<b>1,730</b>	<b>2,466</b>	<b>10,000</b>

<sup>a</sup> Information about these posts was not sought from non-financial companies whose turnover was under £950 million.

Note: Financial companies' results are combined without weighting.

## Appendix D

### Surveys of lawyers' earnings

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

#### CONTENTS

	<i>Page</i>
Introduction .. .. .	36
Part A—Earnings of barristers and advocates in private practice ..	36
Part B—Earnings of solicitor Recorders, Assistant Recorders and Temporary Sheriffs .. .. .	38
Part C—Pre-appointment earnings of judges .. .. .	38
<i>Table</i>	
1. Mean net receipts and pension premiums of barristers and advocates (standardised to April 1989) .. .. .	39
2. Median and quartile net receipts of barristers and advocates (standardised to April 1989) .. .. .	39
3. Net receipts of barristers and advocates in relation to salaries of judges	39
4. Mean net receipts and pension premiums of solicitor Recorders, Assistant Recorders and Temporary Sheriffs (standardised to April 1989) .. .. .	40
5. Net receipts of solicitors in relation to judicial salaries .. .. .	40
6. Net receipts of judges prior to appointment (standardised to April 1989) .. .. .	40

**Introduction** 1. On behalf of the Review Body on Top Salaries, the Office of Manpower Economics carried out three surveys of the receipts and expenses of lawyers. The largest was a survey of barristers and advocates in full-time practice, similar to those conducted in 1980, 1984 and 1987. The annual survey of pre-appointment earnings of recently-appointed judges was updated. In addition, for the first time, information was collected from solicitors holding part-time appointments as Recorders or Assistant Recorders in England and Wales or as Temporary Sheriffs in Scotland. The co-operation of those who completed questionnaires and of the professional bodies which gave support is most gratefully acknowledged.

2. As in previous surveys, respondents 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 work and payment for it, receipts in a given year do not closely reflect work done in that year; also, particularly at the Bar, annual earnings may fluctuate considerably. Therefore, these surveys collect the latest three years' data which the individual respondent can provide: almost all returns covered either 1985/86 to 1987/88 or 1986/87 to 1988/89.

3. All data from the surveys have been brought to a common date of April 1989 by using the movements in average earnings (salary plus bonus, etc) shown by the OME survey of top salaries (see Appendix C). Analysis of data from the surveys has strongly suggested that earnings at the Bar have increased over the years at similar rates to those at senior levels in the corporate sector.

#### Part A—Earnings of barristers and advocates in private practice

**Scope of the survey** 4. As in 1987, the survey covered the field for possible appointment to the Bench. A sample of 1 in 4 was selected from those barristers in England and Wales listed in the 'Solicitors and Barristers Directory and Diary' as within 20 to 35 years of call and in private practice. In addition, to take account of younger appointments

to the Bench, samples of 1 in 20 of Junior Counsel and 1 in 4 of Queen's Counsel were selected from those with seniority of 15 years but less than 20 years. On the advice of the Faculty of Advocates that seniority of 10 to 35 years is an appropriate criterion in Scotland, all those in this range were approached. In Northern Ireland all Queen's Counsel and a small number of Junior Counsel were, with the advice of the Bar Council of Northern Ireland, included in the survey.

5. The numbers selected and the numbers of replies received are shown in Table A. The overall response of 51 per cent was slightly lower than in the 1987 survey and, although broad conclusions can be reached, there must be reservations about the detailed results.

*Table A Barristers' response*

	Number selected	Providing replies		Number used
		No.	% response	
England and Wales				
20-35 years of call: Queen's Counsel	85	53	62	47
Junior Counsel	165	70	42	61
15-19 years of call: Queen's Counsel	30	20	67	20
Junior Counsel	52	24	46	21
Scotland	88	49	56	34
Northern Ireland	29	11	38	10
All	449	227	51	193

The returns which were not used were from barristers and advocates who reported that, in one or more of the last three years, they had not been in full-time private practice.

#### Scaling the returns

6. Where data for more than one group of barristers have been combined, the returns from each group have first been scaled up to reflect the response rates and, for England and Wales, the sampling fractions.

#### Results

7. Table 1 gives figures of mean gross receipts, professional expenses, pension premiums paid, and receipts net of expenses: Table 2 shows median and quartile net receipts. Only the mean figures for Queen's Counsel are shown for Northern Ireland because there were few returns. Since barristers' pensions are self-financed, the value of the eventual benefits can be regarded as actuarially equal to the sum of the contributions; hence, the most appropriate measure of total remuneration is net receipts before deducting pension premiums.

8. Comparison with the 1987 survey figures (which were standardised to April 1987) shows relatively larger increases in receipts of Queen's Counsel than of Junior Counsel in England and Wales. Scottish advocates' receipts rose more sharply and, in particular, the juniors' receipts were close to those in England and Wales, having been only about three-quarters as high in the 1987 survey. About three-quarters of the Scottish respondents in the latest survey also provided returns in 1987 and an analysis of their returns directly confirms the relatively large rise in earnings. The English and Welsh barristers were sampled independently for the two surveys from the much larger professional groups, so that very few made returns in both surveys and the results cannot be directly corroborated.

9. Table 3 compares barristers' net receipts and judges' salaries in each of the years beginning April 1986 to April 1988. Almost all Queen's Counsel in England and Wales reported net earnings which were higher than the salaries of Circuit Judges in all three years, while three-quarters in the first two years and 5 out of 6 in 1988/89 had earnings above High Court Judges' salaries. Incomes of Junior Counsel in England and Wales are generally lower, but the returns in the latest survey suggest accelerated growth in 1988/89, when about half had net receipts above a Circuit Judge's salary, while those earning more than the salary of a High Court Judge had increased from 10 per cent to 20 per cent. In Scotland, about half of Queen's Counsel had earnings above the Sheriffs' salaries, rising to 9 out of the 12 reporting for 1988/89.

## Part B—Earnings of solicitor Recorders, Assistant Recorders and Temporary Sheriffs

**Scope of the survey** 10. Solicitors, as well as barristers, may be appointed to sit on the Circuit Bench in a part-time capacity as Assistant Recorders and later as Recorders; eligibility for a full-time appointment as a Circuit Judge requires at least five years such service. Solicitors in Scotland appointed as Sheriffs have all had corresponding part-time experience as Temporary Sheriffs. An earnings survey of those who are Assistant Recorders or Recorders in England and Wales or Temporary Sheriffs in Scotland was therefore undertaken for the Review Body.

11. All such solicitors were asked to provide returns, but a number have *full-time* judicial appointments in Group 7 (for example as Stipendiary Magistrates), receiving no extra income for their *part-time* service. The numbers of replies are shown in Table B; after excluding those whose replies showed that they are not in full-time private practice, there was a high response of 76 per cent.

*Table B* Response

	Number	Providing replies		Number used
		No.	% response	
England and Wales				
Recorders	51	40	78	18
Assistant Recorders	61	56	92	28
Scotland				
Temporary Sheriffs	65	51	78	41
All	177	147	83	97

**Results** 12. Figures of net receipts (including fees for their part-time appointments) of those in full-time private practice and of pension premiums paid are given in Table 4.

13. Comparing these solicitors' net receipts with judicial salaries shows that a quarter of Recorders and Assistant Recorders had earnings above High Court Judges' salaries in the years 1986/87 to 1988/89 and two-thirds above Circuit Judges'. In Scotland, relatively fewer Temporary Sheriffs had earnings above these levels until 1988/89, when 20 out of 31 returns show earnings above Sheriffs' salaries and 7 above Outer House Judges of the Court of Session.

## Part C—Pre-appointment earnings of judges

**Scope of the survey** 14. The number of judges appointed each year is relatively small and results from the series of annual surveys are, therefore, combined. The latest survey produced 21 usable returns from the 35 forms sent out. When added to previous surveys, these provide totals of 43 returns from High Court Judges and 105 from Circuit Judges (or their equivalents<sup>1</sup>) in the United Kingdom. The response from High Court Judges was again very high; however, 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** 15. The average annual net receipts, brought to a common date of April 1989, are summarised in Table 6: there are too few appointments in Scotland and Northern Ireland for separate analysis.

16. Almost all Queen's Counsel recently appointed to the High Court or Circuit Bench had previously been earning more than their new salaries, as had over half of Circuit Judges who were Junior Counsel or solicitors.

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

**Table 1 Mean net receipts and pension premiums of barristers and advocates (standardised to April 1989)**

	Queen's Counsel				Junior Counsel		
	England and Wales	Scotland	Northern Ireland	United Kingdom	England and Wales	Scotland	United Kingdom
Numbers:							
returns used	67	20	8	95	82	14	98
scaled	526	52	23	601	1,665	36	1,707
	£	£	£	£	£	£	£
Gross receipts							
practice	189,600	103,500	184,600	181,900	70,600	67,300	70,800
other professional activities	4,700	5,000	200	4,600	2,000	1,400	2,000
Expenses	47,400	-21,400	22,500	44,200	20,100	17,100	20,000
Net receipts	146,900	87,100	162,300	142,300	52,500	51,700	52,800
Personal pension premiums	20,500	9,100	26,500	19,700	5,100	5,000	5,100

**Table 2 Median and quartile net receipts of barristers and advocates (standardised to April 1989)**

	Queen's Counsel			Junior Counsel		
	England and Wales	Scotland	United Kingdom	England and Wales	Scotland	United Kingdom
	£	£	£	£	£	£
Net receipts						
Upper quartile	197,600	102,000	194,300	65,100	67,600	65,400
Median	120,700	82,400	114,200	51,500	46,500	50,800
Lower quartile	87,900	57,300	84,400	36,400	31,700	36,400
Mean	146,900	87,100	142,300	52,500	51,700	52,800

**Table 3 Net receipts of barristers and advocates in relation to salaries of judges**

	Number of returns			
	Queen's Counsel		Junior Counsel	
	England and Wales	Scotland	England and Wales	Scotland
All barristers				
1986/87	67	20	82	14
1987/88	64	19	82	14
1988/89	51	12	67	8
Above High Court Judge's salary				
1986/87 (£63,500)	51	9	8	2
1987/88 (£65,000)	47	10	8	1
1988/89 (£68,500)	43	8	14	1
Above Circuit Judge's salary				
1986/87 (£42,500)	63	15	28	3
1987/88 (£43,500)	61	15	36	5
1988/89 (£45,800)	51	9	35	3

**Table 4 Mean net receipts and pension premiums of solicitor Recorders, Assistant Recorders and Temporary Sheriffs (standardised to April 1989)**

	Recorders	Assistant Recorders	Temporary Sheriffs
Number of returns	18	28	41
	£	£	£
Net receipts practice <sup>a</sup>	68,400	92,800	56,500
Other professional activities	1,600	400	1,800
Total	70,000	93,200	58,300
Personal pension premiums	6,800	11,500	5,600

<sup>a</sup>Including fees for duties as Recorder, Assistant Recorder or Temporary Sheriff.

**Table 5 Net receipts of solicitors in relation to judicial salaries<sup>a</sup>**

	Recorders	Assistant Recorders	Temporary Sheriffs
	Number of returns		
All			
1986/87	18	28	41
1987/88	17	28	41
1988/89	11	19	31
Above High Court Judge's salary			
1986/87 (£63,500)	4	6	4
1987/88 (£65,000)	4	8	7
1988/89 (£68,500)	1	6	7
Above Circuit Judge's salary			
1986/87 (£42,500)	10	18	19
1987/88 (£43,500)	12	21	21
1988/89 (£45,800)	8	12	20
Above Group 7 salary			
1986/87 (£32,750)	17	24	25
1987/88 (£33,500)	16	24	32
1988/89 (£37,500)	9	16	26

<sup>a</sup>Solicitors in full-time private practice who are Recorders or Assistant Recorders in England and Wales or Temporary Sheriffs in Scotland.

**Table 6 Net receipts of judges prior to appointment<sup>a</sup> (standardised to April 1989): United Kingdom 1984/85—1988/89**

	High Court Judges	Circuit Judges, previously:			All Circuit Judges
		Queen's Counsel	Junior Counsel	Solicitor	
Number of returns	43	27	60	18	105
	£	£	£	£	£
Upper quartile	255,500	101,200	65,500	79,400	75,200
Median	137,400	75,300	50,500	69,600	59,000
Lower quartile	104,900	55,000	43,800	50,300	47,100
Mean	198,000	90,600	55,900	67,100	66,800

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

## Appendix E

### List of departments which took part in an assessment of the proposed performance-related pay scheme for Grades 2 and 3 in the civil service

Ministry of Agriculture, Fisheries and Food  
Customs and Excise  
Ministry of Defence  
Department of Education and Science  
Department of Employment  
Department of the Environment  
Export Credits Guarantee Department  
Department of Health  
Home Office  
Northern Ireland Office  
Scottish Office  
Department of Social Security  
Department of Trade and Industry  
HM Treasury

## Appendix F

### List of organisations with whom the Office of Manpower Economics discussed their performance pay arrangements

Abbey National plc  
American Express  
British Railways Board  
Halifax Building Society  
National Westminster Bank plc  
Scottish Development Agency  
STC plc  
Unilever plc

## Appendix G

### List of those who gave oral evidence to the judicial sub-committee or separately to its Chairman

Sir Robert Andrew, KCB—formerly Permanent Under Secretary of State,  
Northern Ireland Office  
His Honour Judge Anwyl-Davies, QC—President of the Council of HM Circuit  
Judges  
Registrar F Arnold—Senior Vice-President of the Association of County Court  
and District Registrars  
Mr M C Blair—formerly Under Secretary, Lord Chancellor's Department  
His Honour Judge Bromley, QC—Chief Social Security Commissioner  
Registrar J R Chalkley—President of the Association of County Court and  
District Registrars  
His Honour Judge Dyer—Honorary Secretary of the Council of HM Circuit  
Judges  
The Rt Hon The Lord Fraser of Carmyllie, QC—Lord Advocate  
Mr V G H Hallett—Social Security Commissioner  
Mr J L Heritage—Under Secretary, Lord Chancellor's Department  
The Rt Hon Lord Hope—Lord President of the Court of Session and Lord Justice  
General  
Sir David Hopkin—Chief Metropolitan Stipendiary Magistrate  
Registrar R Howe—The Association of County Court and District Registrars  
Mr M D Huebner—Deputy Secretary, Lord Chancellor's Department  
The Hon Mr Justice Jowitt—High Court Judge  
The Rt Hon The Lord Lañe, AFC—Lord Chief Justice of England  
Mr T S Legg, CB—Permanent Secretary, Lord Chancellor's Department  
His Honour Judge Lowry, QC—Circuit Judge at the Central Criminal Court  
Mr J Nursaw, CB, QC—Treasury Solicitor  
Sir Derek Oulton, KCB, QC—then Permanent Secretary, Lord Chancellor's  
Department  
Registrar J Platt—The Association of County Court and District Registrars  
His Honour Judge Pownall, QC—Circuit Judge at the Central Criminal Court  
Mr D G Rice—Social Security Commissioner  
His Honour Judge Smedley, QC—Circuit Judge at the Central Criminal Court  
Ms H Tuffs—Lord Chancellor's Department  
His Honour Judge White—Senior Vice-President of the Council of HM Circuit  
Judges

## Appendix H

### 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 of England

#### 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  
Chief Immigration Adjudicator  
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 Tribunals  
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>1</sup> 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).

## Appendix I

### Salaries currently in payment and numbers in post at the latest available date

	<i>Salaries currently in payment £</i>	<i>Numbers in post at 30 September 1989<sup>a</sup></i>
<b>Senior civil servants</b>		
Grade 3 <sup>b</sup>		495
on promotion	37,600	
after one year's service in the grade	39,300	
after two years' service in the grade (normally attainable maximum)	40,900	
discretionary	43,100 45,400 47,600	
Grade 2		126
on promotion	48,100	
after one year's service in the grade (normally attainable maximum)	50,400	
discretionary	53,100 56,500 59,800	
Grade 1A	66,000	12
Grade 1	72,000	23
Permanent Secretary to the Treasury Secretary of the Cabinet <sup>c</sup>	83,750	1
Head of the Civil Service (and Secretary of the Cabinet) <sup>d</sup>	89,500	1
<b>Senior officers of the armed forces</b>		
Rear Admiral Major General Air Vice-Marshal	43,100	150
Vice-Admiral Lieutenant General Air Marshal	50,400	35
Admiral General Air Chief Marshal	72,000	20
Admiral of the Fleet Field Marshal Marshal of the Royal Air Force	89,500	1 <sup>e</sup>
<b>Members of the judiciary</b>		
Group <sup>f</sup> 7	39,400	423
6	48,100	559
5	53,400	23
4a	62,700	6
4	72,000	104
3	79,500 <sup>g</sup>	39
2	82,750	13
1	89,500	1

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

<sup>b</sup>Grade 3s are also eligible to receive London Allowance of £2,000.

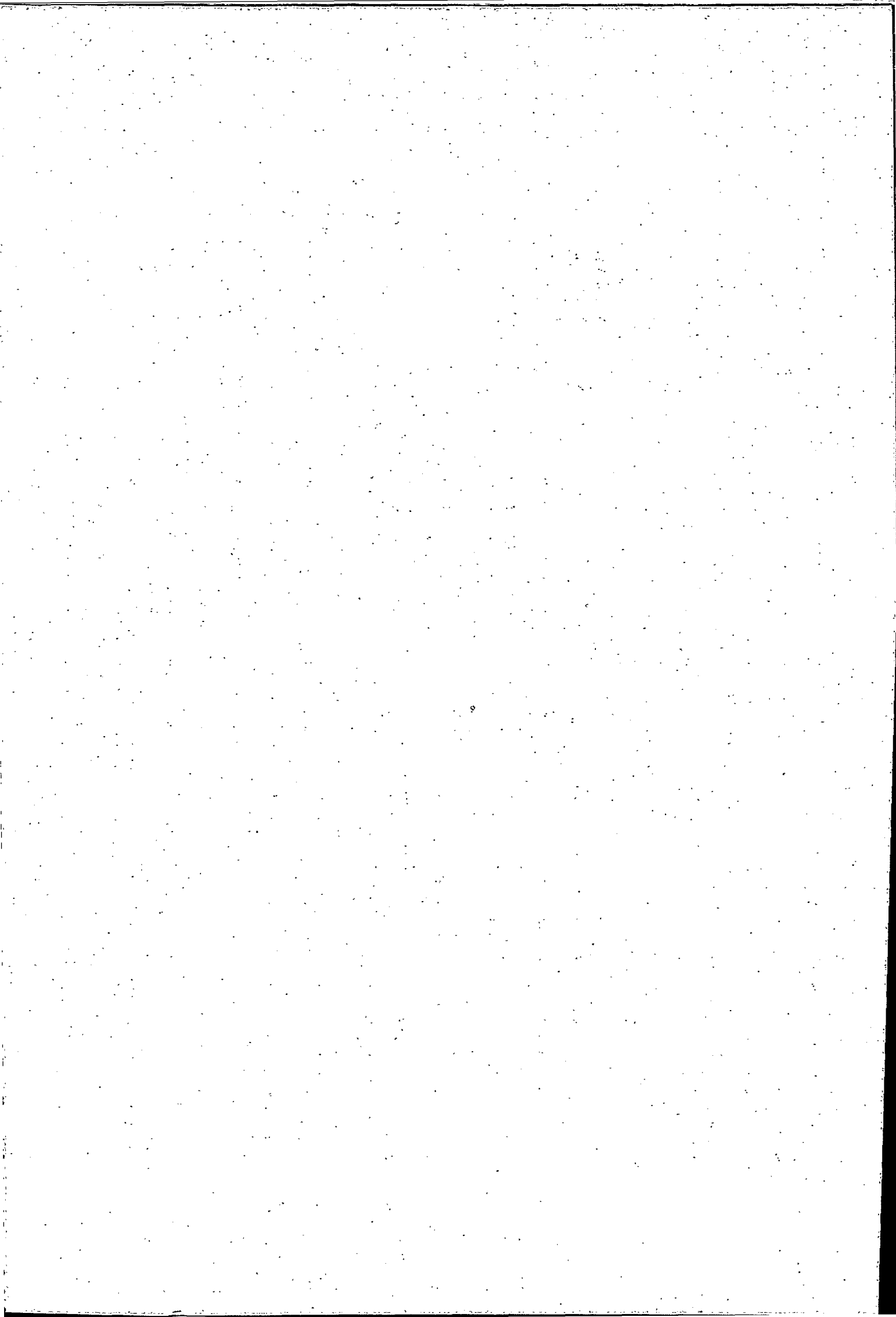
<sup>c</sup>Paid at this level if not also Head of the Civil Service (see footnote <sup>d</sup>).

<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.

<sup>f</sup>The composition of each Group is given in Appendix H.

<sup>g</sup>The Lord Justice Clerk is paid a salary lead of £1,000.





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*

From 6 May 1990 the London telephone numbers above carry the prefix  
'071' instead of '01'