

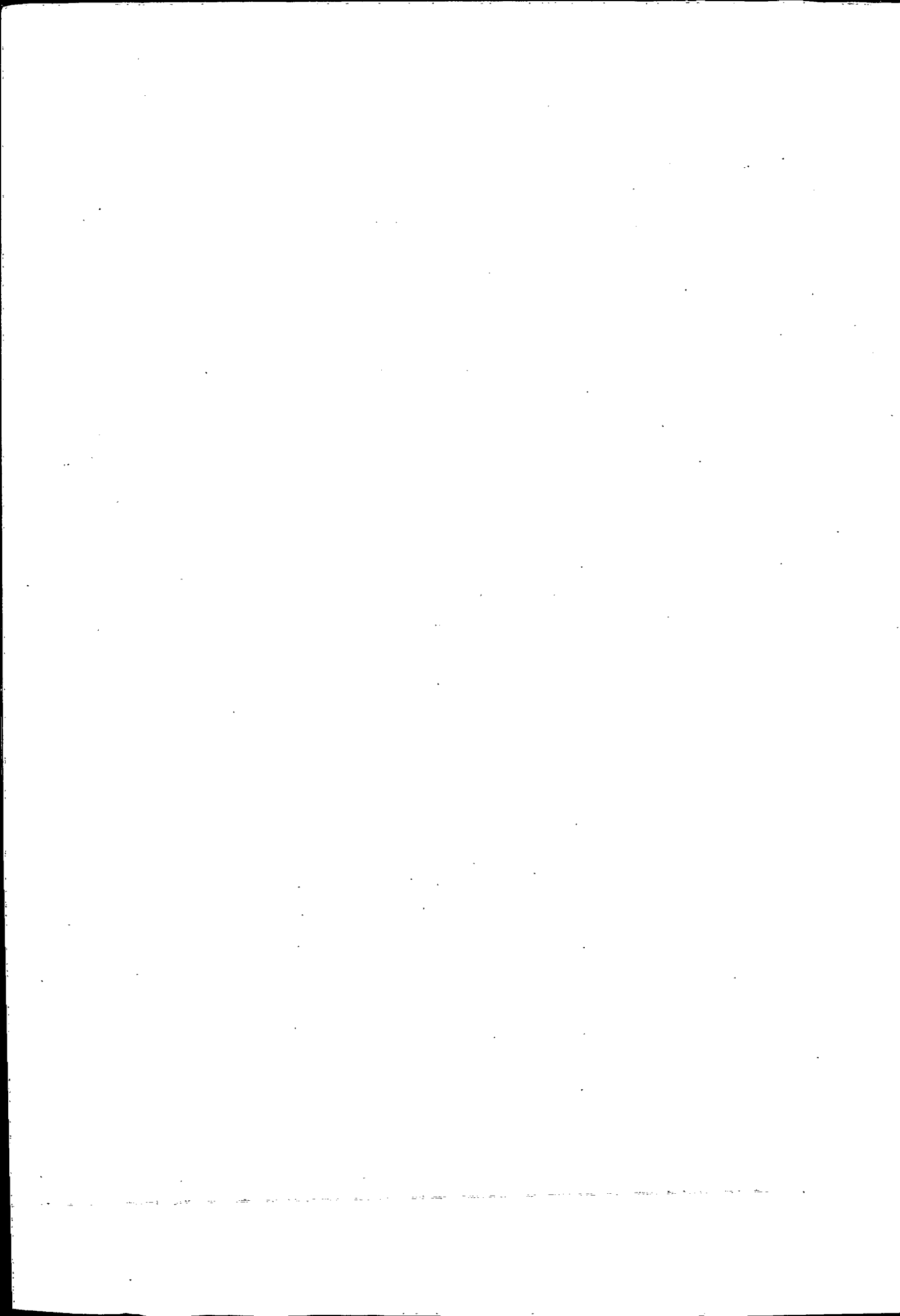


Review Body
on Top Salaries

REPORT No. 30

**Fourteenth Report
on Top Salaries**

Chairman: Sir David Nickson, KBE, DL





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Presented to Parliament by the Prime Minister
by Command of Her Majesty
January 1991



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 are¹:

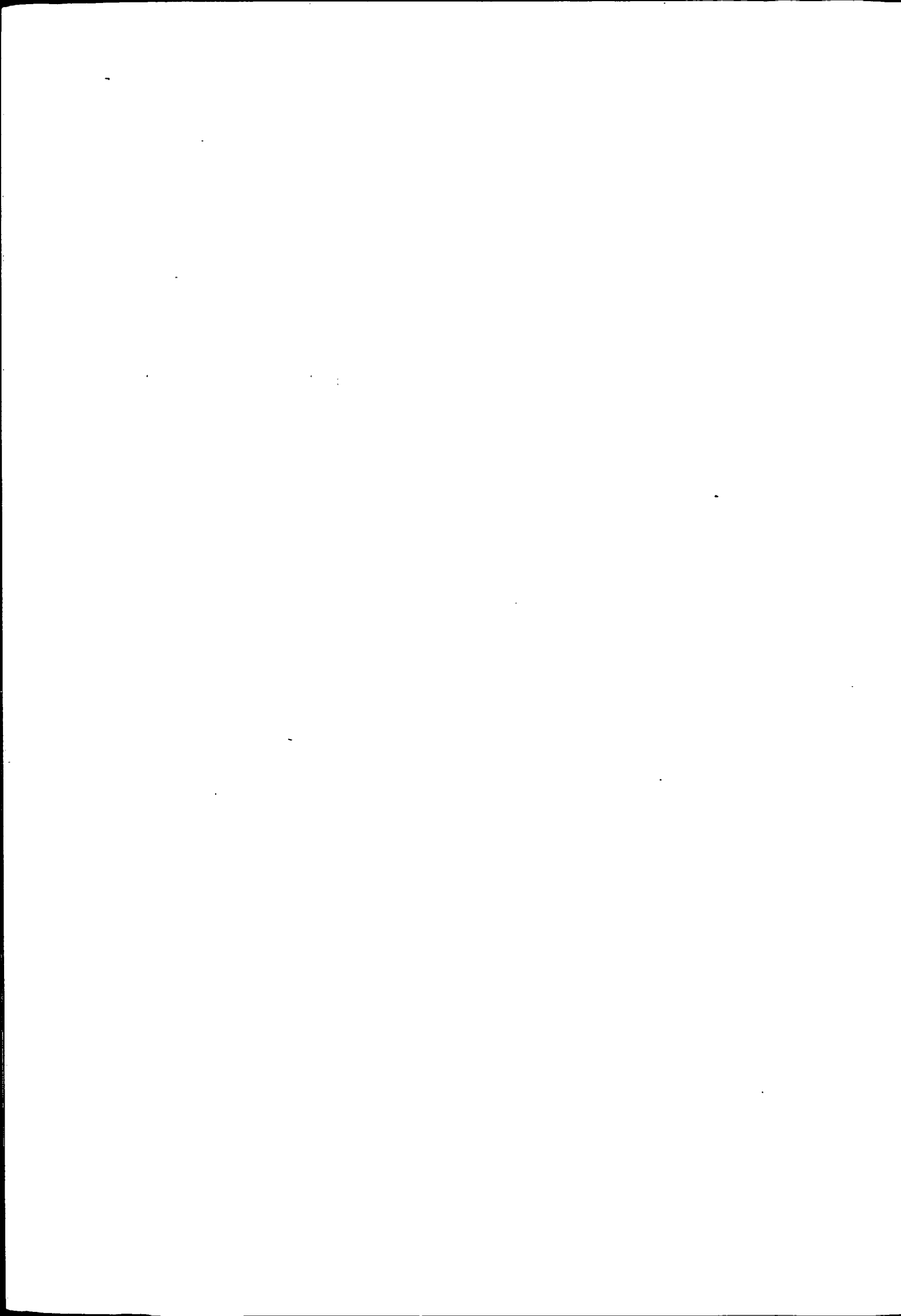
Sir David Nickson, KBE, DL, *Chairman*
Sir Terence Beckett, KBE
Louise Botting
Ann Burdus²
Sir Peter Cazalet³
Sir Cecil Clothier, KCB, QC
Allan Gormly²
Hugh Pigott
Jeremy Pope, OBE
Sir Anthony Wilson

The Secretariat is provided by the Office of Manpower Economics.

¹ Lord Chorley and Sir Thomas Skyrme retired from the Review Body at the conclusion of the last review.

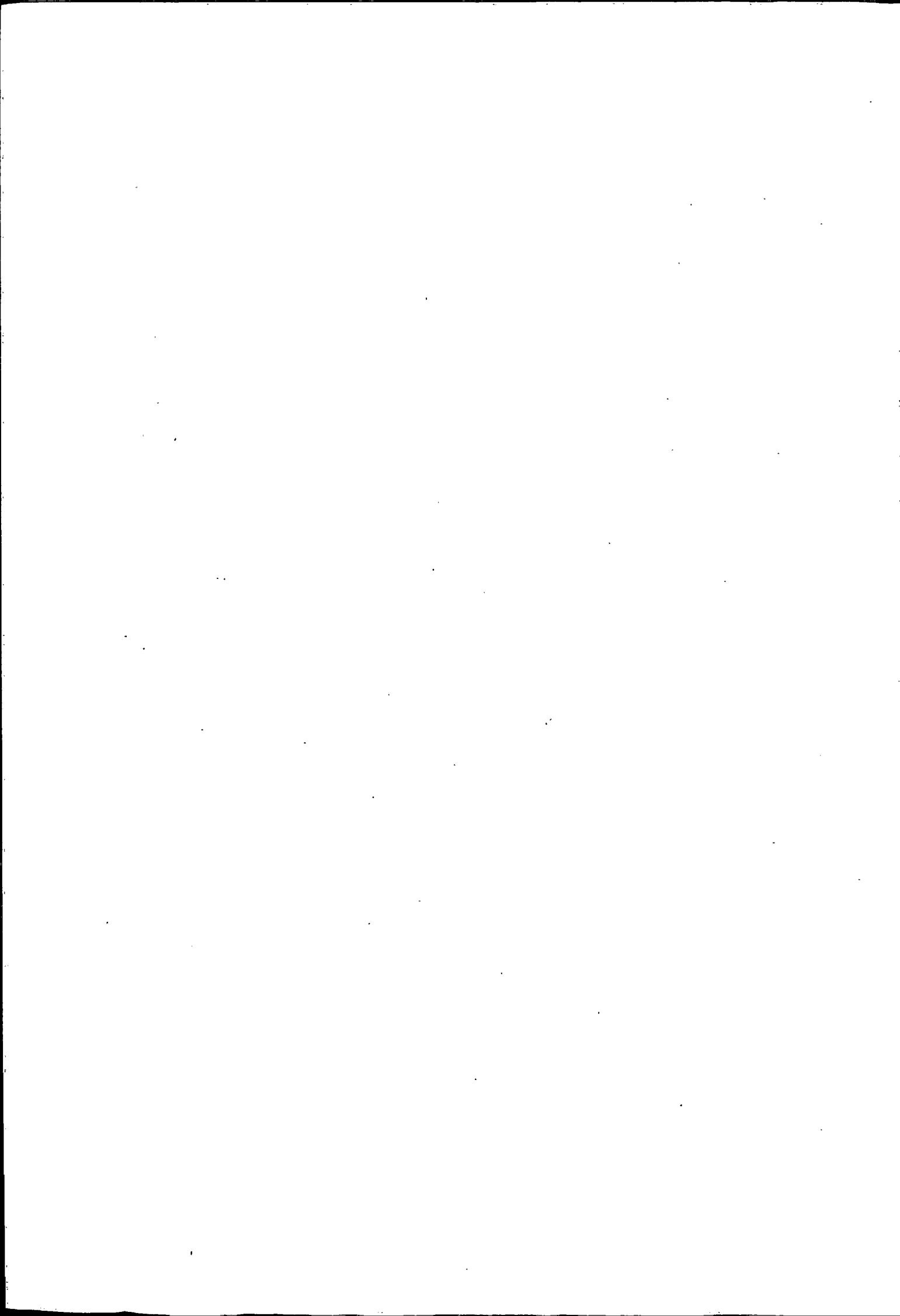
² Allan Gormly and Ann Burdus were appointed to the Review Body with effect from, respectively, February and June 1990.

³ Sir Peter Cazalet is also Chairman of the Review Body on Armed Forces Pay.



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Chapter 1

Introduction

Remit groups

1. Our remit groups currently comprise some 2,040 individuals of whom 1,170 are members of the judiciary, 670 are senior civil servants and 200 are senior officers in the armed forces. The most senior posts in our remit are the Lord Chief Justice of England, the Head of the Civil Service and 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 in the armed forces are those at four, three and two star levels.

Last year's recommendations

2. The Government accepted the recommendations in our last report but decided to stage their implementation because it considered that the overall cost in the year 1990-91 would otherwise be too high. We recommended that the groups in our remit should receive a basic increase in salary of 7 per cent with effect from 1 April 1990. The Government decided that 6 per cent should be paid from that date and 1 per cent from 1 January 1991. We made additional recommendations for some posts in each of the remit groups. These recommendations were also subjected to Government staging. We note that the Government staged the implementation of the recommendations of all the review bodies, though in every other case the payments made from 1 April 1990 were 7 per cent rather than 6 per cent.

3. In the civil service we recommended that the new performance-related pay scheme proposed by the Government for Grades 2 and 3 should be introduced with effect from 1 April 1990. Fully satisfactory performers were to receive no less than the basic increase of 7 per cent from 1 April 1990. In addition, we recommended that each year a defined cash sum of 2 per cent of the paybill for each of the grades should be available for allocation on a discretionary basis to individuals; it was expected that through the turnover of staff this would become largely self-financing. The Government, whilst accepting our proposals in principle, decided to defer the introduction of the new scheme until 1 April 1991, though it did, as envisaged under the scheme, abolish the fixed scale increments for the two grades with effect from 1 April 1990. This, and the basic increase, helped to ease the sharp compression of differentials caused by the Government's decisions on pay for the grades immediately below our remit group. However, the other increases we recommended with effect from 1 April 1990 to ease the compression further, by means of additional increases for Grade 3s in London and for Grade 2s, were deferred until 1 January 1991.

4. In the armed forces we recommended pay levels for three and two-star officers which took full account both of our 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. Of the total increases recommended, the balance not paid from 1 April 1990 was deferred until 1 January 1991.

5. In the judiciary, in view of recruitment difficulties, the increased earnings of lawyers in private practice, and the need to maintain the cohesion of the judicial salary structure, we recommended an adjustment of 10 per cent to salary levels for Groups 5 to 7 in addition to the basic increase of 7 per cent. In the light of the economic circumstances we recommended that this adjustment should be phased

over 2 years with 5 per cent paid from 1 April 1990. The Government decided to postpone this even further with staged payments of the additional 10 per cent from 1 January 1991, 1 August 1991 and 1 April 1992.

6. We regret these Government decisions on staging. In the short term they diluted the improvement in salary differentials which we had recommended. Staging results not only in a loss of income for those affected but permanently reduces the pensions of individuals whose entitlement is related to a period when their final salary was affected by staging. We believe that this is inequitable. Our recommendations have over the years been staged more frequently than those of the other review bodies and sometimes, as on the last occasion, more severely.

This year's review

7. We have sought evidence in the normal way 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 again carried out surveys on our behalf of remuneration at senior levels in the private sector and of the pre-appointment earnings of recently appointed judges. Our judicial sub-committee, under the new chairmanship of Sir Cecil Clothier, has reported to us on matters arising on the judicial salary structure. We are grateful for all the assistance we have received.

8. This year our immediate task was to discuss with the Government the gap which has widened between private sector earnings and those of our remit groups, as we said we would wish to do in our last report. Following this we considered what action we should take, and this is discussed in the next chapter of our report.

Chapter 2

General salary levels

Plans for a fundamental review

9. In successive reports we have expressed our growing concern about the considerable and increasing erosion of the relativities between the salaries we recommend and those for comparable groups elsewhere. In our last report, we referred to our wish to explore with the Government how the ground lost in recent years might be made up. Following this discussion and our own further deliberations, we decided that it was necessary to undertake a much more wide-ranging and fundamental review of levels of pay appropriate to our remit groups than in recent years. The scope of this study is such that it could not have been completed in time for this year's report. However, the work has been set in hand so that it will be completed in time for us to use it as the basis for recommendations in our next report. We have informed the Government of this decision.

10. We have commissioned consultants to undertake job evaluation studies of posts in our remit in the civil service and armed forces in order to make pay comparisons with the private sector. Two pay comparison studies will be undertaken using separate methods. One of these will be that adopted for our reports in 1985 and 1988. To provide further evidence in this difficult area, there will also be a study based on the method now used by the Government for other grades within the civil service. The results will, of course, need to be interpreted taking account of such factors as job security and pension benefits in the public services compared with the position elsewhere. A separate study with the help of consultants will examine differentials within the judicial salary structure.

11. We have also commissioned consultants to collect comparative international data on pay in the public services, including the judiciary, and in the private sector. In addition, the Review Body will continue to take evidence in the normal way and have available to it OME surveys of top salaries in the private sector and of lawyers' earnings.

12. Our fundamental review will take account of the fact that large increases in earnings have continued to be paid to groups analogous to our remit at the most senior levels in the private sector, although in the 12 months to 1 July 1990 these increases were not as high as in the previous year. Our latest regular survey, for the 12 months to 1 July 1990, shows that at higher levels in the largest non-financial companies, the median earnings increase was 12.3 per cent compared with 14.5 per cent in the 12 months to 1 July 1989. As a result of more difficult trading conditions for the private sector we expect the rate of increase in the earnings of those covered by our surveys to abate further in the current year. A summary of the latest information is at Tables 1 and 2 and further details are contained in Appendix C.

Table 1 Median earnings: salary plus bonus, commission and profit-sharing (non-financial companies) at 1 July 1990.

	Annual turnover of company		
	£2,100m and over	£1,050-£2,099m	£565-£1,049m
Number of companies in 'Times 1000'	61	61	88
	£000	£000	£000
Chief executives	347	249	158
Other full-time main board members	145	137	100
Heads of function reporting to main board members	89	71	56

Source: OME.

Table 2 Median percentage increase in earnings between 1 July 1989 and 1 July 1990

Per cent

	Senior posts in non-financial companies		Senior posts in financial companies
	All	Higher level posts in largest companies ^a	
Salary	11.0	12.5	12.1
Salary plus bonus, commission and profit-sharing	11.4	12.3	12.8

^a Full-time main board members and heads of function reporting to main board members in companies with annual turnover of £565 million and over.

Source: OME.

13. Salary levels for our remit groups continue to compare very unfavourably with earnings in the private sector. In large companies earnings of £140,000 or more for full-time board members and £250,000 or more for chief executives are common, as the median figures in Table 1 show. Whilst we have not conducted a general survey of earnings at the Bar for our current review, further information on the pre-appointment earnings of recently appointed judges, reported in Appendix D, and other sources, suggest that similar earnings are common amongst the more successful lawyers. On the other hand, with effect from 1 January 1991 Permanent Secretaries in the civil service, four star officers in the armed forces and High Court Judges receive £77,000; while most Grade 2 civil servants, all three star officers and Circuit Judges are paid less than £60,000.

14. The salaries at the top of our remit groups are therefore generally less than half median earnings at analogous levels in the private sector. We have said in the past that there is no case for equivalent levels of remuneration. We have always recognised the need for the salaries we recommend to incorporate a 'discount' when compared with earnings elsewhere to reflect the differences between public service and the private sector with its attendant risks and rewards. However, it is clear to us that the 'discount' has become too large. The extent to which it should be reduced, by raising the salaries of our remit groups at all levels, will be the central issue in our fundamental review.

Basic increase this year

15. Meanwhile, we address the question of what basic increase to recommend this year and we do so in the knowledge that we will be conducting the fundamental review of pay levels, and related pay structure issues, in the coming year. We have also taken account of a range of other factors, including price and pay movements. In the year to November 1990 the Index of Retail Prices showed an increase of 9.7 per cent; the Government expects the annual rate to fall during 1991. However, we are concerned that the size of the gap between private sector earnings and those of our remit groups has increased even further in the last year. As we note in paragraph 12, our latest top salaries survey shows an increase in median earnings at higher levels in the largest non-financial companies of 12.3 per cent in the 12 months to 1 July 1990.

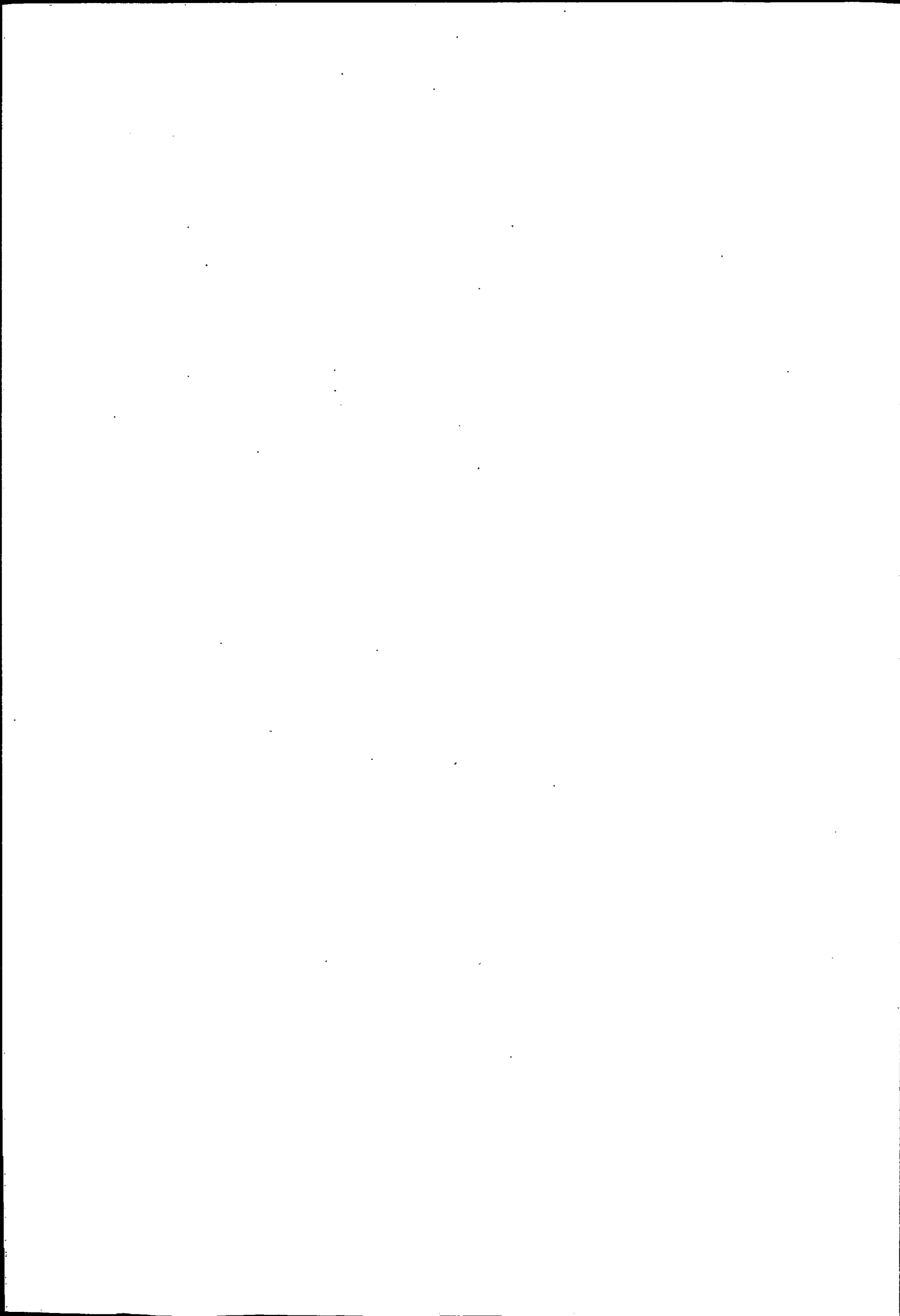
16. We are also concerned about the continuing compression of differentials between both our civil service and armed forces remit groups and those below them. We note that with effect from 1 August 1990 the Government awarded most Grade 5s and all Grade 4s, immediately below our civil service remit grades, an annual increase of 9 per cent. This increase, like increases for other civil service grades, was related to pay movements of non-manual employees in the private sector. The basic increase we recommend this year takes into account current economic circumstances and all the above factors.

17. **Recommendation 1.** We recommend that all the groups in our remit should receive a basic increase in salary of 9.5 per cent with effect from 1 April 1991. In the civil service, under the new performance-related pay scheme for Grades 2 and 3, fully satisfactory performers should receive no less than this basic increase with others receiving increases appropriate to their performance.

18. **Recommendation 2.** In the judiciary, we also recommend that the published salary levels effective from 1 August 1991 and 1 April 1992 for Groups 5 to 7 should be increased by 9.5 per cent.

19. The background to recommendation 2 is as follows. For Groups 5 to 7 of the judiciary the balance of the additional 10 per cent increase we recommended in our last report is due to be paid in two stages from 1 August 1991 and 1 April 1992. The Lord Chancellor's Department, the Scottish Courts Administration and the Northern Ireland Court Service have published salaries with effect from those dates which add the outstanding stages to current salaries. The general increase we recommend will need to be added to the published salaries, and revised figures are shown at paragraph 46. A further adjustment will be necessary in respect of 1 April 1992 when we report next year.

20. In the following chapter we comment on particular issues for each of our remit groups which we will be examining further as part of the fundamental review for our next report. Where appropriate, we consider the case for additional improvements this year, supplementary to the basic increase which we have recommended.



Chapter 3

Particular issues

THE CIVIL SERVICE

Fast-stream staff

21. In our recent reports we have expressed concern about the supply of fast-stream staff to fill senior posts, particularly staff with the potential to reach the very highest levels. Our concern has been shared by departments, particularly those vulnerable to the loss of able staff who through their work become aware of opportunities for well-paid employment in the private sector. In current economic circumstances such opportunities will be less plentiful. The First Civil Service Commissioner confirmed that this should also assist the recruitment of fast-stream staff at all levels, including people of the required calibre to run the new executive agencies.

22. The Treasury and the Office of the Minister for the Civil Service, prompted by the concern which has been expressed about the quality and supply of fast-stream staff, have provided further evidence. Going back to the mid-1970s they found no indication, from final selection board markings, that the overall quality of entrants recruited through generalist fast-stream schemes had declined. They also told us that, as a consequence of high recruitment through such schemes in the 1970s, most departments had more generalist fast-stream staff at Grades 5 to 7 than was the case 10 years ago. They thought that, as a result, there was a sufficient stock to meet expected promotion requirements at Grade 3 and above, though there were clear indications that the position among specialist groups was less satisfactory. The Treasury also gave us their assessment that there were adequate numbers of 'flyers', capable of filling posts above Grade 3, among the fast-stream generalists.

23. We understand the position will be kept under review and it will be a matter which we will wish to examine again, in the light of any further evidence we receive in our fundamental review. However, as there is little direct recruitment to more senior posts, recruitment and retention are criteria which can be given only limited weight when making judgments about salaries at these levels.

Performance-related pay

24. The new performance-related pay scheme for Grades 2 and 3 is due to be introduced with effect from 1 April 1991. Having commented in some detail in our last report on the proposed scheme, we await with interest early indications of how it works in practice and how well it is received by the staff involved. We have said we shall wish to keep the operation of the scheme under close review and that it may be appropriate for an external assessment of staff reactions to be undertaken early in the life of the scheme.

25. When commenting in our last report, we drew on the experience of broadly similar schemes which we studied with outside employers (listed at Appendix E). We have received up-to-date information from them which, *inter alia*, confirms the importance which they attach to rewarding adequately the fully satisfactory performer, especially at a time of relatively high inflation. We noted in our report last year that it appeared to be common practice to have procedures which provide an expectation that the fully satisfactory performer would progress over time to, say, the mid-point of a pay range. No such procedures exist in the new scheme for Grades 2 and 3 and we will be looking for reassurance that Permanent Secretaries will, as envisaged, take account of this fundamental point when making their awards.

26. More generally, we are aware that practices in performance pay are changing rapidly, and developing to meet new circumstances. Accordingly, it would be mistaken to believe that the detail of any scheme can be settled permanently. We note however the general view among employers that successful schemes are underpinned by linking basic pay to what they and their employees understand is a market rate. From this common understanding of the fairness of pay levels flow the benefits of the schemes in assisting organisations to agree their objectives with employees more clearly and achieve them more purposefully.

Pay differentials

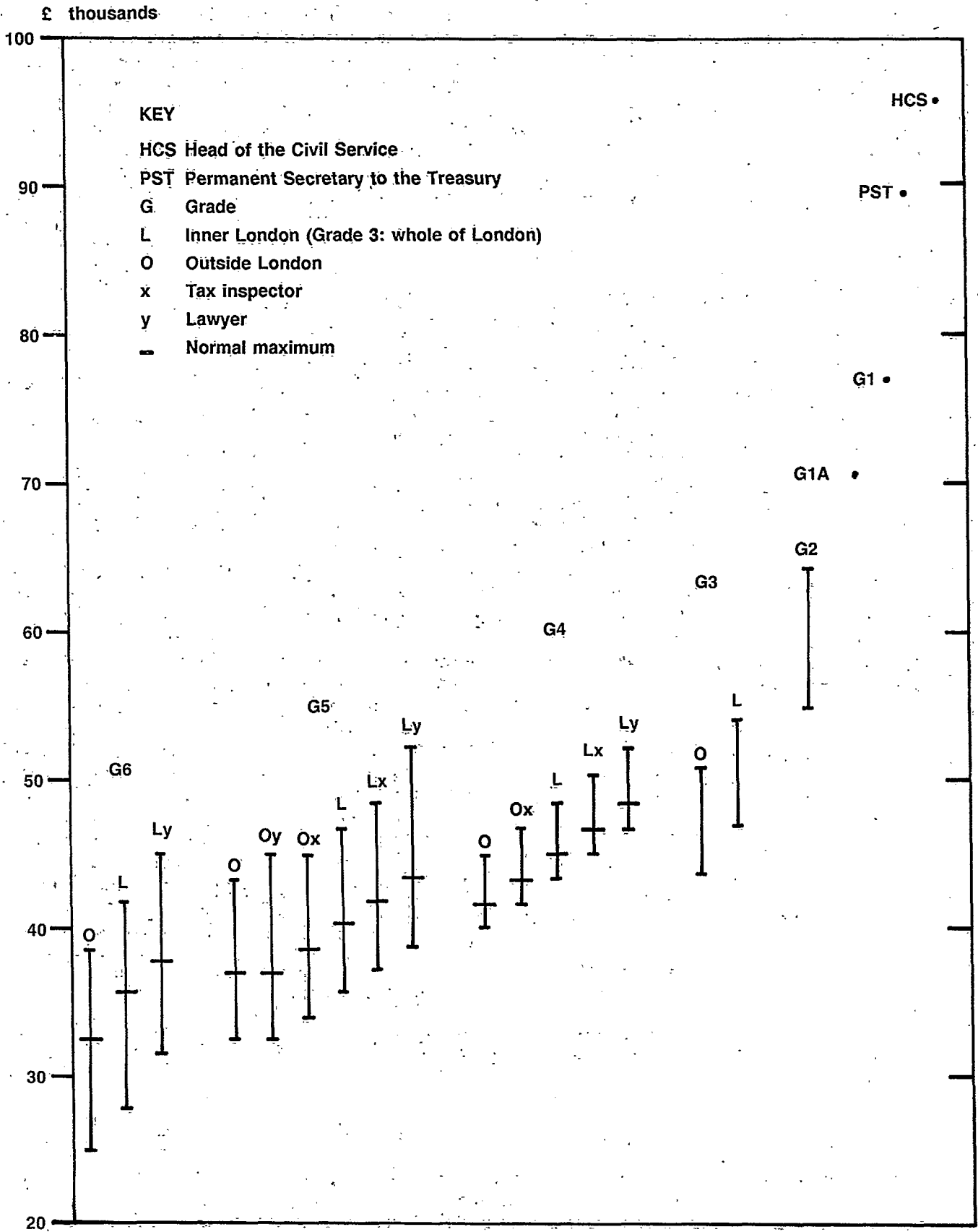
27. In our last report we made recommendations to relieve the sharp compression of differentials caused by the Government's decisions on pay for the grades immediately below our remit group. The recommendations were accepted but their implementation was staged, with increases not implemented in full until 1 January 1991. The intended improvement in differentials was thus diminished and this effect was then exacerbated from 1 August 1990 when the Government awarded annual increases of 9 per cent to Grade 4s and most Grade 5s. These increases were related to pay movements in the private sector. Although we were aware that this review was due to take place, we did not know what increases would be awarded but stressed in our report that the differentials established by our recommendations would be eroded and that we would need to review the position again this year. In addition, we noted that whilst the changes we proposed tackled the problem of differentials for non-specialists, they did no more than ease the greater problem which existed for many specialists such as government lawyers and tax inspectors, for whom there had been special pay increases in response to market pressures for those immediately below our remit grades. Significant numbers of specialist staff are promoted from these grades to Grade 3 and above and their position cannot be disregarded as unrepresentative. We have received evidence from the Council of Civil Service Unions and from the Association of First Division Civil Servants, in respect of both specialists and non-specialists, which suggests a widespread sense of unfairness and frustration caused by the erosion of differentials.

28. Figure 1 shows the current position. There are two issues. First, in some circumstances, staff at Grade 3 are supervising Grade 4s who are paid more than they are. This problem is most acute in the Inland Revenue, but can also occur amongst non-specialists. Second, in our last report we suggested an increase of at least 5 per cent on promotion to Grade 3, as is standard practice in the rest of the civil service. The Government has declined to follow this suggestion, partly on the grounds that it would lead to salary disparities between people promoted at different times in the year arising from the different pay review dates, of 1 April for Grade 3, and of 1 August for Grades 4 and 5.

29. The current position is less acute than it was 12 months previously when we found it necessary to make additional recommendations for Grades 2 and 3 in our last report. Whether the position is eased or worsened will depend on how far the basic increase for Grades 2 and 3 with effect from 1 April 1991 is matched by the increases for Grades 4 and 5 awarded by the Government from 1 August 1991. We do not believe it is appropriate in this report to make recommendations which would supplement the basic increase we have recommended in order to ease the compression of differentials, but we shall return to the issue in our fundamental review for our next report. An improvement to the arrangements which could be addressed now would be to move the pay reviews to a common date. One solution would be to move the annual review date for our civil service remit grades to 1 August; but this would have implications for our other two remit groups and the other review bodies, especially the Review Body on Armed Forces Pay. It would appear far more appropriate for the annual review date for the civil service grades immediately below those in our remit to revert to 1 April, which was the position prior to 1989 and is also the date for more junior grades.

30. **Recommendation 3.** We recommend that, to help maintain sensible pay differentials, the Government should realign the annual pay review date for the civil service grades immediately below those in our remit to 1 April.

Figure 1 Civil Service salaries at 1 January 1991: Grades 6 and above



THE ARMED FORCES

Pay differentials and links

31. In our last report we recommended pay levels for three and two star officers which took full account both of our recommendations about the pay of Grade 2 and Grade 3 civil servants and of the question of differentials between three and two star officers and the ranks above and below them. We acknowledged that the differential between one and two star officers would be affected by the recommendation for one star officers made by the Review Body on Armed Forces Pay. However, as a general principle we said we considered that the differentials between one, two and three star officers should be broadly maintained at the levels established in 1989. The differential between one and two star officers has been a vexed question for a number of years. In past years it fell to below 5 per cent. The evidence consistently given to us is that it should be raised to 15 per cent. This evidence has been the single most important point raised with us by the Ministry of Defence and the Chief of the Defence Staff in the last two reviews.

32. Last year the differential between one and two star officers was raised to 11.7 per cent, whilst the salary differential between two and three star officers was maintained at 16.9 per cent. Our last report concluded that we would examine the links again this year when we had further Government evidence about the development of the new performance pay scheme in the civil service. The deferment of the introduction of the new scheme until 1 April 1991 has delayed the examination of its possible implications for the pay of two and three star officers, and we will return to this matter in our next report. Meanwhile it was confirmed to us by senior management that it continues to hold the view that performance-related pay would be inappropriate for senior military officers. Having established a reasonable percentage differential in double figures between one and two star officers for the last two years, we believe that it is important to maintain this in the longer term, consistent with the other considerations of maintaining an appropriate differential between two and three star officers and appropriate pay links between these officers and senior civil servants.

33. There is difficulty however in achieving a fully satisfactory outcome in the present review as we understand that, as compared with the basic increase of 9.5 per cent which we recommend for our groups, a significantly larger increase is likely to be recommended by the Review Body on Armed Forces Pay for one star officers. For us to recommend a matching increase for two star officers would distort relativities within our remit groups and would pre-empt the fundamental review we are undertaking for our next report. The need to establish satisfactory pay differentials between those in our remit groups and those immediately below them will be one important issue for us in that fundamental review. However, we believe the increase of pay on promotion from the one star level should retain some significant value in the coming year and for this reason we are recommending a slightly higher increase for two star officers than for the rest of our remit groups; our recommendation aims to provide the minimum acceptable differential without unduly distorting other relativities or pre-empting our forthcoming fundamental review. For this year, we accept that there will be a small consequential reduction in the differential between two and three star officers.

34. **Recommendation 4.** We recommend an increase in pay for two star officers to £53,000 from 1 April 1991.

THE JUDICIARY

Judicial sub-committee

35. Our judicial sub-committee, under the chairmanship of Sir Cecil Clothier¹, has examined matters arising on the judicial salary structure, on which it sought written evidence from the Lord Chancellor's Department, the Scottish Courts Administration and the Northern Ireland Court Service. A list of those who gave oral evidence to the judicial sub-committee, including representatives of the Northern Ireland judiciary who were seen during a visit to Belfast, is at Appendix F.

¹ The other members of the judicial sub-committee are Hugh Pigott and Jeremy Pope.

36. The judicial sub-committee has received representations on behalf of a number of groups or individual post-holders seeking to improve their position in the judicial salary structure, but in only one case are we persuaded that a change should be recommended, which we consider below.

**President of VAT Tribunals
and Presiding Special
Commissioner of Income
Tax**

37. The separate full-time posts of President of VAT Tribunals and Presiding Special Commissioner of Income Tax, currently listed in Group 6 of the judicial salary structure, have been combined recently and are held by the same person. The judicial sub-committee has received representations that the combined post should be placed higher in the judicial salary structure on the grounds of an increase in job weight, because the post-holder concentrates on the more significant and complex appeals in both fields of tax and carries some additional administrative responsibilities. We believe these grounds justify raising this combined post, a view which is shared by the Lord Chancellor. This has no implications for other posts including the full-time members of the two tribunals.

38. **Recommendation 5.** We recommend that the holder of the combined post of President of VAT Tribunals and Presiding Special Commissioner of Income Tax should be included in Group 5 of the judicial salary structure. The recommended revised salary structure, with effect from 1 April 1991, is at Appendix G.

London Weighting

39. The judicial sub-committee has received representations on behalf of post-holders in Group 7 of the judicial salary structure about changes to the London Weighting allowance. At present all Group 7 post-holders in London are paid London Weighting on the same basis as civil servants below the level of our civil service remit group. We will return to this issue in our next review.

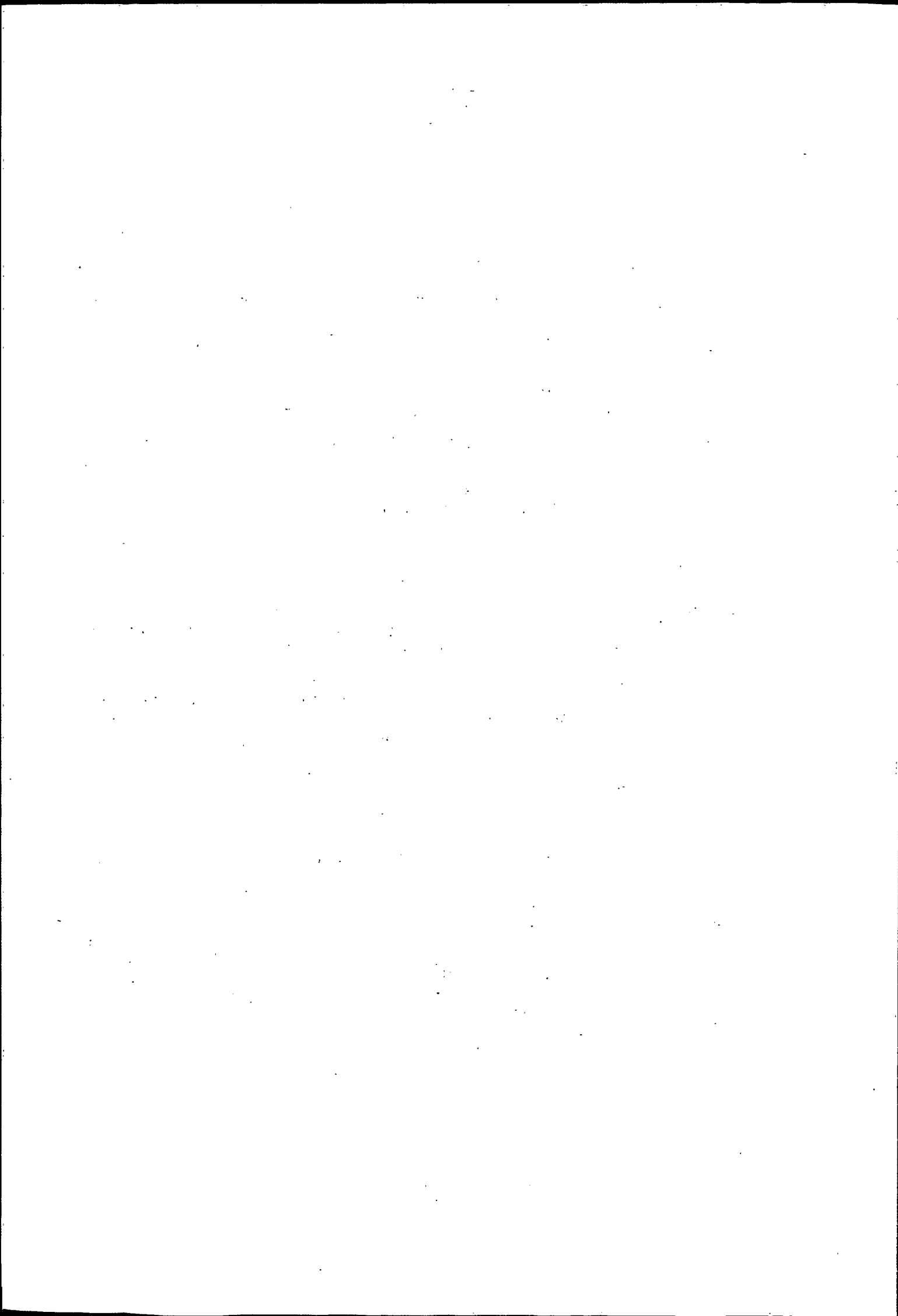
Judicial salary structure

40. As part of the fundamental review for our next report, the judicial sub-committee will be examining the judicial salary structure against the background of our belief that the structure as a whole is basically sound. It will not therefore be seeking to examine the composition of each of the broad salary Groups. It will consider the salary differentials between the Groups, especially between Group 4 which includes High Court Judges and the Groups below, taking account of the additional adjustment to salaries which was recommended in our last report for Groups 5 to 7, job weight changes and the recruitment position at various levels of the judiciary.

41. It remains to be seen what impact the additional adjustment in pay will have on the persistent recruitment difficulties for Circuit Judges when it is fully implemented by 1 April 1992. However, the judicial sub-committee continues to consider that factors other than pay, and in particular the prospect of progression to a higher Group, have a considerable bearing on recruitment and will wish to explore these further in the coming year.

Judicial pensions

42. In our last report we commented on pensions as an important factor in recruitment to the Circuit Bench and suggested ways in which existing arrangements could be made more attractive. More generally, we reiterated our concern about differences in the pension arrangements within the judiciary for which we saw no justification. We therefore welcome the review of judicial pension arrangements subsequently initiated by the Lord Chancellor. In December 1990 his Department published a consultative document with proposals for new arrangements on which we have submitted our views.



Chapter 4

Summary of recommendations and salary levels

Recommendations 43. In this report we have made known our plans for a fundamental review of salary levels for our remit groups to provide the basis for recommendations in our next report. We are satisfied that such a review, the need for which has become increasingly evident for the reasons discussed in this and recent reports, should not be postponed beyond that. Meanwhile, we make recommendations for a basic increase of 9.5 per cent and on specific matters arising which need to be dealt with at this stage. Our recommendations will add 9.6 per cent to the paybill for the remit groups as a whole.

44. A summary of our recommendations is as follows.

Recommendation 1

We recommend that all the groups in our remit should receive a basic increase in salary of 9.5 per cent with effect from 1 April 1991. In the civil service, under the new performance-related pay scheme for Grades 2 and 3, fully satisfactory performers should receive no less than this basic increase with others receiving increases appropriate to their performance (paragraphs 15 to 17).

Recommendation 2

In the judiciary, we also recommend that the published salary levels effective from 1 August 1991 and 1 April 1992 for Groups 5 to 7 should be increased by 9.5 per cent (paragraphs 18 and 19).

Recommendation 3

We recommend that, to help maintain sensible pay differentials, the Government should realign the annual pay review date for the civil service grades immediately below those in our remit to 1 April (paragraphs 27 to 30).

Recommendation 4

We recommend an increase in pay for two star officers to £53,000 from 1 April 1991 (paragraphs 31 to 34).

Recommendation 5

We recommend that the holder of the combined post of President of VAT Tribunals and Presiding Special Commissioner of Income Tax should be included in Group 5 of the judicial salary structure. The recommended revised salary structure, with effect from 1 April 1991, is at Appendix G (paragraphs 37 and 38).

Salary levels 45. The levels of salary we recommend as appropriate at 1 April 1991 are as follows.

	£
<i>Senior civil servants^a</i>	
Grade 3	
Outside London	
range minimum	48,000
range maximum	55,700
London ^b	
range minimum	49,300
range maximum	57,000
Grade 2	
range minimum	60,100
range maximum	70,400
Grade 1A	
	77,500
Grade 1	
	84,250
Permanent Secretary to the Treasury Secretary of the Cabinet ^c	} 98,000
Head of the Civil Service (and Secretary of the Cabinet) ^d	104,750
<i>Senior officers of the armed forces</i>	
Rear Admiral	
Major General	
Air Vice-Marshal	} 53,000
Vice-Admiral	
Lieutenant General	
Air Marshal	} 60,600
Admiral	
General	
Air Chief Marshal	} 84,250
Admiral of the Fleet	
Field Marshal	
Marshal of the Royal Air Force	} 104,750
<i>Members of the judiciary</i>	
Group ^e	
7	47,600
6	58,100
5	64,500
4a	73,250
4	84,250
3	93,000 ^f
2	97,000
1	104,750

46. The levels of salary for Groups 5 to 7 of the judicial salary structure with effect from 1 August 1991 and 1 April 1992, recalculated to incorporate our recommendation, are as follows.

		1 August 1991	1 April 1992
		£	£
Group	7	49,100	50,500
	6	59,900	61,600
	5	66,500	68,400

^a New salary structure for Grades 2 and 3: the current structure is given in Appendix H.

^b 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).

^c Paid at this level if not also Head of the Civil Service (see footnote ^d).

^d At present a combined post.

^e The composition of each Group is given in Appendix G.

^f The Lord Justice Clerk is paid a salary lead of £1,000.

DAVID NICKSON
TERENCE BECKETT
LOUISE BOTTING
ANN BURDUS
PÉTER CAZALET
CECIL CLOTHIER
ALLAN GORMLY
HUGH PIGOTT
JEREMY POPE
ANTHONY WILSON

OFFICE OF MANPOWER ECONOMICS
17 January 1991

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.
- No. 29: Thirteenth Report on Top Salaries—Cm 938, February 1990.

Appendix B

List of those who gave oral evidence to the Review Body

Sir Robin Butler, KCB, CVO—Secretary of the Cabinet and Head of the Civil Service
Mr L Christie—General Secretary, National Union of Civil and Public Servants
Mr A Cooper—Deputy General Secretary, Institution of Professionals, Managers and Specialists
Marshal of the Royal Air Force Sir David Craig, GCB, OBE—Chief of the Defence Staff
Mr G L Dennis—Civil Service Commissioner
Mr J H Holroyd, CB—First 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, QC—Permanent Secretary, Lord Chancellor's Department
The Rt Hon Lord Justice Leggatt—Lord Justice of Appeal
The Rt Hon the Lord MacKay of Clashfern—Lord Chancellor
Sir Peter Middleton, GCB—Permanent Secretary, HM Treasury
Mr J K Moore—Civil Service Commissioner
Sir Michael Quinlan, GCB—Permanent Under Secretary of State, Ministry of Defence
Ms E Symons—General Secretary, Association of First Division Civil Servants

Appendix C

Survey of top salaries in the private sector, 1989-1990¹

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

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Note: Because of rounding, rows or columns may not add exactly to the totals shown, 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. Information was collected in a supplementary questionnaire covering pensions and fringe benefits which will be analysed and used in the coming fundamental review. 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 of non-financial companies, which was raised from 173 to 196 in 1988, was raised to 200 in 1990. These increases have been concentrated in the two lowest turnover bands to produce the greatest reduction in the overall sampling error.

3. **Financial companies.** The number of financial companies selected was increased in 1987 from 27 to 50 in order to include a wider range of financial institutions.

The questionnaire

4. All companies selected for the survey were asked to provide data for both 1989 and 1990 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 on whether earnings were dependent,

¹ This survey was the sixteenth such inquiry. Details of previous surveys are given in the reports listed in Appendix A.

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 at least £1,050 million) and all those in the financial sector were asked for details of the pay of senior executives at the next level down and of full-time board members of major subsidiaries. Companies with numerous senior posts below board level could, if they wished, return details of a representative selection of such posts but were asked to report the total number of posts at each level to enable their returns to be scaled up in the manner described in paragraph 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 1990.

5. Before the 1989 survey, 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 two surveys have been asked to report pay of their own main boards and senior executives.

Response 6. The overall response rate rose from 80 per cent in 1989 to 82 per cent. However, the returns from two non-financial companies could not be used, because of major organisational changes. Replies were received from around 90 per cent 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 ^a
			Number	As a percentage of number selected	
	No.	No.	No.	%	No.
Non-financial					
Turnover (£ million)					
2,100 and over	61	26	24	92	23
1,050-2,099	61	23	21	91	21
565-1,049	88	28	25	89	25
265-564	136	22	19	86	18
125-264	282	48	38	79	38
69-124	372	53	32	60	32
All non-financial	1,000	200	159	79	157
Financial	..	50	46	92	46
All	..	250	205	82	203

^a Because of organisational changes in two companies, their replies were 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 £2,100 million was more than twice that in companies with a turnover of £69-124 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 1989 and 1990. Bonuses fell to an average of about 17 per cent of basic salaries at board level in non-financial companies in 1990, but remained about 11 per cent for senior executives. Of the posts reported in this survey, 54 per cent had been paid a bonus in both 1989 and 1990, 7 per cent in 1989 only and 8 per cent in 1990 only. The numbers of posts eligible for bonuses are not known.

Movements in pay 11. Mean basic salary showed a 12.0 per cent increase, averaged across all posts in non-financial companies in the survey, between July 1989 and July 1990 and there was an increase of 10.8 per cent in salary plus bonus (Table B). In financial companies, mean basic salary rose over 12 per cent, while salary plus bonus rose 17 per cent. Excluding the 15 per cent of posts where a bonus was paid only in 1989 or in 1990, the increase in average salary alone in non-financial companies was 12.0 per cent and salary plus bonus rose 11.1 per cent.

Table B Annual percentage increase^a 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
	1986-87	10.6	11.6	13.7	21.3
July	1987-88	13.0	13.6	13.1	13.4
	1988-89	13.0	15.2	12.1	15.9
	1989-90	12.0	10.8	12.4	17.0

^a Based on comparisons with the same posts a year earlier.

Date of last increase in salary 12. 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 1989. 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^a at 1 July 1990, by level of post and size of company

Level of post		Non-financial						Financial		
		Turnover (£ million)						All		
		2,100 and over	1,050-2,099	565-1,049	265-564	125-264	69-124			
Main board members										
1. Chief executives										
	Highest decile	£000	*	*	275.0	*	175.0	150.0	239.2	465.0
	Upper quartile	£000	550.5	*	239.2	*	140.0	135.1	171.2	263.0
	Median	£000	347.2	249.1	157.6	175.9	119.4	113.0	126.8	196.0
	Lower quartile	£000	295.0	*	127.0	*	96.3	97.6	102.4	125.0
	Lowest decile	£000	*	*	105.0	*	80.0	74.0	80.0	82.8
	Mean	£000	389.8	348.9	198.0	170.5	121.0	114.9	156.0	230.6
2. Deputy chief executives										
	Highest decile	£000	*	*	*	—	*	*	260.0	*
	Upper quartile	£000	*	*	*	—	*	*	142.4	198.6
	Median	£000	230.0	*	*	—	79.0	*	85.6	154.7
	Lower quartile	£000	*	*	*	—	*	*	75.0	103.5
	Lowest decile	£000	*	*	*	—	*	*	60.0	*
	Mean	£000	294.0	546.3 ^b	101.8	—	89.2	86.6	149.5	212.5
3. Other main board members										
	Highest decile	£000	316.5	185.0	143.4	135.0	107.3	90.5	142.8	294.5
	Upper quartile	£000	212.5	162.0	116.3	109.7	86.0	80.0	107.8	198.7
	Median	£000	145.0	137.1	100.0	83.9	74.5	66.3	80.0	126.5
	Lower quartile	£000	120.0	117.6	83.5	67.2	61.2	55.0	62.5	95.5
	Lowest decile	£000	105.0	99.0	64.4	60.5	50.0	45.5	52.5	75.7
	Mean	£000	178.0	150.2	103.2	90.4	76.9	70.0	93.2	164.2
Senior executives										
4. Heads of function reporting to main board members										
	Highest decile	£000	131.0	103.7	85.0	79.8	62.5	60.0	83.1	156.0
	Upper quartile	£000	107.7	86.2	71.9	64.5	54.0	50.0	62.6	113.1
	Median	£000	88.9	71.2	56.2	53.8	46.5	41.2	49.0	80.1
	Lower quartile	£000	70.0	54.9	46.0	40.3	40.0	30.3	38.3	60.0
	Lowest decile	£000	58.0	45.6	37.0	26.9	35.0	26.3	30.0	47.6
	Mean	£000	91.7	72.2	60.1	53.4	47.8	41.8	53.9	96.4
5. Others reporting to main board members										
	Highest decile	£000	90.6	97.0	64.8	70.5	59.5	45.5	75.0	114.9
	Upper quartile	£000	80.7	97.0	55.4	48.5	54.8	41.3	56.5	81.3
	Median	£000	71.0	74.8	49.5	43.0	46.7	36.9	45.3	68.9
	Lower quartile	£000	59.2	59.8	44.3	38.5	34.5	29.5	37.7	53.4
	Lowest decile	£000	50.2	49.8	38.9	33.7	28.0	23.5	28.5	43.1
	Mean	£000	70.8	77.3	50.8	45.5	46.2	35.8	49.0	74.3
6. Executives reporting to heads of function at 4 above										
	Highest decile	£000	78.3	92.4					82.0	118.0
	Upper quartile	£000	64.0	81.0					68.6	95.4
	Median	£000	53.0	57.0					53.1	68.4
	Lower quartile	£000	47.5	49.0					47.6	52.3
	Lowest decile	£000	44.0	42.6					43.5	41.0
	Mean	£000	57.9	63.2					59.2	74.7
7. Executives reporting to those at 5 above										
	Highest decile	£000	*	*					62.1	144.9
	Upper quartile	£000	*	*					53.2	105.0
	Median	£000	44.2	51.7					46.5	61.9
	Lower quartile	£000	*	*					40.6	38.8
	Lowest decile	£000	*	*					36.0	33.6
	Mean	£000	47.5	49.0					48.1	73.2

For numbers of posts reported see Table 4.

^a Including commission and profit-sharing.

^b The 5 posts reported are not considered to be representative of deputy chief executives in this size of company.

^c Information about these posts was not sought from non-financial companies whose turnover was under £1,050 million.

* Too few posts reported to provide reliable figures.

Table 2 Mean salary and salary plus bonus^a, by level of post and size of company, at 1 July 1989 and 1 July 1990

Level of post and sector	Mean salary			Mean salary plus bonus, etc.		
	1989	1990	Percentage increase	1989	1990	Percentage increase
	£000	£000	%	£000	£000	%
Main board members						
1. Chief executives on main board						
Non-financial						
Turnover (£m)						
2,100 and over	280.5	321.2	14.5	335.0	389.8	16.4
1,050-2,099	235.6	269.4	14.3	311.4	348.9	12.0
565-1049	149.3	170.5	14.2	168.7	198.0	17.4
265-564	126.8	143.8	13.4	149.9	170.5	13.7
125-264	96.3	109.4	13.5	110.2	121.0	9.7
69-124	87.3	94.9	8.7	111.1	114.9	3.4
All non-financial	117.1	131.4	12.3	141.7	156.0	10.1
Financial	148.7	168.9	13.6	186.8	230.6	23.4
2. Deputy chief executives on main board						
Non-financial						
Turnover (£m)						
2,100 and over	211.6	251.0	18.6	265.1	294.0	10.9
1,050-2,099 ^b	231.0	281.0	21.6	431.4	546.3	26.6
565-1,049	83.6	92.0	10.0	95.6	101.8	6.5
265-564	—	—	—	—	—	—
125-264	73.4	84.2	14.6	80.9	89.2	10.3
69-124	70.5	76.2	8.2	78.9	86.6	9.8
All non-financial	100.6	116.0	15.2	130.1	149.5	14.8
Financial	113.1	129.6	14.6	164.2	212.5	29.4
3. Other main board members						
Non-financial						
Turnover (£m)						
2,100 and over	126.1	143.1	13.5	158.5	178.0	12.3
1,050-2,099	113.1	132.7	17.4	132.0	150.2	13.8
565-1,049	82.0	92.9	13.3	92.2	103.2	11.9
265-564	67.3	76.5	13.7	78.7	90.4	14.9
125-264	60.7	69.4	14.2	68.9	76.9	11.6
69-124	55.2	59.8	8.4	68.1	70.0	2.9
All non-financial	71.4	80.5	12.7	84.8	93.2	9.9
Financial	100.7	114.5	13.6	129.4	164.2	27.0

Table 2 continued Mean salary and salary plus bonus^a, by level of post and size of company, at 1 July 1989 and 1 July 1990

Level of post and sector	Mean salary			Mean salary plus bonus, etc.		
	1989	1990	Percent- age increase	1989	1990	Percent- age increase
	£000	£000	%	£000	£000	%
Senior executives						
4. Heads of function reporting to main board members						
Non-financial						
Turnover (£m)						
2,100 and over	69.6	78.7	12.9	79.3	91.7	15.7
1,050-2,099	58.3	67.4	15.6	65.1	72.2	10.9
565-1,049	46.7	52.5	12.4	52.3	60.1	14.8
265-564	42.6	47.9	12.4	47.5	53.4	12.5
125-264	39.5	44.1	11.6	43.3	47.8	10.5
69-124	33.4	36.8	10.2	38.3	41.8	9.0
All non-financial	43.0	48.1	12.0	48.2	53.9	11.8
Financial	69.9	78.8	12.7	82.0	96.4	17.5
5. Others reporting to main board members						
Non-financial						
Turnover (£m)						
2,100 and over	55.4	62.1	12.1	63.3	70.8	11.8
1,050-2,099	66.6	72.9	9.5	69.6	77.3	11.0
565-1,049	43.0	48.5	12.6	44.7	50.8	13.6
265-564	37.8	41.7	10.3	42.7	45.5	6.8
125-264	37.9	42.1	11.0	40.4	46.2	14.2
69-124	28.7	31.5	9.8	32.3	35.8	10.6
All non-financial	40.4	44.9	10.9	43.9	49.0	11.5
Financial	58.4	65.4	12.0	66.6	74.3	11.6
6. Senior executives reporting to those at 4 above						
Non-financial						
Turnover (£m)						
2,100 and over	49.8	53.9	8.2	52.5	57.9	10.4
1,050-2,099	51.0	58.9	15.4	59.2	63.2	6.8
1,050 and over ^c	50.1	55.1	10.0	54.1	59.2	9.4
Financial	59.1	66.0	11.7	67.2	74.7	11.3
7. Senior executives reporting to those at 5 above						
Non-financial						
Turnover (£m)						
2,100 and over	39.9	45.1	12.9	43.8	47.5	8.5
1,050-2,099	42.4	46.7	10.0	46.3	49.0	6.0
1,050 and over ^c	40.9	45.7	11.7	44.8	48.1	7.4
Financial	50.6	56.2	11.2	61.9	73.2	18.3
8. Others ^d						
Non-financial	74.2	84.6	13.9	81.5	91.9	12.9
Financial	123.9	143.1	15.5	146.5	177.3	21.0
All posts						
Non-financial	52.4	58.7	12.0	59.6	66.0	10.8
Financial	67.5	75.9	12.4	80.0	93.6	17.0

For numbers of posts reported see Table 4.

^aIncluding commission and profit-sharing.

^bThe 5 posts reported are not considered to be representative of deputy chief executives in this size of company.

^cInformation about these posts was not sought from non-financial companies whose turnover was under £1,050 million.

^dSee note ^a 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 1990	June 1990	May 1990	April 1990	March 1990	Feb 1990	Jan 1990	Dec 1989	Nov 1989	Oct 1989	Sept 1989	Aug 1989	July 1989	June 1989 or earlier	
Main board members															
1. Chief executives	10.1	3.5	6.3	13.4	4.6	2.7	32.5	4.0	0.8	9.1	1.1	2.8	2.4	6.8	100.0
2. Deputy chief executives	20.5	—	5.1	26.8	7.9	4.6	18.4	0.5	2.5	2.5	3.2	4.0	3.5	0.5	100.0
3. Other main board members	10.2	3.0	5.8	19.7	4.3	2.9	28.3	2.1	2.0	11.6	1.5	3.1	2.0	3.6	100.0
Senior executives															
4. Heads of function reporting to main board members	10.3	2.4	4.6	28.9	3.2	3.0	26.8	0.2	3.8	10.0	1.0	3.4	0.3	2.0	100.0
5. Others reporting to main board members	17.9	3.1	7.9	22.6	3.1	2.8	25.3	5.8	2.9	4.8	1.0	1.8	0.2	0.7	100.0
6. Executives reporting to heads of function at 4 above ^a	26.4	5.7	5.1	31.8	3.6	1.4	12.6	0.5	4.6	2.5	2.5	0.3	0.3	2.7	100.0
7. Executives reporting to those at 5 above ^a	65.2	0.9	5.4	11.8	—	—	9.7	—	5.7	1.1	—	—	—	0.2	100.0
8. Other posts ^b	6.9	4.4	2.4	23.7	7.4	0.5	32.5	—	2.6	9.9	0.5	3.8	3.0	2.5	100.0
All posts	17.7	3.0	5.4	24.9	3.4	2.4	23.9	1.5	3.5	7.7	1.2	2.5	0.7	2.2	100.0

For numbers of posts reported see Table 4.

^aInformation about these posts was not sought from non-financial companies whose turnover was under £1,050 million.

^bSee note ^a to Table 4.

Table 4 Response and coverage of survey

	Non-financial						All	Financial	Total
	Turnover (£ million)								
	2,100 and over	1,050- 2,099	565- 1,049	265- 564	125- 264	69- 124			
Number of organisations in 'Times 1000'	61	61	88	136	282	372	1,000
Questionnaires despatched	26	23	28	22	48	53	200	50	250
Replies received	24	21	25	19	38	32	159	46	205
Replies used	23	21	25	18	38	32	157	46	203
Number of posts reported									
Main board members									
1. Chief executives	18	15	22	16	34	33	138	43	181
2. Deputy chief executives	6	5	4	0	10	4	29	19	48
3. Other main board members	97	78	88	48	102	91	504	160	664
Senior executives									
4. Heads of function reporting to main board members	148	127	203	90	177	168	913	296	1,209
5. Others reporting to main board members	36	25	53	48	44	55	261	78	339
6. Executives reporting to heads of function at 4 above	96	41	}	}	}	}	137	205	342
7. Executives reporting to those at 5 above	9	12					21	41	62
8. Others ^a	38	31	10	6	24	8	117	30	147
Total	448	334	380	208	391	359	2,120	872	2,992

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

^b Information about these posts was not sought from non-financial companies whose turnover was under £1,050 million.

Table 5 Weighting of results from non-financial companies

Level of post	Annual turnover (£ million)						All sizes
	2,100 and over	1,050–2,099	565–1,049	265–564	125–264	69–124	
Main board members							
1. Chief executives	24	22	40	62	129	196	473
2. Deputy chief executives	8	8	7	0	38	23	84
3. Other main board members	131	116	158	185	387	541	1,518
Senior executives							
4. Heads of function reporting to main board members	424	266	577	475	1,147	1,407	4,296
5. Others reporting to main board members	133	139	308	236	295	434	1,545
6. Reporting to heads of function at 4 above	838	276	}	}	}	}	}
7. Reporting to those at 5 above	408	285					
8. Others	52	46	18	23	91	47	277
All levels of post	2,018	1,158	1,108	981	2,087	2,648	10,000

^a Information about these posts was not sought from non-financial companies whose turnover was under £1,050 million.

Note: Financial companies' results are combined without weighting.

Appendix D

Survey of pre-appointment earnings of recently appointed judges

Description of the survey

1. The Office of Manpower Economics, on behalf of the Review Body on Top Salaries, has updated its annual survey of the pre-appointment earnings of judges recently appointed throughout the United Kingdom. The co-operation of those who completed questionnaires is gratefully acknowledged.

2. As in previous surveys, the judges were asked to provide figures (excluding VAT) of receipts from practice, receipts from other professional activities and expenses deductible for tax purposes. Because of the time lag between execution of the work and payment for it, receipts in a particular year 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. In the latest survey, all returns covered three of the four years 1986/87 to 1989/90.

3. The number of appointments in any year is relatively small and results from the series of annual surveys are, therefore, combined. All data have been brought to a common date of 1 April 1990 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 at similar rates to those at senior levels in the corporate sector.

4. The latest survey provided 36 usable returns from the 52 forms sent out. When added to previous surveys, this provides totals of 53 returns from High Court Judges and 132 from Circuit Judges (or their equivalents¹). The response from High Court Judges has been consistently very high each year. While some Circuit Judges previously have held other salaried judicial appointments and are excluded from the analysis, the response of around 60 per cent means that the results may not be fully representative of those others appointed to the Circuit Bench.

Results

5. The average annual receipts net of expenses deductible for tax purposes are summarised in the table below. There are too few appointments in Scotland and Northern Ireland for separate analysis.

Judges appointed in the United Kingdom, 1984/5-1989/90
Net receipts^a prior to appointment (standardised to 1 April 1990)

	High Court Judges	Circuit Judges, previously:			All Circuit Judges
		Queen's Counsel	Junior Counsel	Solicitors	
Number of returns	53	36	76	20	132
Upper quartile	£ 270,100	£ 122,100	£ 72,500	£ 86,900	£ 85,300
Median	153,300	93,000	58,300	74,500	66,700
Lower quartile	116,700	71,300	49,100	55,100	54,000
Mean	211,300	105,400	62,300	73,400	75,700

^aProfessional receipts net of expenses deductible for tax purposes: pensions contributions not deducted.

6. Almost all Queen's Counsel appointed in the last five years 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.

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

Appendix E

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 F

List of those who gave oral evidence to the judicial sub-committee

Registrar F Arnold—President of the Association of County Court and District Registrars
Mr F A Edgar, CBE—Deputy Director, Northern Ireland Court Service
His Honour Judge Gibson, QC—County Court Judge and President of the Lands Tribunal, Northern Ireland
Mr V G H Hallett—Social Security Commissioner
Mr W Hanna—Assistant Director, Northern Ireland Court Service
His Honour Judge Hart, QC—Secretary to Council of HM County Court Judges in Northern Ireland
Mr J L Heritage, CB—Under Secretary, Lord Chancellor's Department
The Rt Hon Lord Hope—Lord President of the Court of Session and Lord Justice General
Registrar R Howe—The Association of County Court and District Registrars
Mr M D Huebner—Deputy Secretary, Lord Chancellor's Department
The Rt Hon Sir Brian Hutton—Lord Chief Justice of Northern Ireland
Mr A Jackson—Member, Lands Tribunal, Northern Ireland
Mr H Keegan—Circuit Registrar, Northern Ireland
Registrar T Law—Senior Vice President of the Association of County Court and District Registrars
Mr T S Legg, CB, QC—Permanent Secretary, Lord Chancellor's Department
His Honour Judge Lowry, QC—Circuit Judge at the Central Criminal Court
His Honour Judge Machin, QC—Chief Social Security Commissioner
The Rt Hon Lord Justice MacDermott—Lord Justice of Appeal, Northern Ireland
Mr D McLaughlin—Northern Ireland Resident Magistrates' Association
His Honour Judge Medd, OBE, QC—President of the VAT Tribunals and Presiding Special Commissioner of Income Tax
Registrar J Platt—The Association of County Court and District Registrars
Mr D C Potter, QC—Chairman of VAT Tribunals and Special Commissioner of Income Tax
His Honour Judge Pownall, QC—Circuit Judge at the Central Criminal Court
His Honour Judge Pringle, QC—Recorder of Belfast and Chairman, Council of HM County Court Judges in Northern Ireland
Mr D G Rice—Social Security Commissioner
Mr D Rodgers—Circuit Registrar, Northern Ireland
His Honour Judge Russell, QC—Council of HM County Court Judges in Northern Ireland
Mr E A Simpson—Director, Northern Ireland Court Service
His Honour Judge Smedley, QC—Circuit Judge at the Central Criminal Court
Miss H E Tuffs—Lord Chancellor's Department
Mr J Tweed—Secretary, Northern Ireland Resident Magistrates' Association
Mr G Wheeler—Circuit Registrar, Northern Ireland

Appendix G

Revised judicial salary structure

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

Group 1

Lord Chief Justice 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 Clerk¹
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)
President, Value Added Tax Tribunals and Presiding Special Commissioner of Income Tax²

Group 6

Circuit Judges

Sheriffs

County Court Judges (Northern Ireland)³

Social Security Commissioners (England, Wales and Scotland and Northern Ireland)

Chairman, Scottish Land Court⁴

Registrar of Criminal Appeals

Registrar of Civil Appeals

Chief Metropolitan Magistrate

Chief Registrar and Senior and Chief Masters

Senior District Judge

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, Immigration Appeal Tribunal

Vice-Presidents, Immigration Appeal Tribunal

Chief Immigration Adjudicator

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)

District Judges (formerly 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

¹ Paid a salary lead of £1,000 over the salary for Group 3.

² Previously separate posts in Group 6.

³ 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.

⁴ Paid as if in Group 5 when the post is combined with that of President, Lands Tribunal (Scotland).

Appendix H

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 1990^a</i>
<i>Senior civil servants</i>		
Grade 3		493
Outside London	43,800	
discretionary	{ 46,100 48,600 50,900	
London ^b	45,000	
discretionary	{ 47,300 49,800 52,100	
Grade 2		140
discretionary	{ 54,900 57,600 61,000 64,300	
Grade 1A	70,750	13
Grade 1	77,000	24
Permanent Secretary to the Treasury Secretary of the Cabinet ^c	} 89,500	1
Head of the Civil Service (and Secretary of the Cabinet) ^d	95,750	1
<i>Senior officers of the armed forces</i>		
Rear Admiral	} 47,300	146
Major General		
Air Vice-Marshal		
Vice-Admiral	} 55,300	33
Lieutenant General		
Air Marshal		
Admiral	} 77,000	20
General		
Air Chief Marshal		
Admiral of the Fleet	} 95,750	1 ^e
Field Marshal		
Marshal of the Royal Air Force		
<i>Members of the judiciary</i>		
Group ^f 7	43,450	423
6	53,050	562
5	58,900	25
4a	67,000	7
4	77,000	104
3	85,000 ^g	39
2	88,500	13
1	95,750	1

^a Numbers in post exclude the Northern Ireland Civil Service.

^b Excludes London Allowance of £2,000 (two star officers in the armed forces receive London Pay and Group 7 of the judicial salary structure receive London Weighting).

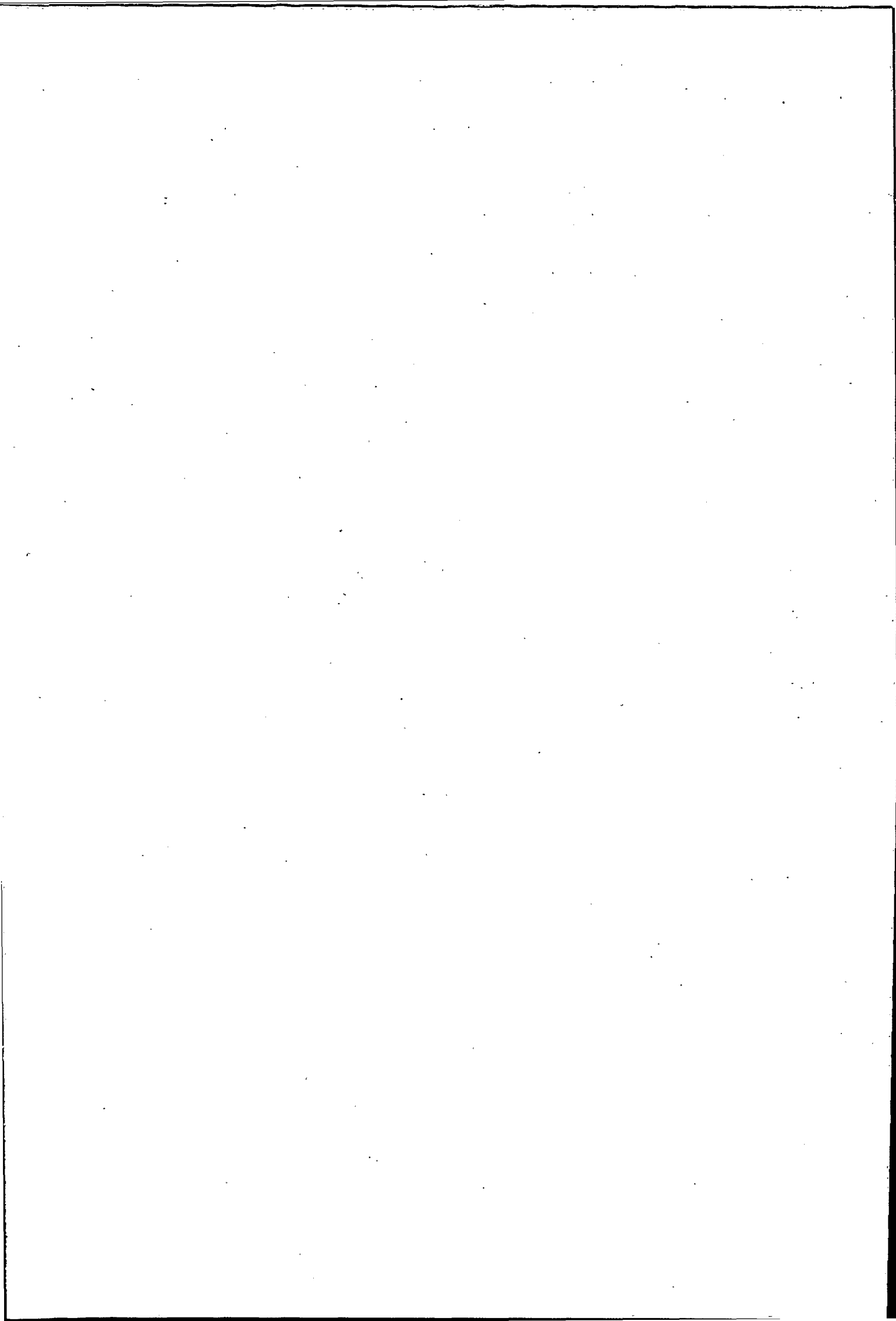
^c Paid at this level if not also Head of the Civil Service (see footnote ^d).

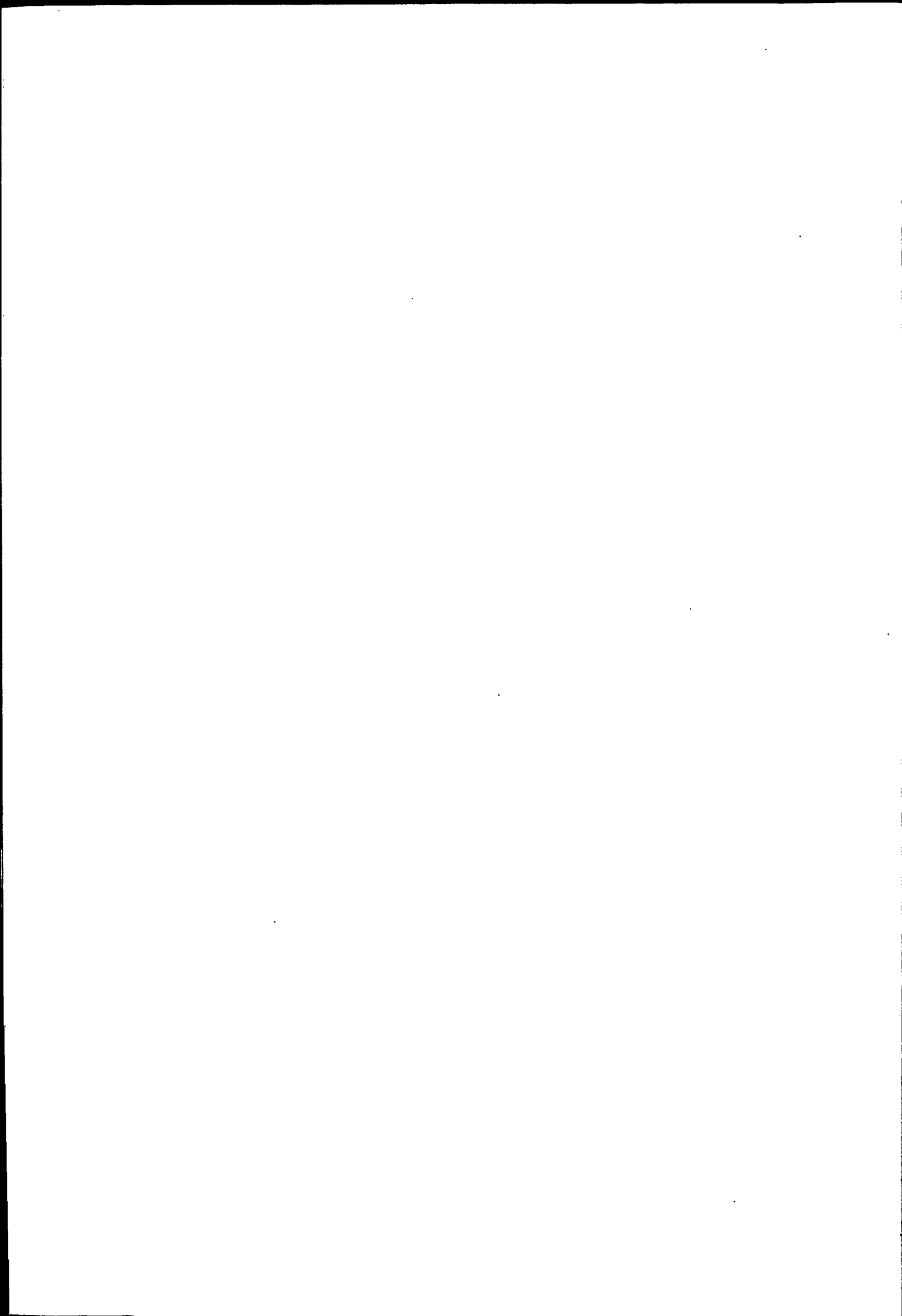
^d At present a combined post.

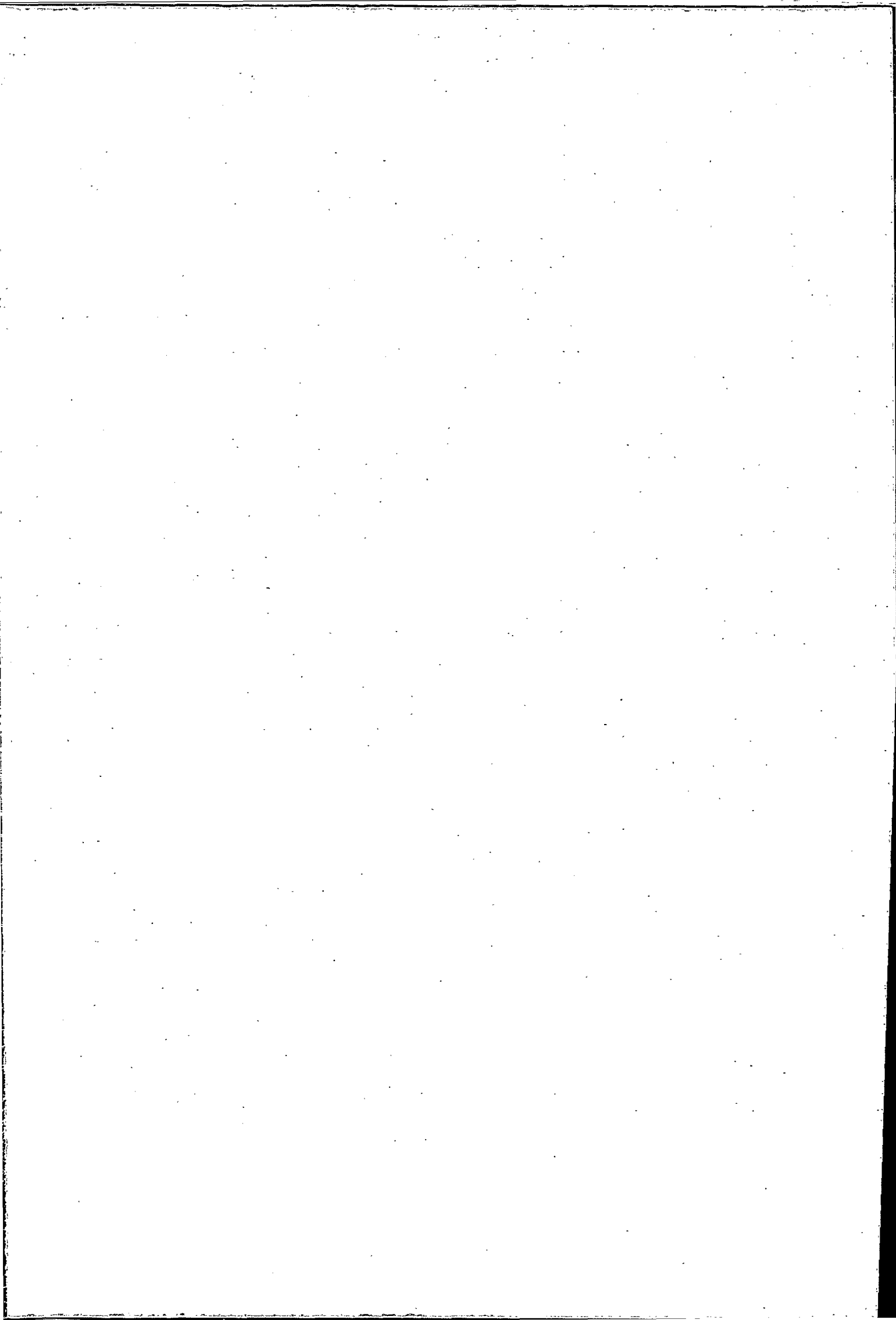
^e Only one officer holds an appointment at this level at any one time as Chief of Defence Staff.

^f The composition of each Group is given in Appendix G.

^g The Lord Justice Clerk is paid a salary lead of £1,000.









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