



*File*

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E P Kemp  
Deputy Secretary

~~SECRET UNTIL AFTER ANNOUNCEMENT IS MADE~~  
(Probably a little after 3 30pm today)

P L Gregson Esq CB  
Cabinet Office  
Whitehall  
SW1

7 June 1984

*D. J. DeW*

REVIEW BODIES

I attach a copy of the Press Notice we are issuing this afternoon, together with a copy of background material which the Chancellor has seen and authorised for use by Press Offices and others in response to questions etc.

I am copying this letter to Chris France (MOD), Pat Benner and Geoffrey Hulme (DHSS), Douglas Smith (DEm), Derek Wiblin (LCD), Phillip Halsey (DES), and Nick Owen (No 10). It would be helpful if they could arrange their own internal circulation as maybe appropriate, including their Press Offices and their Ministers' offices as they think fit.

*E P Kemp*  
*R. J. P.*

E P KEMP





# H. M. TREASURY

Parliament Street, London SW1P 3AG, Press Office: 01-233 3415  
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7 June 1984

GOVERNMENT DECISIONS ON PAY OF: SENIOR PUBLIC SERVANTS; ARMED FORCES; DOCTORS AND  
DENTISTS; AND NURSES AND PROFESSIONS ALLIED TO MEDICINE

The Government today published its decisions on Reports from the Top Salaries Review Body, Armed Forces Pay Review Body and from the Doctors' and Dentists' Review Body.

2. A copy of the Written Answer given by the Prime Minister today is attached.

PRESS OFFICE  
H M TREASURY  
PARLIAMENT STREET  
LONDON SW1P 3AG

01-233-3415

96/84

Notes to Editors

Detailed inquiries about Armed Forces pay should be addressed to Press Office, Ministry of Defence, (218 7924/31); and about the pay of Doctors, Dentists, Nurses and professions allied to medicine to Press Office, Department of Health and Social Security, (407 5522).

All other inquiries should be made to Press Office, H M Treasury, (233 3415)

Background Notes on the Review Bodies are attached.



Mr Peter Bottomley: To ask the Prime Minister if she will make a statement on the reports of the pay review bodies.

The Prime Minister

The first reports of the new Review Body for Nursing Staff, Midwives, Health visitors and Professions allied to Medicine, and the reports of the Doctors and Dentists Review Body, the Armed Forces Pay Review Body and the Top Salaries Review Body have been published today. Copies are now available in the Vote Office. The Government are grateful to the members of the review bodies for these reports and for the time and care which they have put into their preparation.

The report on Nursing Staff, Midwives and Health Visitors recommends new rates of pay which will add 7.5 per cent to the estimated pay bill for 1984-85. In the report on Professions allied to Medicine the equivalent figure is 7.8 per cent. The Government has decided to accept the recommendations in full with effect from 1 April 1984.

The reports of the Doctors and Dentists Review Body, the Armed Forces Pay Review Body and the Top Salaries Review Body on the higher Civil Service, Senior Armed Forces Officers and the judiciary recommend increases which would add 6.9 per cent, 7.6 per cent, and just under 6.5 per cent respectively to the estimated 1984-85 pay bills for the groups concerned. Bearing in mind the overall cost and the clear need for continued restraint in public expenditure, the Government considers that it would not be right to implement the recommendations in full from 1 April 1984. The increase payable from that date for all groups will be 3 per cent and the recommended rates will be paid from 1 November 1984. Pensions will be based on the salaries actually in payment in accordance with the principle set out in my written Answer on 13 April 1984 (OR Col 383). The average increase in pay received by these groups over the twelve months beginning on 1 April 1984, is estimated to be: for doctors and dentists 4.63 per cent; for the armed forces 4.92 per cent; and for the higher civil service, senior armed forces officers and the judiciary 4.46 per cent.



In the case of the armed forces and generally for the top salary groups the costs of these increases will be contained within existing Departmental programmes. In the case of the NHS groups, health authorities will be expected to find from efficiency savings part of the cost in excess of existing provision and the balance will be charged to the Reserve.

The pay rates and scales resulting from these decisions will be promulgated as soon as possible. The Government will be considering separately certain recommendations on points of detail.



BACKGROUND NOTES ON THE REVIEW BODIES

Review Body on Top Salaries was appointed in May 1971 to advise the Prime Minister on remuneration of higher judiciary and certain other judicial appointments; senior civil servants; senior officers in the armed forces; and such other groups which might be referred to it (in practice, MPs' and Ministers' pay and allowances). Until August 1980, the TSRB also advised on the remuneration of the Chairmen and Members of the Boards of Nationalised Industries.

Chairman: Lord Plowden, KCB, KBE.

Review Body on Doctors' and Dentists' Remuneration was appointed in July 1971 to advise the Prime Minister on the remuneration of doctors and dentists taking any part in the National Health Service.

Chairman: Sir Robert Clark, DSC

Review Body on Armed Forces' Pay was appointed in September 1971 to advise the Prime Minister on the pay and allowances of members of the Naval, Military and Air Forces of the Crown, and of any women's service administered by the Defence Council.

Chairman: Sir David Orr, MC

Review Body for Nursing Staff, Midwives, Health Visitors and Professions Allied to Medicine was established in July 1983 to advise the Prime Minister, on the remuneration, with effect from 1 April 1984, of:

- (i) nursing staff, midwives, health visitors employed in the National Health Service; and
- (ii) physiotherapists, radiographers, remedial gymnasts, occupational therapists, orthoptists, chiropodists, dieticians, and related grades employed in the National Health Service.

Chairman: Sir John Hedley Greenborough, KBE, LLD

The Secretariats for the four review bodies are supplied by the Office of Manpower Economics.



BACKGROUND FOR IDT AND OTHERS

A copy of the press notice setting out the Prime Minister's statement is attached. Detailed questions on the AFPRB Report should be referred to MOD; on the DDRB and NRB to DHSS. General questions about the Review Bodies and detail on the TSRB should be referred to the Treasury

1. What did Review Bodies recommend and what is being awarded?

|  | <u>Average percentage increase:</u> |                                |   | <u>Average inc<br/>for 1984-85<br/>as a whole</u> |
|--|-------------------------------------|--------------------------------|---|---|
|  | <u>Recommended<br/>from 1.4.84</u>  | <u>Awarded<br/>from 1.4.84</u> | <u>Further<br/>Awarded<br/>from 1.11.84</u> |   |
| Armed Forces Pay Review<br>Body<br>(all ranks up to<br>Brigadier and<br>equivalent)(321,000)   | 7.6                                 | 3.0                            | 4.6   | 4.92  |
| Doctors and Dentists'<br>Review Body (94,950)  | 6.9                                 | 3.0                            | 3.9   | 4.63  |
| Top Salaries Review<br>Body (1,914)<br>(682 civil servants at<br>Under Secretary and<br>above; 215 senior<br>military personnel;<br>1017 senior members of<br>judiciary) | 6.5                                 | 3.0                            | 3.5   | 4.46  |
| Nurses etc Review Body<br>-nursing staff,<br>midwives and health<br>visitors (550,000 in<br>all)   | 7.5                                 | 7.5                            | -   | 7.5   |
| - professions allied<br>to medicine (44,000)   | 7.8                                 | 7.8                            | -   | 7.8   |

2. What will awards cost in 1984-85 and how much saved by not implementing in full from 1 April 1984?

See Annex II.



3. When will individual new pay scales be promulgated? Be paid?  
 New pay rates will be promulgated as soon as possible. This may take some time for certain groups, where complicated calculations are needed. TSRB groups should get 3 per cent increase, plus arrears from 1 April, by end of July. For further details on Armed Forces, consult MOD; on doctors, dentists, nurses, etc, consult DHSS.
- Annex II lists the present and new pay rates. It should not be issued to the press. But can be drawn upon if new 1 April and 1 November salary grades are requested for a typical grade.
4. How is the award to be financed? How much from the Reserve?  
AFPRB absorbed by MOD: TSRB generally absorbed by Departments if pressed: may give minor bids: DDRB and NMRB in part from cost improvements \* estimated £46 million; balance, from Reserve, estimated at £233 million.
5. Where costs not met from Reserve what is effect on service levels?  
 TSRB awards costs are too small to have significant effect on service levels. For others, consult MOD, DHSS.
6. Large Reserve this year (£2.75 billion): Why not meet greater proportion of costs from it?  
 Government always made it clear that presumption is that cost of pay awards (Review Body groups and others) would be met from existing programme. But size of the award for Health Service programmes meant it was right to meet a proportion from Reserve.
7. Reserve in trouble - more July measures?  
 Reserve not in trouble. After only two months of this year it is too early to discern a trend in public spending. Reserve this year at £2.75 billion is high in relation to provision in earlier years; and no allowance was made this year for shortfall.
8. Why did Government defer full implementation of Review Body reports?  
 Cost, both direct and by way of risk of repercussion. Government has ultimate responsibility for deciding how much can be made available for pay in central Government public services.



9. Why give more to armed forces, doctors and dentists than civil servants and teachers?

TSRB decisions give much the same as teachers, non-industrial civil servants have been offered. A common phasing of recommendations has been applied to all the reports (except nurses, PAM). Resulting increases in 1984-85 pay reflects the recommendations of the review bodies, as modified by this common phasing.

10. Why, if cost overriding consideration, make exception for nurses?

The Government judged it right to implement the Review Body's first reports in full.

11. How does Government reconcile the awards it has made with its aim that pay settlements should fall in public sector?

Because the full implementation of the awards is delayed, the increase in the 1984-85 pay bill will be lower than in 1983-84. Exception is nurses.

12. What is the message of awards for other groups who have yet to make pay settlements - eg NHS ancillaries?

Control of public expenditure remains a paramount consideration. This Government's monetary and fiscal policies have brought inflation down, and provided the framework - the only framework there is - for sustained, non-inflationary growth. This is the clear and compelling reason underlying decision on reports. Signal is obvious. Note that increase in pay bill for all (except nurses) is well under 5 per cent during 1984-85. Excessive pay settlements in the public service put service levels at risk.

13. Civil Service pay?

Treasury has made final offer worth about 4.5 per cent on 1984-85 pay bill to the non-industrial Civil Service. This is a very fair offer, and maximum that can be afforded. This is more than the increase senior Civil Servants covered by TSRB will receive in 1984-85.

14. 3 per cent norm is bust?

3 per cent was allowance built into public expenditure plans. Always made clear not a norm, but measure of what could be afforded for pay. These decisions do not alter Government's determination to keep public expenditure within planned totals taking account of actual pay increases for Review Body groups.



15. Impact on public expenditure in future years?  
Matter for public expenditure survey: wait for the Autumn Statement and the next Public Expenditure White Paper. They will show how the extra costs will be accommodated within existing public expenditure totals.
16. Pensions backdate?  
No. Will be paid on basis of salaries actually in payment, as PM made clear in PQ Answer 13 April (Annex II).  
  
Are not MPs' pensions going to be backdated?  
[Bill to improve Parliamentary pensions has second reading on 11 June].  
No. Bill includes no proposals for linking pensions to notional salaries. Note that improvements in MPs' pensions is combined with 50 per cent increase in contributions rates from 6 per cent to 9 per cent of salary. [Fuller briefing on MPs' pay and pensions has been provided to IDT separately].
17. Rejection of other Review Bodies' reports means Government disillusioned with Review Body system?  
On contrary, reports not rejected. Government grateful to Review Bodies, found reports very helpful. That is why agreed to implement the rates recommended in full from 1 November, rather than abate them. But only Government can judge what can be afforded: hence delays in implementation.
18. Manifesto promise to armed forces broken?  
1983 Manifesto made no promise about awarding AFPRB recommendations at once and in full. (See also 10 above).
19. Unfair to hold armed forces pay back when police pay goes up automatically by leaps and bounds?  
Police pay determined according to formula proposed by Edmund-Davies report against background of acute recruitment and morale problems. Working of formula has succeeded in meeting these objectives. Joint review of arrangements, as provided for in Edmund-Davies report, taking place.
20. Why nationalised industry chairmen, board members treated so generously compared with Review Body groups? Daily Telegraph 31 May reports increases of up to 30 per cent?  
Stale news. Awards in DT report date from 1 April 1983. Few very large increases and justified on what needs to be paid to recruit and retain particular individuals to fill these key appointments in the light of what they could earn outside the public sector.  
[If asked] no decisions yet made on 1984 Board salaries.



21. TSRB calls recommendations "relatively modest" - why not give in full?  
Disagree that proposed increases are modest in relation to elsewhere in the public sector. TSRB sees "warning signs" over manning in the future; but says "no problem in obtaining individuals of calibre required" and remarks on the "value of secure employment in the public service". Government satisfied that it is right to modify recommendations in way proposed.
22. TSRB groups get four increases in 16 months?  
True. But all basically catching up exercises. 1 August 1983 to implement increase recommended from 1 April 1983; 1 January 1984 to implement amounts abated at April 1982; 1 April 1984; 3 per cent now being awarded; further 3.5 per cent from 1 November 1984 to implement full rates now recommended. TSRB groups fully up to date in line with recommendations from 1 November 1984 (and same for all other Review Body groups).
23. TSRB 1985 Review?  
Note that TSRB propose to carry out full and thorough survey of levels and structure of remuneration of this group. (Note 1984 recommendations merely updating). Government look forward to TSRB recommendations. Obviously cannot foretell reaction. But Government will have to take account of all relevant factors, including recruitment, retention, motivation, non-pay benefits and cost.
24. What about senior diplomats' pay?  
Senior diplomatic service pay follows that for TSRB grades in Home Civil Service. [Questions of detail: refer to FCO.]
25. Comparability  
[Argument in some Review Body Reports start from comparability: does implementation from 1 November mean Government endorses comparability?]  
Not necessarily. Cost, recruitment, retention and motivation are factors which must always be taken into account.



What will awards cost in 1984-85 and how much saved by not implementing in full?

|        | <u>GB, £ million</u>                               |                                      |                   |
|--------|--|--------------------------------------|-------------------|
|        | <u>Cost of<br/>Review Body<br/>Recommendations</u> | <u>Cost of<br/>actual<br/>awards</u> | <u>Difference</u> |
| AFPRB  | 198*   | 128                                  | 70                |
| TSRB   | 4  | 3                                    | 1                 |
| DDRB   | 210  | 162                                  | 48                |
| NRB    | 291  | 291                                  | nil               |
| TOTALS | <u>703</u>   | <u>584</u>                           | <u>119</u>        |

\*AFPRB's own estimates. Other figures are Departments' initial cost estimates, which include the cost of various allowances, and may differ from the figures given in the Review Body Reports.

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AFPRB being absorbed by defence programme. The excess over 3 per cent provision is estimated at roughly £50m.

TSRB being generally absorbed by Departments. The excess over 3 per cent provision is about £1m.

DDRB and NRB excess over 3 per cent provision is estimated at £279 million for UK of which an estimated £46 million being met from cost improvements, and an estimated £233 million balance from the Reserve.

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Figures exclude costs of certain dentists' expenses (estimated at £29 million) which are consequential, but not covered by the Review Body Reports. 7



SENIOR PUBLIC SERVANTS

|  | Salaries<br>currently in<br>payment<br>£ | Salaries<br>w.e.f.<br>1.4.84<br>£ | Salaries<br>w.e.f.<br>1.11.84<br>£ | Numbers<br>in post<br>at 1.1.84 |
|--|--|-----------------------------------|------------------------------------|---------------------------------|
| <u>Senior grades of the higher Civil Service</u>       |  |                                   |                                    |                                 |
| Secretary of the Cabinet )                             | 48,000                                   | 49,440                            | 51,250                             | 2                               |
| Permanent Secretary to the Treasury )                  |  |                                   |                                    |                                 |
| Permanent Secretary                                    | 42,750                                   | 44,033                            | 45,500                             | 21                              |
| Second Permanent Secretary                             | 39,500                                   | 40,685                            | 42,000                             | 16                              |
| Deputy Secretary                                       | 34,250                                   | 35,278                            | 36,500                             | 140                             |
| Under Secretary  | 27,750                                   | 28,583                            | 29,500                             | 503                             |
| <u>Senior officers in the Armed Forces</u>             |  |                                   |                                    |                                 |
| Admiral of the Fleet )                                 |  |                                   |                                    |                                 |
| Field Marshal )  | 48,000                                   | 49,440                            | 51,250                             | 1                               |
| Marshal of the Royal Air Force )                       |  |                                   |                                    |                                 |
| Admiral )  |  |                                   |                                    |                                 |
| General )  | 42,750                                   | 44,033                            | 45,500                             | 22                              |
| Air Chief Marshal )                                    |  |                                   |                                    |                                 |
| Vice-Admiral )   |  |                                   |                                    |                                 |
| Lieutenant General )                                   | 34,250                                   | 35,278                            | 36,500                             | 37                              |
| Air Marshal )  |  |                                   |                                    |                                 |
| Rear Admiral )   |  |                                   |                                    |                                 |
| Major General )  | 27,750                                   | 28,583                            | 29,500                             | 155                             |
| Air Vice-Marshal )                                     |  |                                   |                                    |                                 |
| <u>Judiciary</u>                                       |  |                                   |                                    |                                 |
| Lord Chief Justice                                     | 60,000                                   | 61,800                            | 64,000                             | -1                              |
| Master of the Rolls )                                  |  |                                   |                                    |                                 |
| Lord of Appeal )                                       | 55,000                                   | 56,650                            | 58,500                             | 11                              |
| Lord President of the Court of<br>Session (Scotland) ) |  |                                   |                                    |                                 |
| Lord Chief Justice (Northern Ireland) )                | 53,500                                   | 55,105                            | 57,000                             | 2                               |
| President of the Family, Division )                    |  |                                   |                                    |                                 |
| Vice Chancellor )                                      |  |                                   |                                    |                                 |
| Lord Justice of Appeal )                               |  |                                   |                                    |                                 |
| Lord Justice Clerk (Scotland) )                        | 52,000                                   | 53,560                            | 55,500                             | 26                              |
| Lord Justice Appeal (Northern Ireland) )               |  |                                   |                                    |                                 |
| High Court Judge )                                     |  |                                   |                                    |                                 |
| Judge of the Court of Session (Scotland) )             | 48,000                                   | 49,440                            | 51,250                             | 101                             |
| Puisne Judge (Northern Ireland) )                      |  |                                   |                                    |                                 |



## SECRET

UNTIL ANNOUNCEMENT IS MADE  
THEN UNCLASSIFIED

|   | Salaries<br>currently in<br>payment | Salaries<br>w.e.f.<br>1.4.84 | Salaries<br>w.e.f.<br>1.11.84 | Numbers<br>in post<br>at 1.1.84 |
|---|-------------------------------------|------------------------------|-------------------------------|---------------------------------|
| President, Lands Tribunal (England and Wales)                               |                                     |                              |                               |                                 |
| President, Transport Tribunal   |                                     |                              |                               |                                 |
| Chief Social Security Commissioner<br>(England and Wales and Scotland)      | 33,750                              | 34,763                       | 36,000                        | 4                               |
| President, Industrial Tribunals<br>(England and Wales)                      |                                     |                              |                               |                                 |
| President, Industrial Tribunal (Scotland)                                   |                                     |                              |                               |                                 |
| Sheriff Principal (Scotland)  |                                     |                              |                               |                                 |
| Chairman, Scottish Land Court   |                                     |                              |                               |                                 |
| President, Lands Tribunal (Scotland)  |                                     |                              |                               |                                 |
| Official Referee (London)   |                                     |                              |                               |                                 |
| Vice-Chancellor of the County Palatine of<br>Lancaster                      | 32,750                              | 33,733                       | 35,000                        | 20                              |
| Recorder of Liverpool   |                                     |                              |                               |                                 |
| Recorder of Manchester  |                                     |                              |                               |                                 |
| Senior Circuit Judge, Newington Causeway                                    |                                     |                              |                               |                                 |
| Recorder of Belfast (Northern Ireland)                                      |                                     |                              |                               |                                 |
| President of the Lands Tribunal<br>(Northern Ireland)                       |                                     |                              |                               |                                 |
| Chief Social Security Commission<br>(Northern Ireland)                      |                                     |                              |                               |                                 |
| Circuit Judge   |                                     |                              |                               |                                 |
| Chief Metropolitan Magistrate   |                                     |                              |                               |                                 |
| Member, Lands Tribunal (England, Wales and<br>Scotland)                     |                                     |                              |                               |                                 |
| Social Security Commissioner (England and<br>Wales and Scotland)            |                                     |                              |                               |                                 |
| Judge Advocate General  |                                     |                              |                               |                                 |
| Sheriffs A and B (Scotland)   |                                     |                              |                               |                                 |
| County Court Judge (Northern Ireland)                                       | 31,000                              | 31,930                       | 33,000                        | 466                             |
| Master of the Court of Protection   |                                     |                              |                               |                                 |
| Senior and Chief Masters and Registrars of<br>the Supreme Court             |                                     |                              |                               |                                 |
| Registrar of Criminal Appeals   |                                     |                              |                               |                                 |
| President, Industrial Tribunal (Northern<br>Ireland)                        |                                     |                              |                               |                                 |
| Member, Lands Tribunal (Northern Ireland)                                   |                                     |                              |                               |                                 |
| Social Security Commission (Northern Ireland)                               |                                     |                              |                               |                                 |
| Regional Chairmen, Industrial Tribunals<br>(England and Wales and Scotland) |                                     |                              |                               |                                 |
| Chairman, Foreign Compensation Commission                                   | 29,000                              | 29,870                       | 31,000                        | 19                              |
| Vice-Judge Advocate General   |                                     |                              |                               |                                 |
| Masters and Registrars of the Supreme Court                                 |                                     |                              |                               |                                 |
| Metropolitan Magistrate   |                                     |                              |                               |                                 |
| Chairmen, Industrial Tribunals (England and<br>Wales and Scotland)          |                                     |                              |                               |                                 |
| Provincial Stipendiary Magistrate   |                                     |                              |                               |                                 |
| Resident Magistrate (Northern Ireland)                                      | 26,750                              | 27,553                       | 28,500                        | 367                             |
| Chairman, Industrial Tribunal (Northern<br>Ireland)                         |                                     |                              |                               |                                 |
| Master, Supreme Court (Northern Ireland)                                    |                                     |                              |                               |                                 |
| County Court Registrars and District<br>Registrars of the High Court        |                                     |                              |                               |                                 |



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REVIEW BODY REPORTS

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## REVIEW BODY REPORTS

### WHAT HAS BEEN DECIDED?

Nurses' Review Body recommendations given in full from 1 April - about 7.5 per cent increase. Other groups get 3 per cent from 1 April and the balance of recommendation from 1 November. For Armed Forces balance is 4.6 per cent and an effective increase during year of 4.92 per cent; for Doctors etc 3.9 per cent and 4.63 per cent; and for senior public servants 3.5 per cent and 4.46 per cent.

### WHY HAVE REVIEW BODY AWARDS BEEN DELAYED (EXCEPT NURSES)?

Cost, both direct and by way of repercussions. But Government thought it right to meet the nurses recommended award in full from 1 April.

### WHY NOT USE THE RESERVE TO PAY ALL AWARDS IN FULL FROM 1 APRIL?

Government has always made it clear that the presumption is that the cost of pay awards (Review Bodies and others) would be met from existing programmes. But the size of NHS increases meant it was right to meet a proportion from the Reserve.

### WRONG TO REJECT REVIEW BODIES' RECOMMENDATIONS?

No. Government must be final judge of what is right and what can be afforded. Recommendations of the Review Bodies' have not always been implemented in full from recommended dates. There are many examples: AFPRB in 1978; TSRB in most recent years; DDRB in 1981 and 1982. Full recommended rates in payment for all from 1 November 1984.

### WHAT IS THE MESSAGE FOR PAY OF OTHER PUBLIC SERVICE GROUPS?

Control of public expenditure remains a paramount consideration. Government's monetary and fiscal policies have brought inflation down and provided the framework - the only framework there is - for sustained, non-inflationary growth. This is the clear and compelling reason underlying decision on reports. Signal is obvious. Note that increase in pay for all Review Body groups (except nurses) under 5 per cent during 1984-5.

### GOVERNMENT ATTITUDE TO PAY?

Pay should be settled between employers and employees. Cost, and the recruitment, retention and motivation position, are what matter, not what other groups are getting or places in the "pay league".

### PUBLIC PAY POLICY?

No specific policy. Government believes all pay negotiators should behave responsibly. Low inflation makes it easier to have low pay settlements. Low pay settlements mean better cost competitiveness, more employment and better public services within a given amount of public expenditure.

### PUBLIC SERVICE PAY DEPRESSED?

For public services as whole, pay is now better relative to private sector than in late 1970s.

### WHY DO SOME PUBLIC SERVICE GROUPS SEEM TO DO BETTER THAN OTHERS?

Groups differ. Recruitment and retention factors vary. With 2 million public service employees there are a variety of circumstances; not all have to be treated alike.



Extract from Hansard Vol 58 No 141. Part II Col 383

13/4/83

**PRIME MINISTER****Public Servants (Pensions)**

Mr. Sims asked the Prime Minister what measures the Government propose to take in respect of pensions of certain former public servants as a result of the Government's decision following the Top Salaries Review Body recommendations for 1983-84.

**The Prime Minister:** In 1983 the Top Salaries Review Body recommended new rates of salary for the judiciary, senior officers of the armed forces and members of the higher Civil Service, to come into effect on 1 April 1983. On 21 July 1983 I announced that the Government had decided to increase the pay of those concerned in two stages, from 1 August 1983 and from 1 January 1984. The pensions of those concerned are based upon salary on or in the period immediately before the date of retirement and therefore those who retired between 1 April and 31 July receive no benefit to their pensions. It has been represented to the Government that, having regard to past experience and the date on which decisions on pay were announced, those concerned might reasonably have expected their pensions to reflect an increase from 1 April 1983. After careful consideration the Government have decided that, in view of the uncertainty and expectations that may have been created, it would be fair for the pensions of those in question to be calculated as if the increases which came into effect on 1 August 1983 has been implemented from 1 April 1983. This is to be regarded, however, as an exception to the principle that pension benefits of public servants are based on rates of salaries payable. It is the Government's intention that, if in future it is necessary to delay or stage the implementation of Review Body salary recommendations, this principle will be applied, and the pensions of retiring public servants in the group concerned will be calculated on the basis of rate of salary payable at or in the period before the date of retirement and not on notional or deemed rates of salary which were not in payment on that date. I propose in future, when announcing the Government's decisions on the salary recommendations of Review Bodies, to make clear in any cases of doubt how the pensions of those concerned will be affected.