



10 DOWNING STREET

From the Private Secretary

22 July 1980

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Dear Tim,

As you know, Lord Boyle called on the Prime Minister yesterday evening.

The Prime Minister started by explaining the reasons for the Government's decisions on the T.S.R.B. Reports nos. 14 and 15. She mentioned, in particular, that the Government had regarded it as essential that M.P.s and senior public servants should set a good example for the beginning of the next pay round.

Lord Boyle made the following points. First, while accepting that wider economic considerations had led the Ministers to override the recommendations of the Review Body, he was nonetheless particularly anxious about the resultant salary relationship between judges and barristers. Second, he was somewhat surprised at the extent to which the recommendation for Under Secretaries had been pulled back, for the Government had specifically asked the Review Body to consider carefully the erosion of the differential, which had occurred in recent years, between Assistant Secretaries and Under Secretaries. Third, assuming Ministers wanted the Review Body to continue, it would be most helpful if the Prime Minister could say this publicly and soon. In view of recent Press criticism of comparability and the tendency to lump the Review Bodies with the Clegg Commission in this criticism, some members of the T.S.R.B. were wondering whether the Government wanted it to continue. Fourth, the Review Body

/ had not

had not fully realised the extent to which Ministers would be regarding the settlement for M.P.s and senior public servants as part of the run-in to the next pay round. While this difficulty might not have arisen if the Report had been completed earlier, it would have been helpful if the Government could have given the Review Body its views on the link - as they saw it - with the next pay round. He was sceptical about changing the Review Body's terms of reference; but he believed that it would help if in future Ministers and/or officials could put in evidence during the course of the Review Body's deliberations. Fifth, he was pleased that the Government had decided to remove the nationalised industries from the Review Body's remit. Apart from ^{the} argument on merit, this would make it easier to complete next year's Report by the end of April. Finally, he noted that an amendment had been put down in the House which would link M.P.s' pay with Civil Service pay. The Review Body had looked carefully at this option in Report no. 13, and he very much hoped that the amendment would be voted down.

The Prime Minister said that Ministers were considering the whole future of comparability, but she was sure that they would want to continue with the T.S.R.B.. She took Lord Boyle's point about the need to announce this publicly as soon as possible; she would also like to invite the members of the Review Body to No. 10. She also agreed that it would be useful if in future the Government were to put in evidence to the Review Body. Finally, she agreed with Lord Boyle's views on "linkage". (We have now heard, of course, that last night's "linkage" amendment was carried.)

I am sending copies of this letter to John Wiggins (H.M. Treasury) and David Wright (Cabinet Office).

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