

MANAGEMENT—IN CONFIDENCE



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(MAP)

PRIME MINISTER

PAY AND PERFORMANCE

I was interested to see the Lord President's minute to you of 28 October. Although I am much in favour of relating Civil Servants' pay to their performance, I share colleagues' doubts about the proposed pilot scheme for the Under-Secretary group. I am glad we are to discuss the whole issue in Cabinet.

2. I personally doubt if people who have reached Under-Secretary (and equivalent) against strong competition for promotion to that high level need any additional carrots to encourage them to try harder; the small extra financial reward available would constitute a very small carrot. We may need quicker methods of retiring those who are a spent force but the proposed scheme does not provide that kind of stick.

3. I agree with Keith Joseph that relating pay to performance is more relevant, more important and more practicable at lower grades. Like him, I believe that changing the basis on which increments are awarded to those grades could be the key: they used not to be automatic and even today are not wholly automatic in the Northern Ireland Civil Service. I should like to see the scope for change here examined; for I believe it is in the withholding of carrots at lower levels and the introduction of a speedier exit for the inefficient at higher levels that we could make a start on re-establishing energy and drive at all levels in the Civil Service.

4. Copies go to the recipients of the Lord President's minute of 28 October.

H.A.

28 November 1980

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