

CONFIDENTIAL

*cc Mr Duguid  
to Verheer*

*Civil Service*



*BF 4/12*

PRIME MINISTER

PAY AND PERFORMANCE

Following an invitation by E Committee to pursue the introduction of performance-related pay for civil servants, I circulated to colleagues proposals to introduce, as a first step, a scheme for the Under Secretary grade from 1 April 1981. I did this as I was anxious to make progress quickly. But my colleagues have been less than enthusiastic.

My own belief - and this seems to be shared by colleagues - is that a pay and performance scheme would be more effective at lower levels than Under Secretary. In particular I would like to introduce it for Assistant Secretaries and Principals. But this will take time.

Of course there will be problems to be overcome and there are vested interests against such a change. But we should not be diverted. I propose therefore to report further to colleagues in due time with a scheme applying to Assistant Secretaries and Principals that we can implement from April 1982.

I invite colleagues to agree:

- a. we should not pursue the idea of a scheme for Under Secretaries in 1981;
- b. I should inform my officials that we have decided that a scheme for Assistant Secretaries and Principals - and possibly equivalent grades - will be introduced for 1982, and that they should draw up such a scheme, in consultation as necessary with other departments.

Copies go to Cabinet colleagues, including the Minister of Transport, Sir Robert Armstrong and Sir Derek Rayner.

A large, stylized handwritten signature in blue ink, appearing to be "S".

SOAMES  
28 November 1980

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