

10 DOWNING STREET

From the Principal Private Secretary

8 June 1981

Civil Service Pay: Independent Enquiry

The Prime Minister has seen the Chancellor of the Exchequer's minute of 3 June about the terms of reference of the independent enquiry into Civil Service pay.

She has considered the two alternative amendments suggested by the Chancellor, and what she would like to do is to combine them both, with a slight modification, so that the operative part of the terms of reference would now read:

"... to consider and make recommendations on the principles and the system by which the remuneration and other conditions of the non-industrial Civil Service should be determined, and on other matters related to pay, including management, structure, recruitment and grading."

The Prime Minister hopes that we can now settle on this form of the terms of reference, subject to any changes that need to be made to meet the comments which the Lord President has had from the unions.

I am sending copies of this letter to Jim Buckley (Lord President's Office), Richard Dykes (Department of Employment) and David Wright (Cabinet Office).

C A WHITMORE

A.J. Wiggins, Esq., HM Treasury.