



CIVIL SERVICE PAY RESEARCH UNIT BOARD  
67, Tufton Street, LONDON, SW1P 3QS  
Telephone: 01-212

CHAIRMAN  
The Rt Hon Lord Shepherd P.C.

24. 6. 81.

Dear Prime Minister

Unless you have any objection  
it would be my wish to make  
public the enclosed letter of  
resignation at the same time  
as I issue the press statement  
prior to the publication of the  
Annual Report on the 26<sup>th</sup> JUNE.

Yours sincerely,  
Hal Shepherd





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CHAIRMAN

24 June 1981

The Rt Hon Lord Shepherd P.C.

The Rt Hon Margaret Thatcher MP  
Prime Minister and Minister for  
the Civil Service  
No 10 Downing Street  
London SW1

*Margaret Thatcher*

Thank you for your letter of 10 June. I appreciate your kind remarks, as do my Board members to whom I have conveyed your thanks for the valuable role they have performed in overseeing the work of the Pay Research Unit.

At a Board meeting today we considered the present situation and the Government's notice of withdrawal from the Civil Service Pay Agreements. Some doubts were raised over the timing of the termination of this notice and the effect on the operations of the Unit. The Board however concluded that the Government's intention to end the current pay research arrangements was clear, that it would therefore be inappropriate to continue the Unit's activities. In all the circumstances the Board's conclusion was that there was no point in our continued existence. I therefore ask you to accept my resignation as Chairman of the Board with effect from the 26 June the day on which our third, and now final, annual report is to be published.

I very much regret that the necessity for this step has arisen. I believe an opportunity was lost of creating a new system, which would have commanded public credibility, on the basis of the proposals which you yourself put forward in August last. With these proposals in mind I am sure that a new system for settling civil service pay could have been established reasonably quickly by utilising the experience of the independent Board members, and recognising that we had identified the weaknesses in the present system and had formed views on their rectification.

I, like the rest of my Board, remain convinced that comparability must be a factor in settling civil service pay. As the provision of relevant facts will therefore be necessary it is of considerable concern to us that as a consequence of the latest turn of events in the current dispute the unique and extensive experience of the Pay Research Unit is to be lost.

The Board have always emphasised, but believe it is not even now fully understood, the difference between the pay research system, and the Unit's role within this system. There are defects in the system, but the Unit, which assesses comparability and ascertains the facts and nothing more, has been in our view unfairly associated with these defects. The Unit has no responsibility for the evaluation, interpretation, and use of its data but within its sphere of operations it has earned the confidence of the independent members of the Board.



Not only that, the Unit commands considerable respect from all those with direct knowledge of its work both in this country and overseas. The Unit is a valuable asset of the pay scene in this country.

I believe it essential that these views be conveyed to you, and I also want to assure you that I, and my independent colleagues, remain willing to use our experience of pay research in any way which you might consider to be helpful to you and the Government.

SHEPHERD

*of*  
*Shepherd*  
*Hal P. Shepherd*