

Prime Minister



Agree subject to
colleagues' views?

PRIME MINISTER

Yes not R
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PROVISION FOR CIVIL SERVICE PAY INCREASES IN THE 1980-81
ESTIMATES: REPORTS OF THE PAC AND OF THE TREASURY AND
CIVIL SERVICE COMMITTEE

On 20 September 1979, E Committee agreed - E(79)8th meeting - that Treasury and CSD officials should consult the PAC on the proposal that, in the 1980-81 Main Estimates, provision for civil service pay increases should initially be taken in a single central Vote. The proposal was also discussed with the new Treasury and Civil Service Committee.

2. E Committee saw three advantages in the proposal: it enables us to consider the evidence of pay research before deciding the provision for civil service pay; it provides flexibility to distribute the money between departmental Votes so as to meet possible variations in the pay award between different grades of staff; it reduces the likelihood of the provision leaking before publication.

3. We have now received the Reports of both Committees. Both comment adversely on the central Vote from the point of view of Parliamentary control. At the same time both acquiesce in the arrangement for 1980-81.

4. Two decisions are now needed. First, on 1980-81, I recommend we proceed with the central Vote. The advantages seen by E Committee still hold. To change course now would delay and complicate publishing Estimates. The Committees will not be surprised by such a decision.

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5. Second, I suggest that we do not now foreclose at this stage the option of using a central Vote in later years. I do not regard as well-based the Committees' comments that the arrangements weaken Parliamentary control. But much will depend on the circumstances, notably as to the rate of inflation. In formal reply to the Committees (which should be made within two months) I suggest that we say simply that we will take account of their views when we come to take decisions in later years.

6. If you and other members of E Committee agree, I will arrange an early announcement of the decision to go ahead with the central Vote for 1980-81, and for an appropriate reply to be given to the Committees. I understand that the annual PAC debate is to take place on 28th February, when this matter is likely to be raised, and this would be a convenient occasion for making the announcement.

7. The aim is to put proposals to Cabinet on February 28 as to the provision to be made in the central Vote.

8. Paul Channon supports these conclusions. I am copying this to him, to other members of E Committee and to Sir Robert Armstrong.

W. J. B.

JOHN BIFFEN
19 February 1980

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