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PRIME MINISTER

Civil Service Pay: The Longer Term

24/4/81
The letter from Sir Ian Bancroft to Sir Douglas Wass at Flag A sets out some draft terms of reference for the proposed enquiry into the long-term pay arrangements for the Civil Service. These, and the question of the membership of such an enquiry, are due to be discussed at a small meeting of Permanent Secretaries on Monday, with a view to a submission being made to Ministers as soon as possible.

In his letter Sir Ian Bancroft touches upon the question of whether the scope of the enquiry should be confined to pay and those factors which impinge directly on pay or whether it should be widened to include such other major issues as structure and organisation. He comes down on the side of going for a narrower enquiry on the grounds that this is the best way of reaching conclusions in time for the 1983 pay round. He acknowledges, however, that you may be in favour of a wider enquiry.

54 6-4-81 24/4/81 — The Policy Unit have submitted advice at Flag B. They strongly prefer a wide ranging enquiry. They also offer comments on the terms of reference circulated by Sir Ian Bancroft.

Do you wish to take a view at this stage before the matter has been put formally to Ministers on whether the enquiry should be in principle a wide one or a narrow one?

If, in the interests of speed, you decide in favour of a narrow enquiry, are you content for me to pass on to Sir Ian Bancroft the changes in the draft terms of reference proposed by the Policy Unit?

The proposed terms of - JAW.

reference are much too narrow.

24 April, 1981

I agree with policy unit proposal.

MS.

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Copy to Mr Vesker
Mr Douglas.

CIVIL SERVICE DEPARTMENT

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Sir Ian Bancroft G.C.B.

Head of the Home Civil Service

Sir Douglas Wass GCB
HM Treasury
Parliament Street
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24 April 1981

Dear Douglas,

CIVIL SERVICE PAY

... I attach a revised draft of the terms of reference of the proposed inquiry into the future pay arrangements for the Civil Service. You will see that we have tried to keep them fairly narrow in the hope that this will improve our chances of getting an outcome in time for 1983.

Robert Armstrong's earlier draft ranged wider. It covered structure and organisation as well as pay and grading. That would be an enormous job and it is doubtful whether it could be completed in time for 1983. But the Prime Minister would probably prefer a more wide ranging inquiry and we must take that into account.

My office has set up a meeting here at 10.30 on Monday, to which we have also invited Robert and Ken Barnes, so that we can take each other's minds about the terms of reference and also the composition of the inquiry, particularly the chairmanship which will be of the utmost importance. The Lord President feels that, despite the unions' initial reactions, we should press on urgently and privily with the preparatory work for setting up the inquiry.

I am sending copies of this letter to Robert Armstrong, Ken Barnes and also, for his information, to Clive Whitmore.

Yours ever,

Ian

IAN BANCROFT

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TERMS OF REFERENCE

Having regard to the public interest in the recruitment and maintenance of an efficient and fairly remunerated Civil Service; to the need for the Government to be able to reconcile its obligations as the employer of civil servants with its responsibilities to Parliament for the control and management of public expenditure; and to the experience and difficulties of operating the existing arrangements in recent years:

to consider and make recommendations on the principles which should govern the settlement of the rates of pay of the non-industrial Civil Service (excluding those civil servants whose salaries come within the remit of the Top Salaries Review Body) and the methods by which those principles should be applied, taking account of all relevant terms and conditions of service.

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24 April 1981
Civil Service Department