

Prime Minister

1

Mr Verka
Mr Dupin
A. Wilson



We also need
to discuss this with
Mr. Rogers's views.
not.

I think you will want
to discuss this with
Ld Soames, the Chancellor
and Mr. Prier. Shall
we arrange?

12

15

PRIME MINISTER

CIVIL SERVICE PAY

It was agreed at Cabinet on 14 April that I might offer the Civil Service unions a long term inquiry into the system for determining Civil Service pay. This I did at my meeting with the unions on 23 April and although their initial response was cool there are indications that they recognise at least privately that this is the most hopeful way forward.

I told the unions that we would be prepared to discuss both the membership and the terms of reference with them so we need to decide what we want, on both counts. I attach draft terms of reference which have been prepared following inter-departmental consultations at Permanent Secretary level. They take account of the drafting amendments to the first paragraph set out in your Private Secretary's letter of 27 April.

Play A

I note, too, your initial reaction that the terms of reference are too narrow and your preference for the inquiry to cover eg structure and organisation. You also question the exclusion from the remit of the grades covered by the Top Salaries Review Body.

I hope you will reconsider the first point, for the following reasons. To cover structure and organisation as well as pay and grading would be an enormous job. It could not be completed in time for 1983. It would in effect become totally all-embracing. It would go wider than the Priestley Royal Commission and the Fulton Committee combined. That said, if the inquiry felt the need to look at certain structural and organisational issues as part of its examination of a new pay regime, there is nothing in the terms of reference to prevent it. Neither need we feel inhibited if we wish to raise some of these matters in our evidence.

That the
Prime Minister's
Commission
should
take them
into
account
was
never
meant.

As to the exclusion of TSRB grades from the terms of reference, my initial thinking was that it would be better to leave them outside the scope of the inquiry at this stage. We should still need the TRSB's advice on the salaries of the armed forces and the judiciary and it might have advantages if we kept the 3 groups together. But I do not feel strongly about this and if you would like to see them covered by the inquiry, I would be content.

Am not sure.
Scott?
De Smith?
his name
ind
experience

It will be important to get the composition right. It will need to be sufficiently authoritative to command general confidence. It will need a distinguished Chairman and members with wide experience. I attach a list of possible candidates. My preference would be for a Chairman with industrial experience. There will need to be a trade unionist and it would be helpful if a former civil servant with experience of a large department could be included. As almost half of the non-industrial civil servants are women I would hope we could find a suitable woman or two. They will all need to be wise and prescient.

Will you let me know your thoughts? Or would you like to discuss with me the terms of reference and the membership? *Yes*

I am sending copies of this minute to the Chancellor, the Secretary of State for Employment and Sir Robert Armstrong.

S.

SOAMES
1 May 1981

CONFIDENTIAL

TERMS OF REFERENCE

Having regard to the public interest in the recruitment and maintenance of an efficient Civil Service; to the need for the Government to reconcile its responsibilities for the control of inflation and public expenditure with its role as an employer; to the need to maintain good industrial relations and to avoid disruption; and to the experience and difficulties of operating the existing arrangements in recent years:

much too

to consider the principles which should apply to the determination 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; and to make recommendations.

CONFIDENTIAL

27 April 1981

CONFIDENTIAL

PROPOSED INQUIRY INTO CIVIL SERVICE PAY

Possible Chairman

Sir Donald Barron (60) ~~Vice Chairman Midland Bank~~
Former ~~Chairman~~ Rowntree Mackintosh

Sir Alistair Pilkington (61) Chairman Chloride Group

Sir David Steel (64) ~~Chairman British Petroleum~~
(due to ~~retire~~ later this year)

Sir Campbell Fraser (57) Chairman Dunlop

Sir John Greenborough (58) Chairman Newarthill
(former ~~President~~ CBI)

Sir Hector Laing (57) Chairman United Biscuits

Members

Douglas Appleby (52)
Former Managing Director Boots
(retired to pursue farming interests)

Sir Kenneth Berrill (60) Vickers da Costa Limited
former Head of CPRS

Michael Bett (46) Personnel Director British Telecoms
(formerly with GEC 1972-77)

Sir Richard Cave (61) Chairman Thorn EMI Ltd
(possible alternative Chairman of Inquiry)

CONFIDENTIAL

CONFIDENTIAL

Peter Laister (52) Managing Director Thorn Electrical

✓ Alan Lord (52) Managing Director Dunlop
(former civil servant at Treasury until 1977)

Robert Ramsay (59) Director Industrial Relations Ford

Hon Geoffrey Wilson (52) Chief Executive Delta Metal

Lord Shepherd (62) Chairman PRUB
(Former Lord Privy Seal)

Sir Peter Thornton (63) Director Hill Samuel
(former Permanent Secretary at Trade until 1977)

Sir John Wood (53) Professor of Law at Sheffield University

Women

Miss Sheila Black (60) Journalist

Mrs Heather Brigstocke (51) High Mistress St Pauls

Mrs Anne Davies (49) Industrial Relations Adviser Unilever

Mrs Mary Moore (51) Principal St Hilda's College Oxford

✓ Hon Sara Morrison (46) Chairman National Council for
Voluntary Organisations

Miss Detta O'Cathain (43) Economist: Formerly
Chief Group Planning Executive
Unigate Ltd.

CONFIDENTIAL

CONFIDENTIAL

Trade Unionists

Lord Scanlon (67) Chairman ~~Engineering~~ ITB
(former President ~~AUEW~~ Retired 1978)

Roy Grantham (54) General ~~Secretary~~ APEX

Frank Chapple (59) General Secretary EETPU

CONFIDENTIAL