

SECRET

Civil Service Pay

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MR. LANKESTER

cc: Mr. Duguid

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1982: CIVIL SERVICE PAY NEGOTIATIONS

You will have seen the note from the Lord President suggesting that he be allowed to keep back an amount equivalent to 2% of the Civil Service pay bill, which arises from manpower savings, for the use against "the difficulties we are likely to have next year". I understand the Treasury are encouraging the Chancellor to comment on this proposal; no doubt they will advise on the extent to which it is consistent with the cash limits regime, but I think we also ought to bear in mind that the extra 2% is less likely to be offered if the Lord President has to come back to Cabinet for it than if he already has it in a secret kitty.

J.

28 July 1981

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