

CONFIDENTIAL

5 May 1981

MR LANKESTER

cc Mr Wolfson
Mr Hoskyns
Mr Vereker

CIVIL SERVICE PAY

1. Lord Soames' minute of 1 May to the Prime Minister argues against her preference for wide terms of reference for the enquiry into pay. He says that it would be an enormous job to cover structure and organisation as well as pay.
2. The Prime Minister may not be aware that the Priestley Commission devoted a chapter of their report to commenting on the limitations imposed by their terms of reference. At paragraph 55, they said:

". . . We have found it extraordinarily difficult to examine and advise on the pay rates of an organisation so complex as the Civil Service without the opportunity of making positive proposals on these intimately related matters, and we feel obliged to indicate the effect which the restricted nature of our terms of reference has had on our attempt to fulfil our task."
3. I attach a copy of Chapter 3 of the Priestley Report for reference.



ANDREW DUGUID