



*cc Mr Dwyer
Mr Verhe*

PRIME MINISTER

Pay and Performance

In his minute of 28th November, the Lord President invites agreement to the abandonment of a scheme of performance-related pay for Under Secretaries and the preparation of one for Assistant Secretaries and Principals.

For the reasons which I gave in my minute to you of 6th November, I am relieved to see the former recommendation and gladly agree with it. Although I see less objection in principle to applying such a scheme to the grades immediately below Under Secretary, I should be surprised indeed if the advantages turned out to outweigh the drawbacks. The variety and type of the work these grades perform is such as to make the establishment of easily applicable and objective criteria difficult and the number of staff involved would place a heavy and invidious burden on Permanent Secretaries and their senior colleagues.

I do not think we should take a hurried decision on this and I suggest that the Lord President's proposal should be discussed collectively before we go ahead or ask officials to draw up a plan for our consideration. At the least, we should reserve any decision whether or not to proceed with such a scheme until we have seen in detail what it would look like, what the administrative burden would be and what other difficulties it would raise.

I am sending copies of this minute to Cabinet colleagues, the Minister of Transport, Sir Robert Armstrong and Sir Derek Rayner.

H: of S: M

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December, 1980.