

cc S Hasley

I have already indicated in the House that the Commission is in a weak position. We should announce our decision before the report is published. The Chamber is putting in a paper to E on this.

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PRIME MINISTER

COMPARABILITY COMMISSION: GENERAL REPORT

Ann Amis

Mr Prior wants to publish the attached report next week. The Treasury think it would be better to publish on the day we announce the end of class and future comparability arrangements generally. I agree with them. Content? (There is a summary of the report at Page A. I have read the whole report and nowhere is there any discussion of efficiency)

We have now received the Commission's general report. It will need to be published and we need to decide on the timing of its publications and our response. A brief summary is attached.

I see no reason to delay publication and suggest that it should be sent for printing allowing publication during the week commencing Monday 21 July.

Its publication will prompt questions about the Commission's future. We have already decided that it should be wound up once its present references are completed, probably about the end of the year. Publication would provide an opportunity for the announcement of that decision.

We could say that the Commission is itself not satisfied with many of the comparability systems it has had to devise or employ and that although it has put forward tentative proposals for developing better systems this would take a long time and there could be no guarantee of the outcome. We could also stress that the injustices and anomalies created by previous pay policies for the groups concerned had been substantially rectified. And we could point to the lack of enthusiasm of many of the groups, both management and unions, for the Commission's methods and for its recommendations. We would also of course deploy the economic arguments against institutionalised comparability arrangements for these groups. We would conclude that the Commission had outlived its usefulness.

However, there are arguments against an early announcement and there is no pressing operational need. To link it with publication of the general report could well seem discourteous to the Commission and

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could detract from the authority of its subsequent reports which are to provide a basis for negotiations. Moreover, questions would be prompted on our intentions on the role of comparability elsewhere in the public services. In particular we should be pressed to say how nurses pay was to be dealt with in future, if changes were to be made to the arrangements for Civil Service pay, and what was to be the future role of the Review Bodies. We have as yet no fully developed answer to these questions. Lastly the TUC has represented to the Chancellor that it sees a continuing need for some such body as the Commission and I believe that to announce its abolition before Congress meets in the first week of September might unnecessarily fuel a heated debate about public sector pay.

For these reasons I would favour delaying an announcement of the abolition of the Commission until late in the summer of the early autumn. Convenient opportunities might arise when, as we have proposed, the appointment of a new, caretaker Chairman is made on Professor Clegg's departure; or when the new Parliamentary Session starts. But we do not need to take a decision about the best date now.

I suggest therefore that all we need say when we publish the Commission's general report is that we are considering its contents and still considering the Commission's future; making clear that we have no proposals for making further references to it.

I am sending a copy of this minute together with a copy of the report to our colleagues on E Committee, to George Younger, Nicholas Edwards, Patrick Jenkin, Mark Carlisle and to Sir Robert Armstrong.

J P

14 July 1980

## SUMMARY OF THE REPORT

The report provides a historical account of how the use of comparability in the public services has grown and the growing influence of the concept, reflects on the Commission's own experience and makes suggestions on how the Commission might help to develop comparability arrangements in the longer term.

2. It contains no surprises. The Commission believes that, although there are limitations to what independent assessment can achieve and these must be recognised, comparability could make a substantial contribution to better industrial relations in the public services.
3. It readily acknowledges that not all the comparability systems it has been able to devise in the time available have been satisfactory. Job-for-job comparisons have generally worked well but experience of this approach is not yet conclusive. The public service professions (eg nurses, professions supplementary to medicine, teachers) pose greater problems and two approaches are suggested. Both would take some time. One way would be to extend job-for-job comparison techniques in a way appropriate for groups who have few direct comparators outside the public sector. Another way would be to develop a common factor plan for the professions (eg nurses, professions supplementary to medicine and teachers) on which a satisfactory common system for them could be based. Such a plan would take at least two years to develop and the Commission confesses that it could offer no guarantee of success for either approach. But it thinks the attempt worth making.
4. Above all the Commission concludes that it should not be asked to make binding recommendations and have an arbitral role, sufficient time must always be allowed for technically sound comparability studies to be developed in consultation with the parties, and that normally it should not be asked to make recommendations on pay levels applicable to some date in the past.
5. The report provides only limited help on how the pay of reference groups might be kept up to date in future years. But it considers that when comparability systems have been developed and found acceptable, pay could be satisfactorily updated for a period of not more than four years by reference to the pay of the

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ANNEX

original comparators.

6. The report also comments briefly on some of the technical problems encountered and reflects on the Government's evidence to it. It expresses the hope that the Government inquiry into the value of index-linked pensions and job security will throw more light on how evaluation might be attempted. It accepts that efficiency and the labour market are both relevant to pay, but concludes that these are primarily issues for management and for negotiations. A supplementary report is promised later in the year to deal more fully with technical issues.

7. Lastly, the report makes some suggestions for organisational change on the tacit assumption that the Commission will continue with the kind of role it sees as appropriate. In particular it sees advantages in a single, centralised, fact finding, public agency that could embrace the work of the present Civil Service Pay Research Unit (PRU), the Office of Manpower Economics (OME), and of the consultants used by the Commission, or working on their own behalf to replenish their databanks.