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*From the Private Secretary*

17 November 1980

As you know, the Prime Minister had hoped to discuss the latest monitoring group report on public sector pay with the Chancellor, but this has not proved possible. The Prime Minister has, however, been able to look at the report again, and she has asked me to pass on the following further comments.

As regards the nationalised industries, she understands from your letter of 11 November that the individual Chairmen have been informed of the need for single figure settlements with varying degrees of explicitness. She believes it would be worthwhile if they could be approached again by sponsor Ministers after the announcement of their EFLs next week.

The Prime Minister is also concerned about the recommendations which the three Review Bodies may come up with next year. She understands that Treasury officials are starting to look at this whole question, including the possibility that the Review Bodies' Terms of Reference might be changed. She believes that the Government needs to clarify its position fairly rapidly, and would be grateful if the Chancellor would bring forward a paper to E Committee in the near future.

The Chancellor mentioned in Cabinet last week that he was considering whether the arrangements for monitoring public sector pay issues could be strengthened. The Prime Minister would like to be kept informed of any changes in the official machinery, that he may have in mind; and she assumes that he will not be proposing any new Ministerial machinery.

I am sending copies of this letter to Richard Dykes (Department of Employment), Jim Buckley (Lord President's Office), Ian Ellison (Department of Industry), Gerry Spence (CPRS) and David Wright (Cabinet Office).

T. P. LANKESTER

Peter Jenkins, Esq.,  
H.M. Treasury.

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