

CONFIDENTIAL

File

ds

SUBJECT



bc John Vereker
John Hoskyns
David Wolfson

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG
CABINET OFFICE

~~SF 11.12.80~~

Public Service Pay

The Prime Minister discussed with the Chancellor last night his minute of 21 November on public service pay machinery. They agreed that a new Sub Committee of E should be established to cover public service pay. This would be chaired by the Chancellor, and other members would include Lord Soames and Mr. Prior. The Prime Minister's and the Chancellor's inclination was to keep the Committee small and invite other Ministers to it when issues for which they were responsible came up; but it was for consideration whether one or two other Ministers should be added to the regular membership. Because presentation was often an important aspect of pay issues, it might be desirable to include Mr. Maude on the Committee; another point - which the Chancellor mentioned to me after the meeting - was that it might be desirable to include a Minister who would "speak up for the private sector".

The Prime Minister and the Chancellor agreed that the new Ministerial Committee should be supported by a committee of officials, which would be chaired by a Treasury Under-Secretary and serviced by the Cabinet Office. In addition, the Treasury should continue to produce a regular monitoring note on public sector pay, which would draw attention to upcoming issues in both the public services and the nationalised industries. But the Ministerial group would not consider issues outside the public services.

The Prime Minister would be grateful if you would provide advice on the composition and terms of reference of the new Ministerial Committee and of its supporting official committee.

I am sending a copy of this note to John Wiggins (HM Treasury).

I. P. LANKESTER

27 November 1980

CONFIDENTIAL

GB