





From the Minister

14 July 1981

WHITEHALL PLACE, LONDON SWIA 2HH

PRIME MINISTER

FOLLOW-UP TO THE SCOTT INQUIRY

I am very sorry that I cannot attend E Committee tomorrow.

I have, however, read Geoffrey Howe's and Christopher Soames's joint paper covering the progress report of the Official Committee on the value of pensions. I very much agree with their approach. In particular I think it is important to recognise that we are concerned with a very wide range of public sector groups who receive index linked pensions, not just the Civil Service and that any major adjustments to the benefits of the current scheme would have very widespread implications. Clearly the benefits end must be examined but I think it is right that work should concentrate on the area pinpointed by the Scott Inquiry, namely that the Government should make sure that contributions represent the true value of the benefits enjoyed by public service pensioners.

I hope we shall be able to announce within a reasonable period the outcome of our thinking on the Scott Report. The present uncertainty clearly allows mischief-makers to suggest that we intend to get rid of index linking and this is a factor, I am sure, in present attitudes among civil servants to industrial action.

I am copying this minute to other members of E Committee and to Sir Robert Armstrong.

PETER WALKER

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