

CONFIDENTIAL

Civil Service

MR PATTISON

Prime Minister

John Venner suggests that you need not spend any time on the attached papers.

Yes not

cc:- Mr Scholar  
Mr Hoskyns

EVIDENCE FOR THE MEGAW INQUIRY

Content that the papers should go forward, subject to comments from colleagues?

MAD 11/12

We have been sent two substantial pieces of draft evidence for the Megaw Inquiry: the draft paper from the Ministry of Defence, and the Treasury's paper on trends in Civil Service pay. As with other evidence sent for the Prime Minister's approval, I suggest that she need not spend time on it because it will have been cleared by the Ministers concerned already. You may feel the right course of action would be to wait until the dates indicated - 15 and 14<sup>December</sup> respectively - to check that there are no other comments, before indicating the Prime Minister's agreement.

The most interesting features of the Defence paper are the rather helpful remarks about merit pay (paragraph 22), and the discussion about the possible development of a Defence Support Service (paragraph 28). The evidence comes down in favour of the latter, but because defence is such a large employer of civil servants, the Committee is being encouraged to look particularly carefully at the unusual departmental management requirements, which arises as a result of their wide use of specialists.

The paper on Trends in Civil Service Pay is rather detailed and technical, and I have not been involved in its preparation. But I would think that when it is published some note may be taken of the conclusion in paragraph 7 - that although relativities with the private sector were fairly stable in the 1950s and 60s, civil servants' earnings, after falling back in the early 1970s, are now leading the private sector by about 5 percentage points. This is, of course, supported by the figures I have sent you separately which are to be published shortly as part of an Economic Progress Report.

11 December, 1981

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