



B/c: Mr Verelker
Mr Ingham
Mr Sugrue

10 DOWNING STREET

From the Private Secretary

22 December, 1981

B/P

Public Sector Pay

The Prime Minister was grateful for the Chancellor's minute of 18 December about Public Sector Pay.

She agrees with the Chancellor's suggestion as to the handling of teachers' pay and local authority white collar workers' pay; and that there should be a meeting of Ministers early in January to consider the Government's general publicity effort; but until then, she believes that Ministers should continue to indicate that they will be approaching public service pay against the background of cash limits set on the basis of a 4 per cent pay factor.

The Prime Minister has also indicated that she wishes to consider separately the relationship between the handling of the Civil Service pay claim and the other pay issues raised in the Chancellor's minute. She understands that the Chancellor will be minuting her separately about this.

I am copying this letter to the Private Secretaries to the Members of Cabinet, the Chief Whip, David Wright (Cabinet Office) and to Robin Ibbs (CPRS).

M. C. SCHOLAR

John Kerr, Esq
HM Treasury

JR