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TSRB 1986

I attach a copy of the statement which the Prime Minister made in the House this afternoon on the Review Body Reports

You will note from the Prime Minister's statement that the Government has decided in principle to accept the recommendations of the TSRB for discretionary pay at Civil Service Grades 2 and 3, as part of the arrangements for strengthening the link between pay and performance. Specifically, it is proposed that additional increments beyond the normally attainable maximum of salary would be awarded to a limited proportion of people in Grades 2 and 3, within rigorously applied criteria for sustained high performance. We envisage that these additional increments above the normal scale would not be pensionable, and would be withdrawable if the recipient's performance ceased to merit them. The ability to award discretionary increments will also provide some flexibility for other purposes.

The discretionary points which it is proposed to introduce are shown in the Prime Minister's statement. Payments at these higher points would be introduced as soon as the detailed arrangements are completed, and we hope within the present financial year. Once the new arrangements are in operation, Grades 3 would normally cease to be eligible for performance bonuses.

We look forward to discussing these proposals with you.

Yours sincerely
E P Kemp

E P KEMP

GRADES 2 AND 3 - STRENGTHENING THE LINK BETWEEN PAY AND PERFORMANCE -
SOME NOTES

1. What are the proposals?

Outlined in Treasury letter to CCSU of 22 May. Additional increments proposed to be given beyond the normally attainable maximum; awarded to a limited number of people in these grades (the proportion still to be decided) for sustained high performance measured against demanding standards; and to provide some flexibility for other purposes.

2. Consultation with staff interests?

Yes. There will be consultation over the detailed arrangements before the scheme is implemented.

3. What is the target date for implementation?

Hope it can be introduced before the end of this financial year.

4. What are the discretionary rates proposed?

At Grade 2, £45,500, £47,825 and £50,150; at Grade 3 £36,850, £38,425 and £40,000. Derived from, but not precisely the same as, TSRB recommended rates as abated.

5. What will be the "rigorously applied criteria for sustained high performance"?

Discretionary pay will depend on performance assessed alongside a formal appraisal system. Details are under consideration.

6. What is "flexibility for other purposes"?

These additional incremental points could be used to tailor pay rates more specifically eg to market pressures for certain posts.

7. Future of UIPP(H) and UIPP(L)?

Remain for now. But proposed to be subsumed into new discretionary points. Note that rates for UIPP(H) and UIPP(L) as from 1 July 1986 each coincide with one of the proposed discretionary points at Grades 2 and 3.

8. Pensionability?

Where discretionary point is awarded for performance and is consequently withdrawable it would not be pensionable; if awarded for other purposes (eg to match the market or replace UIPP(H) and UIPP(L)) and was not withdrawable, it could be pensionable.

9. Future of Grades 3 in performance bonus experiment?

Once the new arrangements are in operation Grades 3 would normally cease to be eligible for performance bonuses. But they could still receive special bonuses exceptionally.

10. Cost of these proposals?

That depends on detailed decisions as to the size of the eligible population. Cost for these grades anyway offset by much lesser involvement of Grades 3 in the performance bonus scheme. "Guesstimates" are; first full year costs under £¼ million; eventual full year costs when mature under £1/3rd million.