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22 September 1986

From the Private Secretary

PERFORMANCE BONUSES

Thank you for sending me a copy of your paper. I shall certainly protect the confidence.

I welcome your proposal for range pay for grades 4 - 7. I have only one comment, and that is to wonder whether it is right at this stage to try to introduce hopping and stopping for the "normal" increments for those grades whilst not doing so for grades 2 - 3. Would a distinction of that kind be defensible?

It was the Prime Minister who argued that the normal increments should remain automatic for grades 2 and 3 on the grounds that first, range pay could itself be controversial and these things were best taken a step at a time, and second, that it was designed to raise morale and to make the normal increments discretionary could weaken the effect both for the staff directly concerned and for more junior staff in the Civil Service who might feel their own increments were about to be attacked.

Nevertheless, I would myself be in favour of hopping and stopping. A good number of the people who have left the Treasury have not been at the top of their scales and part of their problem may have been the feeling of predictability, of knowing that their salaries would rise inexorably for a period of years, no faster and no slower. I do think it might help if there was a possibility of extra bunce (or stick) which might arrive unexpectedly.

It would help too if the discretionary increments were not awarded all at the same time of the year but instead if there could be an element of bonus about it so that someone who had worked in a sustained and admirable way for a period could be granted an unexpected discretionary increment to keep them driving.

I hear by the way that some of the Permanent Secretaries are even wanting to slide out of range pay for grades 2 and 3. The Prime Minister would certainly not agree to that.

(DAVID NORGROVE)

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