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CC J. Vercher

10 DOWNING STREET

From the Private Secretary

11 November, 1981.

Pay Review Bodies

The Prime Minister was grateful for the Chancellor's minute of 30 October about what the Government's attitude should be to the Pay Review Bodies in the present pay round.

The Prime Minister agrees that all three Review Bodies should be allowed to report in the usual way. She agrees too that there should be a review by officials on the scope for modifying the Government's commitment to comparability between service and civilian pay. She has commented that the time has come to consider carefully the way in which the Government's commitment on armed forces pay might cover recruitment and retention factors. Finally, the Prime Minister is doubtful about the suggestion in paragraph 4 of the Chancellor's minute that there would be advantage in her, together with the Chancellor, meeting the Chairmen of the Review Bodies as they did before the 1981 reports were produced. The Prime Minister has here commented that it might be better to drop these meetings this year, and instead put the emphasis on getting the right message in the evidence given by the Government to the Review Bodies. She has, however, come to no firm conclusion on this latter point at the present time.

I am sending copies of this letter to the Private Secretaries to the other members of E, the Private Secretaries to the Lord Chancellor and the Secretaries of State for Scotland and Wales, and to David Wright (Cabinet Office).

M. C. SCHOLAR

John Kerr, Esq.,  
HM Treasury.

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B/C John Vereker

10 DOWNING STREET

From the Private Secretary

16 November, 1981

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The Pay Review Bodies

The Prime Minister was grateful for your Secretary of State's minute of 9 November about the Pay Review Bodies.

You will by now have seen my letter to John Kerr of 11 November, which records the Prime Minister's conclusions on this subject. The Prime Minister has commented that she sees the force of your Secretary of State's views, but doubts whether the Boards will carry on if Ministers make a practice of seeing them as proposed each year.

I am sending copies of this letter to the Private Secretaries to members of E Committee, the Lord Chancellor, the Secretaries of State for Scotland and Wales and David Wright (Cabinet Office).

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D Omand, Esq  
Ministry of Defence

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Prime Minister

Ref. A05937

MR. WHITMORE

You have already decided that you will probably not see the Chairmen but will concentrate on the evidence 9/11 I will tell Sir R Armstrong this

I have seen a copy of the minute which the Secretary of State for Defence recently wrote about evidence to the Review Bodies. MCS 13/11

2. I should remind you that I was consulted, very privately and confidentially, by Lord Plowden about the next TSRB Report, and whether they should go ahead with it in the usual way, despite the fact that they might well come up with a recommendation for an embarrassingly high figure in percentage terms. Before replying to Lord Plowden I had a word with the Prime Minister about this: she realised that the figure might be embarrassingly high on this occasion, given all that had happened in the past, but thought it right that the TSRB should carry on with their Review. Though the percentage increase figure might be high, it could be that in terms of its effect on cash limits it would not be too difficult to accommodate, given that the number of people concerned is very small.

3. I subsequently said to Lord Plowden that I thought that the right course was for the TSRB to carry on with their Review.

4. In the circumstances it might perhaps be best if on this occasion, as the Secretary of State for Defence suggests, the Prime Minister did not herself see the Chairman of the Review Bodies, but left it to Treasury Ministers to bring the economic arguments to the attention of the Review Bodies.

no - the Defence Secretary thinks you and not he shd see the Review Bodies

RA

ROBERT ARMSTRONG

MCS

11th November, 1981

SIR ROBERT ARMSTRONG

The Prime Minister was grateful for your minute (A05937) of 11 November.

You will know, from my letter to John Kerr of 11 November, and to David Omand of 16 November, what her conclusions on this subject are.

M. C. SCHOLAS

16 November, 1981