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Prime Minister (2)

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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

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PRIME MINISTER

MEGAW

One of the doubts we had about accepting the recommendations of the Megaw Inquiry derived from the possibility that a systematic analysis on Megaw lines of Civil Service and comparative pay levels in the private sector might show the former to have a valid claim for a big "catching-up" pay increase once the new system was in operation. Such information as we had did not point in this direction but the uncertainty was there.

2. In order to resolve the uncertainties, the Treasury has had some work done, on a very private basis, by outside consultants. I thought you would like to know that the results are reassuring. Although the situation varies from grade to grade, the pay levels of the generality of the Civil Service appear to be comfortably within the inter-quartile limits of private sector practice. The conditions of extreme secrecy we had to impose on those doing the work have necessarily limited the accuracy of the results but they are, we think, robust enough to justify the conclusion.

3. In view of the continuing need for secrecy I am copying this minute only to Janet Young, Norman Tebbit and Sir Robert Armstrong.

(G.H.)

9 March 1983

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