

*Subject*  
*g. Matter*  
CONFIDENTIAL



10 DOWNING STREET

cc. Min State Tsy (Hayhoe)  
MOD  
DHSS  
D/M  
Min Arts  
CPRS  
CO  
bc. N.O.

From the Private Secretary

27 July 1983

Dear John,

MEGAW: NEW PAY ARRANGEMENTS FOR  
THE NON-INDUSTRIAL CIVIL SERVICE

The Prime Minister and the Chancellor discussed this morning the Chancellor's minute of 22 July, to which was attached a draft statement on progress towards longer-term arrangements for pay determination in the non-industrial Civil Service. The Prime Minister said that she disliked the terms in which the statement had been drafted: it gave the impression that the Government had gone straight back to comparability writ large. She hoped that the text could be revised, to give more prominence to the need to take into account in future negotiations affordability, market factors and so on. The Prime Minister also expressed doubts about the proposal to collect on an agreed basis data on pay movements in the 1983/84 pay round.

After discussion, it was agreed that the Chancellor would submit a revised draft, taking account of the Prime Minister's points. He would also, when the information was assembled, let her know the basis on which it was proposed to collect the pay movements data, including the comparators which were envisaged, and whether the comparisons would be made with movements of average earnings, including back-pay and overtime. Meanwhile, his announcement could include, in general terms, the proposal to explore the possibility of collecting such data on an agreed basis.

I am sending copies of this letter to the Private Secretaries to members of MISC 83 and to Sir Robert Armstrong.

*Yours sincerely,*

*Michael Scholar*

John Kerr, Esq.,  
HM Treasury.

*SK*