

PRIME MINISTER

cc. Mr. Vereker

Civil Service Pay: Future Arrangements

The Chancellor and the Lord President have agreed the following statement of the Government's intentions on a new long-term framework for pay settlements - which the Lord President would use in his pay negotiations on Monday:

"The Government intend to review the arrangements for determining the pay of the non-industrial civil servants with the object of establishing as soon as practicable an ordered and agreed system which takes account of all factors ~~(which experience has shown to be relevant)~~ ^{relevant} and which will command the widest possible acceptance."

The underlining above is my own. We do not think it would be wise to include the underlined phrase because it could be open to the interpretation that the new arrangements will exclude factors for determining pay which have not hitherto been tried in the Civil Service. CSD tell me that that is not the intention: what they intended to mean is that experience since the Priestley Commission reported in 1955 should be taken into account - e.g. whereas Priestley ignored job security, experience shows that this is now an important factor.

The phrase does not really add anything, and to avoid misinterpretation I think it would be better taken out.

Agree?

[Handwritten signature]

Duty Clerk.

P.P.

T. Lancaster

Agree that the experience phrase should be deleted for

19 February 1981

the reason is

five. Supply amendments as done above.