

PRIME MINISTER (1)

Merit Pay

Lord Gowrie seeks your agreement to the circulation of a paper to the Cabinet on merit pay.

The main features are:

- (i) A five point scale of merit pay for Grade 3 (Under Secretaries), to be introduced from 1 April, 1984. Details are in paragraph 9 of the Cabinet paper, and its annex.
- (ii) Possible extension to Grades 4, 5 and 6 (as far as Senior Principal) from 1 April, 1985.
- (iii) Job weighting for Permanent Secretaries from 1 April, 1984. The suggested two-way split between Departments is set out in paragraph 13 of the draft Cabinet paper.
- (iv) Discussions with the unions on performance bonuses for grades up to SEO, with a view to introduction from 1 April, 1985.
- (v) Performance pay for the Principal Grade to be deferred pending decisions on unified grading at that level.

I understand that the Chancellor may have substantial reservations about these proposals. There is, in particular, no immediate prospect of additional incentives to counteract the high level of resignations among good Treasury Principals.

Agree to await the Chancellor's comments and then consider the need for a meeting before the papers are more widely circulated?

Yes
MB

Soon
MB

DMB

2 March, 1984