



Prime Minister (2)

To note.

Treasury Chambers, Parliament Street, SW1P 3AG
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PRIME MINISTER

LONDON WEIGHTING INDICES

At its meeting on 30 September the Ministerial Sub-Committee on Public Service Pay considered whether the Government should continue to publish the London Weighting index. (E(PSP)(82) 4th Meeting).

2. The present index was devised by the Pay Board in 1974 and has been updated annually since then according to the formula they recommended. The index is widely used in the public sector, although in 1981 the Civil Service and some other public service groups received increases in London Weighting lower than those indicated by the index. In the private sector, practice is more varied, although the index is often taken into account and in some sectors, notably banking and finance, followed closely.

3. The Sub-Committee agreed that continued publication of the index was contrary to the Government's view that pay should be determined by market considerations rather than past movements in prices. They therefore approved a proposal by the Secretary of State for Employment that a decision to cease publishing the index should be announced in answer to a written Parliamentary Question soon after Parliament re-assembles on 18 October.

I am sending a copy of this minute to the members of E(PSP) and to Sir Robert Armstrong and Mr Sparrow.

(G.H.)
1 October 1982

Civil Service, Pay, #17



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