

Part B

**SECRET**

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Begins: 6/5/82  
Ends: 24/9/82.

PO -CH /GH/0031

PART B

Chancellor's (Howe) Papers:

NEW PAY NEGOTIATIONS FOR PUBLIC SECTOR EMPLOYEES

PO -CH /GH/0031  
PART B

Disposal Directions: 25 Years

*[Signature]*

24/7/95

PLW



Management and Personnel Office  
Whitehall London SW1A 2AZ  
Telephone 01-273 4400  
GTN 273

6 May 1982

The Rt Hon William Whitelaw, CH, MC, MP  
Secretary of State for the Home Department  
50 Queen Anne's Gate  
LONDON SW1H 9AT

*Handwritten notes:*  
P/TM  
B/CEF  
N (Gibson - JN)  
W SHARP - HAYS  
W JOHNSON - GAY  
W FIDJICHAN  
MST (A)  
SIN (L) MBS  
M. LINDSAY  
MILLER  
W SHARP  
W MURPHY

EXHIBIT	
10 MAY 1982	
ACTION	Mr Mc Guinness - SA 11/5
COPIES TO	CT
	BT
	BT
	MST (A)

CIVIL SERVICE NATIONALITY RULES

One consequence of the British Nationality Act 1981 is that the Civil Service nationality rules will have to be revised. The rules form part of the Civil Service Commission General Regulations, which are made by the Commissioners under the provisions of the Civil Service Order in Council 1978 with the approval of the Minister for the Civil Service and the Secretary of State for Foreign and Commonwealth Affairs.

The present rules are based on the concept of the "British subject" as the common status term under the British Nationality Act 1948 for all people connected with the Commonwealth. That concept will be superseded by the citizenship categories of the 1981 Act when that comes into operation (probably on 1 January 1983, I understand). It will thus become necessary for the Civil Service rules to be re-defined in terms of the new citizenships.

My officials have been working closely with yours in considering what form the new rules should take. They have also discussed the more restrictive rules which apply to the Foreign and Commonwealth Office, the Ministry of Defence and the Cabinet Office with officials of those departments. Their detailed proposals are set out in the annexes to this letter.

I am sure that the general approach of these proposals is right, in that we should seek in the "normal" rule to preserve the position of all those who are at present eligible to apply for the Civil Service. This is in keeping with undertakings given during the passage of the British Nationality Bill through Parliament. In some detailed respects the proposed rule is in fact slightly more liberal than the present one. It has also the merit of greater simplicity.

However, the proposed introduction of an unestablished (nationality) category in respect of candidates who are not free of immigration conditions is not an automatic consequence of the 1981 Act. I can understand the argument that this would ease the pressure to allow



"backdoor" immigration (paragraph 11 of Annex A). Nevertheless this is a sensitive area and it would be unfortunate if the Civil Service, having gained some credit for the ethnic monitoring survey in Leeds, were to reap some bad publicity on this account. I shall be glad to know how strongly you favour the proposed change and to have the views of colleagues.

The other significant change proposed in the normal rule is the removal of the power to make exceptions (A(iii) of the present rule). I understand that it has rarely been used, and not at all in recent years. My own instinct is nevertheless to retain it. But if it were retained I think that the discretion should continue to lie centrally with the Civil Service Commissioners for all recruitment as a safeguard against uneven practice across the Service and the possibility of dilution of the rules. I should welcome colleagues' views before coming to a final decision.

I am pleased that the Ministry of Defence and Cabinet Office have followed the same general approach in re-drafting their special rule so as to preserve the position of those categories who are at present eligible to apply. The same point about unestablished appointments arises here as in the normal rule and John Nott may wish to comment on that in particular.

The re-draft of the Diplomatic Service rule appears to be more stringent than its present counterpart because it limits eligibility to British citizens. I understand, however, that the tightening of the rule is more apparent than real. Perhaps Francis Pym will confirm that he foresees no difficulty in defending the proposed rule against possible criticism.

I am copying this letter to the Prime Minister, Francis Pym, John Nott, other Ministers in charge of Departments and Sir Robert Armstrong. I should be grateful for replies by 4 June.

*Yours ever*

*Baroness Young*

BARONESS YOUNG





## REVISION OF THE CIVIL SERVICE NATIONALITY RULES

1. Because the Civil Service nationality rules are based on the nationality law they will require revision when the British Nationality Act 1981 comes into operation (probably on 1 January 1983). The present rules form part of the Civil Service Commission General Regulations 1978 made under the powers of the Civil Service Order in Council 1978 which governs the Civil Service Commissioners' operations. A simplified version of the present rules as sent to prospective candidates is at Annex B, from which it will be seen that different conditions govern entry to:

- a. the generality of government departments (the "normal" rule);
- b. the Ministry of Defence (except the Meteorological Office) and the Cabinet Office, where security considerations are particularly important;
- c. the Diplomatic Service, for which closeness of connection with the United Kingdom is of paramount importance in ensuring credibility in the representational function;<sup>6</sup> and
- d. other appointments under the Secretary of State for Foreign & Commonwealth Affairs (in effect Government Communications Headquarters) where strict security considerations apply.

2. The Civil Service Commission, in consultation with the Home Office, has drafted a proposed revision of the normal rule (Annex C). Draft "special" rules (Annexes D and E) have been prepared by the departments concerned who will clear them with their Ministers.



Effect of the British Nationality Act 1981

3. The Act creates new and distinct categories of citizenship. Citizenship of the United Kingdom and Colonies will be replaced by 3 separate citizenships, as follows:

a. British citizenship. In broad terms, this will be acquired by all those citizens of the UK and Colonies who have the right of abode here when the new Act comes into force. In addition, there will be preservation for a period of 5 years of the right to registration by citizens of Commonwealth countries who were settled here before 1973 and have remained so; and by wives of those citizens of the United Kingdom and Colonies who become British citizens, provided the marriage still subsists. After the Act comes into force, British citizenship will be acquired in various ways specified in the Act.

b. British Dependent Territories citizenship. This will apply to those people who "belong" to one of the existing dependencies or associated states. The detailed provisions are broadly analogous to those for British citizenship.

c. British Overseas citizenship. This will be acquired on the coming into force of the Act by all those remaining citizens of the UK and Colonies who do not acquire either British citizenship or British Dependent Territories citizenship. They are mainly people who derive their present citizenship from a connection with a former colony. With minor exceptions, this citizenship will not be acquired by people in the future, and will die out in time.

4. In addition to the three new citizenships described above, the following groups of people are of interest in relation to the Civil Service nationality rules:

a. Citizens of the Irish Republic. No change is made by the Act to the special status of Irish citizens under British law.



b. British protected persons. These are people connected with former protectorates and with existing and former protected states (only one - the protected state of Brunei - continues to exist). No change is proposed in the present status of British protected persons.

c. British subjects. Although the term 'British subject' is to lose its present usage as a collective description of Commonwealth citizens it will still be used in relation to certain people who are now British subjects but without citizenship.

d. Citizens of independent Commonwealth countries. There are some 45 independent Commonwealth countries each with its own citizenship laws. Except to the extent that some of their citizens may also be citizens of the United Kingdom and Colonies (and will thus acquire one of the three new citizenships under the Act) their position will not be changed by the current legislation except that they will no longer be classed as "British subjects" in United Kingdom law.

5. To summarise, a person who at present holds the status of 'British subject' will in future hold one (or perhaps more than one) of the following statuses:

British citizen

British Dependent Territories citizen

British Overseas citizen

British subject (in the narrower sense defined in the Act)

Citizen of an independent Commonwealth country

The term "Commonwealth citizen" will in future cover all these statuses, but not British protected persons.





6. With the discontinuation of the term "British subject" as denoting the common status of all people connected with the Commonwealth (apart from British protected persons), and of citizenship of the United Kingdom and Colonies, the Civil Service rules will have to be redefined in terms of the new citizenships created by the Act.

Revision of the "Normal" Rule

7. The present "normal" rule admits British subjects (= Commonwealth citizens), citizens of the Irish Republic and British protected persons, subject to their also satisfying certain requirements as to parentage or residence. However we make it clear to intending candidates in our recruitment literature (see statement at Annex F) that they cannot be employed if this would conflict with any restrictions imposed on them under the immigration law.

8. In drafting a revised rule the Commission began by considering whether the long-term objective (ie after a reasonable transitional period following the enactment of the new law) should be to use the concept of British citizenship as the sole test of eligibility. This would be logical to the extent that British citizenship is the status of people closely connected with the United Kingdom, conferring on its holders the right to enter and remain in the country without restriction; in short it is the distinct citizenship of those who "belong" to the United Kingdom. This approach would also overcome criticism that under the present rules the Civil Service admits people, including Irish citizens, who owe no prima facie loyalty to the Crown. In addition it would have the great merit of simplicity.

9. We reached the view, however, that a "British citizens only" rule was likely to provoke severe criticism. Apart from revoking the long-standing undertaking in respect of Irish citizens, it would be seen as discriminating against ethnic minorities, and it would create anomalies with non-British citizens already in the Civil Service. Those who would be deprived of their existing right to apply for a Civil Service appointment would include:



- a. citizens of the Irish Republic;
- b. British Dependent Territories citizens and British Overseas citizens;
- c. citizens of independent Commonwealth countries including those who have the right to be registered as British citizens but choose not to exercise that right or who are lawfully settled here but without an automatic right to be registered as British citizens;
- d. British subjects (in the narrower sense defined in the Act);
- e. British protected persons.

10. Thus the draft "normal" rule at Annex C seeks to safeguard the position of all those categories who are at present eligible to apply.

11. The major change that is introduced is that established appointment is made conditional on freedom from restrictive conditions under the immigration law, and a new form of unestablished (nationality) appointment is created to cover those who have restrictions on their stay or right to take employment. At present the immigration aspect is taken account of administratively rather than in the nationality rules and established appointments are granted even where immigration restrictions apply. It seems opportune to rationalise the position. Ideally, the Home Office would like to see those with immigration restrictions excluded altogether from Civil Service employment on the grounds that such employment puts pressure on them to extend or remove immigration restrictions and thus encourages "backdoor" immigration, notably among those admitted originally as students. Such a move might, however, be criticised on the grounds that it discriminated unfairly against recent immigrants, and the creation of an unestablished (nationality) category is a halfway house which goes a long way to meet Home Office's concern and which their officials have accepted. Unestablished status should not persist for too long in any particular case;



immigration restrictions are normally lifted after 4-5 years. For a transitional period there would be an anomaly with restricted immigrants already holding established status within the Service, but this should not create difficulties.

12. The draft rule envisages 2 basic categories of eligibility:

a. British citizens. There seems no overriding need to attach parentage or residence requirements to British citizens. By definition they "belong" to the United Kingdom and are free from immigration restrictions. The great majority would in any case satisfy the parentage/residence conditions of the present rule, and where the draft rule is less stringent, eg in the case of foreign born wives who marry British citizens and become registered in less than 5 years, the relaxation seems acceptable.

b. Commonwealth citizens (other than British citizens), British protected persons, and citizens of the Irish Republic. The present parentage/residence requirements have been retained for this category since it seems reasonable to demand additional evidence of "closeness of association" with this country. A simpler approach has been adopted than in the present rule, by dropping the distinction between those who were Commonwealth citizens etc at birth and those who were not. This simplification might make the rule less stringent in a few cases, eg a person who was born an alien and only later became a Commonwealth citizen, and one of whose parents is, or was at death, a Commonwealth citizen, but who has not himself resided within the Commonwealth for 5 out of the last 8 years. But this is unlikely to cause problems. The implications of the immigration proviso have been discussed above. Irish citizens are not subject to immigration control so the proviso would not apply to them.

13. We have consulted the Home Office, the Foreign & Commonwealth Office and the Northern Ireland Office, about the possibility of objections to brigading Irish citizens with "other Commonwealth citizens" rather than British citizens under





the revised rule. None of the departments foresees a situation. The Home Office has pointed out that Irish citizens are accustomed to being grouped with citizens of independent Commonwealth countries in such matters as acquiring citizenship of the United Kingdom and Colonies and that they will receive comparable treatment under the new Act in relation to registration and naturalisation. The Foreign and Commonwealth Office consider that the Irish Republic Government would be unlikely to protest and would have no grounds on the basis of reciprocity for doing so.

14. The position regarding citizens of the Irish Republic has its origin in 1948, when the Government of Eire, as it then was, announced its intention of repealing the Eire External Relations Act and of leaving the Commonwealth. The Bill which became the British Nationality Act 1948 was then going through Parliament. During the debate the then Prime Minister, Mr Attlee, announced on 25 November 1948 that "the United Kingdom Government will not regard the enactment of this legislation by Eire as placing Eire in the category of foreign countries or Eire citizens in the category of foreigners." This position was maintained in the Ireland Act 1949, after the Republic of Ireland had left the Commonwealth. On 2 May 1949 the then Financial Secretary to the Treasury indicated, in answer to a Question in the House of Commons, that the undertaking given by Mr Attlee on 25 November 1948 would be followed so far as concerned the employment of citizens of Eire by the Crown or in Government Departments. Successive Governments have adhered to this undertaking and the Civil Service nationality rules are framed so as to give effect to it.

15. It is also proposed to remove the rarely used waiver provision at A(iii) of the present rule. This further simplifies the rule. More importantly it removes a possible source of pressure to dilute the rules. An additional consideration is the Commission's impending withdrawal from the delegated recruitment area. The application of the nationality rules to individual cases will then become a matter for departments alone without the traditional backstop of a Commission check. The more clear-cut the rules can be made the less opportunity there will be for deliberate or inadvertent dilution.



# Nationality regulations

The following statement is based on the relevant provisions of the Civil Service Commissioners' General Regulations. The references to British subjects apply equally, throughout the statement, to Commonwealth citizens and to citizens of the Irish Republic; as regards paragraph A only, they also apply to British protected persons.

A To be eligible for appointment (other than to a situation covered by paragraph B, C, or D below) you must be a British subject and in addition satisfy one of the following conditions:

- (i) If you were a British subject at birth,
  - (a) at least one of your parents must be, or have been at death, a British subject,or
  - (b) you must have resided in a country or territory within the Commonwealth, or in the Irish Republic, or have been employed elsewhere in the service of the Crown, or partly have so resided and partly been so employed, for at least five years out of the last eight years, preceding the date of your appointment.
- (ii) If you were not a British subject at birth, you must satisfy condition A(i)(b) above.
- (iii) If not qualified under sub-paragraph A(i) or sub-paragraph A(ii) above, you must satisfy the Commissioners that you are so closely connected with a country or territory within the Commonwealth either by ancestry, upbringing or residence, or by reason of national service, that an exception may properly be made in your favour.

B You will be eligible for appointment to a situation in the Cabinet Office or Ministry of Defence (other than the Meteorological Office, to which paragraph A applies), only if

- (i) at all times since your birth you have been a British subject, and
- (ii) you were born in a country or territory which is (or then was) within the Commonwealth or in the Irish Republic, and
- (iii) each of your parents was born in such a country or territory or in the Irish Republic and has always been, or (if dead) always was, a British subject.
- (iv) If those conditions are not satisfied, you may nevertheless be admitted to appointment, by special permission of the Minister responsible for the department concerned, if the conditions specified in paragraph A above are satisfied.

C You will be eligible for appointment to a situation in the Diplomatic Service only if

- (i) at all times since your birth you have been a British subject, and
- (ii) each of your parents has always been, or (if dead) always was, a British subject, and
- (iii) the Secretary of State is satisfied that you are so closely connected with the United Kingdom, taking into account such considerations as ancestry, upbringing, and residence, that you may properly be appointed, and
- (iv) you undertake to become a citizen of the United

Kingdom and Colonies as soon as possible after your appointment if you are not already such a citizen.

(v) If condition C(ii) is not satisfied, you may nevertheless be admitted to appointment, by special permission of the Secretary of State, if

- (a) one of your parents has always been, or (if dead) always was, a British subject (see below),

and

(b) your father, if not always a British subject, is or was at death a British subject.

(c) for the purpose of C(v)(a) above, any period before 1 January 1949 during which your mother lost British nationality as a result of marriage to an alien may be disregarded.

(vi) The requirements in paragraph C may also be applied to situations under the Secretary of State for Foreign and Commonwealth Affairs, other than situations in the Diplomatic Service, if the Commissioners, with the approval of the Secretary of State, so prescribe.

D You will be eligible for appointment to a situation under the Secretary of State for Foreign and Commonwealth Affairs, other than a situation to which paragraph C applies, only if condition C(i) and C(ii) above are satisfied. If those conditions are not satisfied, you may nevertheless be admitted to appointment, by special permission of the Secretary of State, if the conditions specified in paragraph A are satisfied.

NOTE: If you were born outside the United Kingdom you should note that, in addition to the above requirements as to nationality, there is also a residence requirement for certain posts, for security reasons. See Security on page 6.



## (PART 'NORMAL' NATIONALITY RULE

A. To be eligible for appointment (other than to a situation covered by paragraphs B, C or D below) you must be:

a. a British citizen;

or

b. a Commonwealth citizen (other than a British citizen), or a British protected person, or a citizen of the Irish Republic; in any case you must be free of conditions under the United Kingdom immigration rules, and in addition satisfy one of the following conditions:

i. at least one of your parents must be, or have been at death, a Commonwealth citizen, a British protected person, or a citizen of the Irish Republic;

or

ii. you must have resided in a country or territory within the Commonwealth, or in the Irish Republic, or have been employed elsewhere in the service of the Crown, or partly have so resided and partly been so employed, for at least five years out of the last eight years preceding the date of your appointment.

Notes

1. The term 'Commonwealth citizen' applies to any of the following categories as defined in the British Nationality Act 1981: British citizens, British Dependent Territories citizens, British Overseas citizens, British subjects under the Act, citizens of independent Commonwealth countries.

2. If you satisfy all the requirements of A. above except that you are not free of conditions under the United Kingdom immigration rules, you will be eligible only for an unestablished appointment unless and until those conditions are removed.





DRAFT 'SPECIAL' NATIONALITY RULE FOR CABINET OFFICE AND  
MINISTRY OF DEFENCE.

- B. You will be eligible for appointment to a situation in the Cabinet Office or Ministry of Defence (other than the Meteorological Office, to which paragraph A applies) only if:
- a. at all times since your birth you have been a Commonwealth citizen or a citizen of the Irish Republic; and
  - b. you were born in a country or territory which is (or then was) within the Commonwealth or in the Irish Republic; and
  - c. each of your parents was born in such a country or territory or in the Irish Republic and has always been, or (if dead) always was, a Commonwealth citizen or a citizen of the Irish Republic;
  - d. if these conditions are not satisfied, you may exceptionally be admitted to appointment by special permission of the Minister responsible for the department concerned, provided that the conditions specified in paragraph A above are satisfied.

Notes

1. The term 'Commonwealth citizen' applies to any of the following categories as defined in the British Nationality Act 1981: British citizens, British Dependent Territories citizens, British Overseas citizens, British subjects under the Act, citizens of independent Commonwealth countries.

2. If you satisfy all the requirements of paragraph B but you are not free of conditions under the United Kingdom immigration rules, you will be eligible only for an unestablished appointment unless and until these conditions are removed.

▮NB. The notes applying to rules A and B will be brought together in the final version.7



DRAFT 'SPECIAL' RULES FOR DIPLOMATIC SERVICE AND OTHER APPOINTMENTS UNDER THE SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS

- C. You will be eligible for appointment in HM Diplomatic Service only if:
- a. you are a British citizen; and
  - b. each of your parents has always been, or (if dead) always was, a Commonwealth citizen; and
  - c. the Secretary of State is satisfied that you are so closely connected with the United Kingdom, taking into account such considerations as ancestry, upbringing and residence, that you may properly be appointed.
  - d. If condition b. is not satisfied, you may nevertheless be admitted to appointment, by special permission of the Secretary of State, if one of your parents has always been, or (if dead) always was, a Commonwealth citizen.
- D. For certain appointments under the Secretary of State for Foreign and Commonwealth Affairs, other than appointments in the Diplomatic Service, the requirements in paragraph C above may apply or particular requirements may be prescribed.



## EMPLOYMENT RESTRICTIONS: STATEMENT IN GI LEAFLET

Intending candidates overseas who consider making application must note that, since 1 January 1973, entry into the United Kingdom has been controlled under the Immigration Act 1971. This legislation applies both to Commonwealth citizens and to foreign nationals, and makes everyone who is not patrial\* subject to immigration control. Any Commonwealth citizen subject to control who can establish that one of his grandparents was born in the United Kingdom, the Channel Islands or the Isle of Man, or in Southern Ireland before 31 March 1922, and who is granted an entry certificate endorsed 'UK grandparent', will be given leave to enter the United Kingdom for an indefinite period and will not be subject to any employment restrictions. Apart from this, all those subject to immigration control who are coming for employment in a government department must hold a work permit issued by the Department of Employment, which must be obtained before setting out for this country. Application for a work permit will be made, when necessary, by the prospective employing department when it is ready to make the candidate a firm offer of appointment; the candidate is not required to apply for the permit himself. There is no guarantee that a work permit will be issued for every candidate on whose behalf an application is made.

Work permits cannot be issued to enable candidates to attend examinations or interviews for Civil Service appointments; and the Home Office will not normally authorise the issue of entry certificates for this purpose. In exceptional cases, however, the Commission may be able to arrange with the Home Office for candidates for certain professional and scientific appointments to be allowed to enter the United Kingdom as visitors in order to attend interviews; applications from candidates for such appointments will be considered on their merits. Apart from this, Commonwealth citizens overseas are advised that no useful purpose would be served by entering for any of the Commissioners' schemes of recruitment unless they are patrial or have satisfied themselves that they are otherwise eligible to enter the United Kingdom for permanent residence.

The holder of a work permit for employment in a government department will be admitted to the United Kingdom for up to twelve months in the first place, subject to a condition requiring him to obtain the approval of the Department of Employment if he wishes to change his job. At the end of the first year, his stay may be extended if he is still in approved employment. After four years, he can apply to be accepted for permanent settlement; if his application is granted, the time limit on his stay can be removed and he will then be free to take any employment.

Commonwealth citizens who have already been admitted to the United Kingdom may apply to be considered for any Civil Service appointment for which they are eligible, provided that their stay in this country is not subject to a condition prohibiting them from taking employment. If they are subject to a condition requiring permission from the Department of Employment before taking or changing employment, that Department's approval must be obtained before an appointment is made. Approval will only be given if the work offered satisfies the criteria for the issue of a work permit to a Commonwealth citizen overseas. If approval is given a work permit will be issued.

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\*The following are patrial under the Immigration Act 1971, and thus free from immigration control:

- i. All citizens of the United Kingdom and Colonies who have that citizenship by birth, adoption, registration, or naturalization in this country, or who have a parent or grandparent who was born here or acquired citizenship by adoption, registration, or naturalisation here.
- ii. Citizens of the United Kingdom and Colonies who have come from overseas, have been accepted for permanent residence, and have resided here for five years.
- iii. Commonwealth citizens who have a parent born in the United Kingdom.

Anyone who is in any doubt about his status under the Act should make enquiries of the British Embassy, Consulate or High Commission overseas or of the Home Office, Immigration and Nationality Department, Lunar House, Wellesley Road, Croydon, CR9 2BY.





Para 7 of this memo (and the others)

offer an easy way out of the immediate difficulty - if the House will wear it (But the better bet is they won't)

FROM: P G F Davis  
DATE: 24 May 1982

- 1. MR LE CHEMINANT
- 2. CHANCELLOR OF THE EXCHEQUER

*[Handwritten signature]*  
24/5

- cc -
- Chief Secretary
- Financial Secretary
- Economic Secretary
- Minister of State (C)
- Minister of State (R)
- Sir Douglas Wass
- Mr Ryrie
- Mr Quinlan
- Mr Pearce
- Mr Dixon
- Mr A R Williams
- Mr Burr
- Mr Ridley

BRIEFING FOR CABINET ON 25 MAY: C(82)25  
FUTURE ARRANGEMENTS FOR SETTLING THE PAY OF MPs

The Paper

The paper is a joint one by the Lord President and yourself. The Lord President expects to introduce it. It considers the Government's response to the Select Committee on Members' salaries, which recommended:-

- (a) Review of Members' Pay and Allowances by the TSRB during the fourth year of each Parliament, or not later than four years after the date of implementation of the previous review; and
- (b) annual automatic interim adjustments of salaries between reviews based on increases in the nearest percentile in the NES.

2. The paper proposes acceptance of the first recommendation (in a slightly modified form) and rejection of the second. It reviews alternative options to this and comes down in favour of a link with a "basket" of public service groups.

3. Since the paper is a joint one the Lord President will be looking for your support; but you will want to be certain that Cabinet is aware of some of the difficulties involved in the recommendation on interim adjustments.



The following information was obtained from the files of the  
 Department of Defense, Office of the Inspector General, on  
 the subject of the activities of the Central Intelligence Agency  
 in the area of the defense of the United States against  
 the activities of the Soviet Union and its satellites.  
 The information was obtained from the files of the  
 Department of Defense, Office of the Inspector General, on  
 the subject of the activities of the Central Intelligence Agency  
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 in the area of the defense of the United States against  
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 the activities of the Soviet Union and its satellites.

The following information was obtained from the files of the  
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 the subject of the activities of the Central Intelligence Agency  
 in the area of the defense of the United States against  
 the activities of the Soviet Union and its satellites.

Comment(a) TSRB Reviews

4. The Select Committee's preference for a review to take place in the fourth year of each Parliament might give practical difficulties because of the uncertainty over the length of Parliament. But the paper argues that it would be convenient to have the first of these reviews in the coming year, which happens to be the fourth year of the current Parliament.

(b) Interim adjustment

5. A much more difficult question is how to adjust MPs' salaries between reviews. The Select Committee recommended a link with the New Earnings Survey. But links of this sort elsewhere in the public sector (eg for the police) have turned out to be expensive and presentationally awkward when the pay of other public services is being held down. Because these links look back to past settlements, they tend to give increases higher than those elsewhere when the level of settlements is declining. The paper rejects the NES link and suggests instead four possible options:-

- (i) To reject linkage and leave the Government a free hand to make proposals for interim increases;
- (ii) to reject linkage and return to annual TSRB reviews;
- (iii) to link MPs' pay to a basket of specified public service groups (perhaps those listed in paragraph 11 of the paper, which deliberately exclude the police and armed forces);
- (iv) to keep the idea of some sort of public service link in play, but postpone making specific proposals until after the proposed TSRB review in 1983.



6. Whatever option is chosen, it should be sufficiently attractive to the House to persuade Members not to pursue the NES link. Options (i) and (ii) would not have much chance of achieving this aim. The paper comes down in favour of option (iii), the link with a basket. The Lord President is likely to press this option. But if there is opposition to it we would not advise you to give it strong support. Its disadvantages are:-

- (i) It would be a mechanical system involving comparisons between one group and another. The Government could find itself under pressure to introduce such systems elsewhere. BAD  
PREDNT
- (ii) It would establish, albeit retrospectively, a sort of norm for the public services in the year in question. Groups who received less than this figure would feel badly treated and this would affect their attitude to their next pay claim.
- (iii) It would be virtually impossible to design a basket which would be satisfactory in all circumstances. Whatever measure of increase was used (basic pay, earnings etc) it would sometimes be at odds with the published figure. Whatever groups are included, there will be years when one or more of them has an exceptional settlement reflecting their particular back pay history. For example, the pay of a group may be held down in the year of a TSRB review of MPs' pay and be allowed to catch up between reviews. A public service pay link could therefore have an uneven effect.
- (iv) If pay factors continue to be announced for cash limits, an increase for MPs derived from a public service average would in effect be a public statement by the Government of the degree to which the factor had been exceeded in a significant area of the public service.



7. If these difficulties should lead Ministers to have serious doubts about the basket proposal, deferring any commitment on the method of interim adjustment until after the TSRB review might offer an alternative which Parliament could accept.

8. You may wish to be aware of some figures which the Lord President has requested for his own information, comparing the effect of an NES and a basket link. I attach a copy.

  
P/G/F Davis  
Pay 2

Enc







PAY G/28  
PAY G/28

HM TREASURY  
Old Admiralty Building Whitehall London SW1A 2AZ

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D C R Heyhoe Esq  
Lord President's Office  
Privy Council Office  
70 Whitehall  
LONDON SW1

24 May 1982

*Dear David*

MPs' PAY : ALTERNATIVE LINKAGES

As I told you on the phone, the increases in MPs' pay in the current Parliament and the last one that would have accrued (a) with an NES link and (b) with a basket link are as follows:

		<u>NES link</u>	<u>Basket link</u>
1974-79 Parliament	:	48%	53%
Current Parliament	:	53%	24%

I attach a note by our Statistician (Mr Fenwick) giving more detail about these figures. In addition to the points made by him, the following considerations are relevant:

- (i) For the current Parliament we have assumed that MPs actually received what TSRB recommended for them in 1979 (£12,000) as they should do under the system now proposed. In practice of course the TSRB recommended increase was staged. We could not take the same approach in 1974 because there was no TSRB report for that year. We have therefore used actual pay (£4,500) as the starting point.
- (ii) Public servants have not done as badly as the figures for the current Parliament seem to suggest. Most of the groups in the basket received large increases for their 1979 pay settlements (albeit staged). These do not show up because in that year MPs had an independent review and hence the link was suspended.
- (iii) Moreover the NES figure for June 1980 (30%) is highly dubious. Average earnings did not increase by 30% in 1979/80. The figure is almost certainly due to changes in the groups comprising the 98th percentile. In other words it is a statistical quirk - and a reason for not using percentiles as the basis for a link.

*Yours sincerely*  
*A.R.W.*

A R Williams  
Pay 2



PAY 6/28/01 -  
PAY 6/28/02

FROM: D FENWICK  
DATE: 21 May 1982

MR WILLIAMS

cc Mr Pearce

MPs PAY : ALTERNATIVE LINKAGES

1. Attached are the illustrative examples we discussed earlier on in the week comparing the effects of linking MPs pay to (a) the nearest percentile in the New Earnings Survey taking for this purpose the basic pay (or residual earnings) of full-time non-manual men and (b) a basket of settlements in the public services sector covering the non-industrial Civil Service, NHS Doctors and Dentists, NHS Nurses and Midwives, NHS Clerical and Administrative Staff and Primary and Secondary Teachers in England and Wales.

2. Each of the periods chosen (the period covered the Labour Administration (1974-1979) and the period covered by the current administration (1979 onwards)) is in its own way, not very typical:

- i. The period 1974-1979 saw the operation of Phases I-III incomes policy from August 1975 to July 1978. For the purpose of the examples I have assumed that MPs pay will have been subject to that pay policy and that as a result any pay link in operation at the time would have been suspended.
- ii. The period 1979 to 1981 saw a number of staged "catching-up" awards in the public services sector (pay research, Clegg etc). For the current purpose I have taken no account of this staging in the calculation of the increases due to MPs from a link with pay settlements in the public services.

*Dave Fenwick*

D Fenwick



NES link  
 (to residual earnings<sup>1</sup>  
 of full-time non-  
 manual men)

Link to basket  
 of public service  
 pay settlements<sup>2</sup>

Labour Administration 1974-1979:

<u>June 1974</u>	£4,500 (nearest percentile 92)	£4,500
<u>June 1975</u> (Social contract, no statutory limitations)	£5,535 (+23%)	£5,720 (+27.1%)
<u>June 1976</u> (Phase I incomes policy, £6 per week for those earning less than £7,000 pa)	£5,848	£6,033
<u>June 1977</u> (Phase II incomes policy, 5% subject to minimum increase of £2.50 pw and maximum increase of £4.00 pw)	£6,057	£6,242
<u>June 1978</u> (Phase III incomes policy, maximum increase 10%)	£6,663	£6,866

Cumulative increase June 1974  
 to June 1978

48%

53%

Conservative Administration  
 1979 onwards:

<u>June 1979</u>	£12,000 (nearest percentile 98)	£12,000
<u>June 1980</u>	£15,600 (+30%)	£13,932 (+16.1%)
<u>June 1981</u>	£18,408 (+18%)	£14,893 (+6.9%)

Cumulative increase June 1979  
 to June 1981

53%

24%



- Notes:
1. Based on those whose pay was not affected by absence during the survey period. Residual earnings is defined in the NES as gross weekly earnings less overtime, payments by results, shift premiums etc.
  2. Basket covers non-industrial civil servants, NHS Doctors and Dentists, NHS Nurses and Midwives, NHS Clerical and Administrative Staff and Primary and Secondary Teachers in England and Wales.







94

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

The Rt Hon Baroness Young  
Lord Privy Seal  
Management and Personnel Office  
Whitehall  
LONDON  
SW1A 2AZ

		<b>EXCHEQUER</b>	
		<b>- 7 JUN 1982</b>	
ACTION	M. McCannan	MB/G	3 June 1982
COPIES TO	EIF	W F Burch	
	PI	M J Kelly	N Stamp - 14.10
	FOR	N Kemp	L Johnson (CA)
	LIT(C)	L Burch	
	WTL	PIA	
	S. DUM	ALRE	
	L. V. DUM	N. B. DUM	

Dear Janet,

CIVIL SERVICE NATIONALITY RULES

I am writing to support the proposals contained in your letter to Willie Whitelaw of 6 May 1982. I accept the general approach set out in the draft "normal" rules at Annex C. The introduction of an unestablished (nationality) category seems to be a fair compromise from the ethnic point of view.

In the interests of clarity and simplicity of the "normal" rule especially where there is to be increased delegation of recruitment I would favour excluding the exception clause from the revised rule. If there is a strong lobby to retain it, however, I would accept that the discretion should rest centrally with the Civil Service Commissioners for the reasons you set out.

I am copying this to the recipients of your letter.

Yours ever,  
George.





INLAND REVENUE  
MANAGEMENT DIVISION  
SOMERSET HOUSE

FROM: D B VERNON

3 June 1982

PS/CHANCELLOR OF THE EXCHEQUER

CIVIL SERVICE NATIONALITY RULES : LORD PRIVY SEAL'S LETTER  
OF 6 MAY

1. The Lord Privy Seal asks her colleagues for views by 4 June on 2 points arising from the redrafting of the Nationality Rules for Civil Service recruitment, following the passing of the British Nationality Act in October last year. The following comments, and the draft reply attached, have been written after consultation with Treasury (Personnel), Customs and DNS.
  
2. The first point concerns immigration restrictions. Paragraph 11 of Annex A to Lady Young's note explains that the Home Office would have liked individuals with immigration restrictions - eg on the duration of stay or the type of work - to be excluded from Civil Service employment, since recruitment of such people creates pressure for removal of immigration restrictions and so

---

cc	Chief Secretary	PS/IR
	Financial Secretary	Mr Gracey
	Economic Secretary	Mr Vernon
	Minister of State (C)	Mr Waters
	Minister of State (L)	Mr Simpson
	Sir Douglas Wass	
	Mr Wilding	
	Miss Kelley	
	Mr Kemp	
	Mr Ridley	
	Mr F E R Butler	
	Mr Waller	
	PS/C&E	
	Mr Gilbert (DNS)	
	Mr Barnes (C&E)	
	Mr Rowland (DNS)	



encourages "back door" immigration. But the present rules do not exclude them and it is felt that to do so might be criticised as discriminating unfairly against recent immigrants. It is therefore proposed, as a halfway house, that such people should be eligible for recruitment, but would be unestablished until their immigration restrictions are removed.

3. We find it a little surprising that the halfway house should be accepted by the Home Office as going a long way to meet their concern. We would have thought that recruiting such people initially as unestablished rather than established staff would not significantly reduce pressures for removal of immigration restrictions. If we were right in that, and if the halfway house were felt - as Lady Young evidently feels - to be likely to "reap bad publicity", it might be thought better to keep the present rules, and allow those with immigration restrictions to be recruited as established staff. But from our very limited knowledge of the immigration rules and problems it is difficult for us to judge whether our reservations about the usefulness of the halfway house for this purpose have much force. It is possible that the Home Secretary will clarify this in answering Lady Young's doubts; but we have not yet seen a reply from him.
4. In the circumstances the Chancellor may like to reply on the lines that he agrees with Lady Young that the change from the present rule to the halfway house is open to attack as discriminatory, and wonders whether the halfway house would really be of sufficient value in reducing pressure on back door immigration to make it, on balance, worthwhile. This would leave room for further consideration if the Home Secretary puts the practical arguments in more persuasive terms than those of Annex A.
5. The second point is whether the power to waive the normal nationality rules administratively, for people with a



close connection with a Commonwealth country by ancestry, upbringing, residence or national service (A(iii) of Annex B) should be removed. Lady Young's letter says it has been rarely used and never in recent years. Paragraph 15 of Annex A argues for its abolition on the grounds that this would remove a possible source of pressure to dilute the rules. Lady Young's instinct however is to retain the power (keeping it as now in the hands of the Civil Service Commission). Presumably she has in mind that the odd case might arise where only the waiver would enable an exceptionally good or deserving candidate to be admitted, and that the loss of this power might therefore be regretted.

6. Here too it is difficult for us to judge the pressure for dilution, and the likelihood that abolition of the power of waiver would reduce it; but if this were the only argument for abolition we would have thought the case for removing the power was not very strong. The point about delegated recruitment however has some practical force; retention of the power to make exceptions would presumably mean that any ineligible applicant who claimed the benefit of the waiver would have to be referred by the Department to the Commission for a decision. We do not think that there would be many such cases however, and feel therefore that the power could be retained. We have drafted the reply accordingly.



D B VERNON

3 June 1982





CONFIDENTIAL

✓ Type  
4/6  
Fill to sign  
up Chas.

DRAFT LETTER TO LORD PRIVY SEAL

CIVIL SERVICE NATIONALITY RULES

Thank you for <sup>sending</sup> letting me see a copy of ~~it~~  
~~You invited comments on~~ your letter of 6 May  
to Willie Whitelaw.

On the first point - the proposed unestablished (nationality) category - I share your concern that this new restriction, even though only a halfway house, could be regarded as discriminatory; and I wonder whether it will really achieve much in the way of reducing pressure for back door immigration. Unless I have underestimated its <sup>effect</sup> value in this respect, I would have been inclined to drop the proposal.

On the second point I should have thought that the occasional case might turn up where the power to waive rules in the kind of case described in A(iii) of Annex B might be missed if it had been abolished. I wonder whether retention of the power would really result in significant dilution - I agree with you that it would need to be exercised centrally - or whether there would be enough cases needing to be referred to the Civil Service Commission, under delegated recruitment, to cause practical difficulties. I feel therefore that the balance of argument is in favour of retaining the power of waiver.



CONFIDENTIAL

I am copying this letter to the recipients of  
yours.

5/14/43  
↓



CONFIDENTIAL



*pmf*

cc: CST  
FST  
EST  
MST C  
MSTLR  
Sir D Wass  
Mr Wilding  
Miss Kelley  
Mr Kemp  
Mr Ridley  
Mr F E R Butler  
Mr Waller  
PS/C&E  
Mr Gilbert (DNS)  
Mr Barnes (C&E)  
Mr Rowlands (DNS)

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

4 June 1982

The Rt. Hon. Baroness Young  
Lord Privy Seal

*Dear Lord Privy Seal,*

CIVIL SERVICE NATIONALITY RULES

Thank you for sending me a copy of your letter of 6 May to Willie Whitelaw.

On the first point - the proposed unestablished (nationality) category - I share your concern that this new restriction, even though only a halfway house, could be regarded as discriminatory; and I wonder whether it will really achieve much in the way of reducing pressure for back door immigration. Unless I have underestimated its effect, I would be inclined to drop the proposal.

On the second point I should have thought that the occasional case might turn up where the power to waive rules in the kind of case described in A(iii) of Annex B might be missed if it had been abolished. I wonder whether retention of the power would really result in significant dilution - I agree with you that it would need to be exercised centrally - or whether there would be enough cases needing to be referred to the Civil Service Commission, under delegated recruitment, to cause practical difficulties. I feel therefore that the balance of argument is in favour of retaining the power of waiver.

I am copying this letter to the other recipients of yours.

*Yours sincerely,*

*Jim Rubin*

PP GEOFFREY HOWE

*Seen and approved by the  
Chancellor of the Exchequer  
and signed in his absence*





5/6/82  
NNE'S GATE LONDON SW1H 9AT

5 June 1982

Dear Janet

CIVIL SERVICE NATIONALITY RULES.

Thank you for your letter of 6th May. We were at pains during the passage of the British Nationality Bill to stress that existing rights outside the nationality field would not be removed by the legislation. I am therefore content with your general approach, that as a result of the Act the Civil Service Rules should not be made more restrictive as regards eligibility to apply. I note that it is your intention to continue to make it clear to intending candidates in your recruitment literature that they cannot be employed if this would conflict with any restrictions imposed on them under the immigration law and that where employment is subject to the Department of Employment's approval, that Department's approval must first be obtained. This is obviously right, since neither the Civil Service as an employer nor its employees can or should expect to be exempted from the provisions of the immigration law and the conditions relating to the issue of work permits as these apply from time to time.

That said, I share your misgivings about the creation of an unestablished (nationality) category for those candidates who are subject to immigration conditions. We occasionally find ourselves in the rather awkward position of having to refuse leave to remain here to a person who has been a Civil Servant for perhaps as much as eight or nine years (e.g. the dependant of a student). But cases of this sort are rare and the difficulties of dealing with them, if the person concerned is an established as opposed to an unestablished Civil Servant, are in my view less important than the practical and presentational objections to creating a new category of what would inevitably be seen as second class Civil Servants drawn from the ethnic minorities. Subject to the views of colleagues I should be willing to leave the existing Rule unchanged.

You also ask for my views on the proposal to remove the discretion in A(iii) of the current Rules. I would not object to the retention of this discretion if you think this is right. However, if it is to be retained I agree that, to avoid uneven practice and dilution of the Rules, it would be best for the discretion to be exercised centrally by the Civil Service Commission.

I am sending copies of this letter to the recipients of yours.

*John Major*  
CONFIDENTIAL

The Rt. Hon. The Baroness Young







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Large block of very faint text in the lower middle section, possibly a detailed report or a long list.

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MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

**CONFIDENTIAL**

The Rt Hon Baroness Young  
Lord Privy Seal  
Management and Personnel Office  
Whitehall  
London SW1A 2AZ

EXCHEQUER	
REC.	- 9 JUN 1982
ACTION	Mr McGONAGLE - IN 19/6.
COMES TO	CSF
	BSF
	FSF
	MIT(c)

9  
P/TA  
ALICE  
W. GIBSON - JMI  
W. SHARP - HAD  
June 1982  
W. JOHNSON - CAS

MIT(a)  
Sir U.M.  
W. GIBSON  
W. SHARP  
MISS KENNY  
W. GIBSON  
W. SHARP

**CIVIL SERVICE NATIONALITY RULES**

Thank you for sending me a copy of your letter of 6 May to Willie Whitelaw about the proposed changes to these rules as a consequence of the British Nationality Act 1981.

I agree that the general approach of these proposals is right in that you are seeking in the "normal rule" to preserve the position of all those who are at present eligible to apply for the Civil Service.

You asked for views on two points which constitute a slight departure from this general approach: the proposed introduction of an unestablished (nationality) category in respect of candidates who are not free of immigration conditions and the proposal to remove the power to make exceptions. I appreciate your concern on this first point in view of its sensitivity and the possibility of some bad publicity in the wake of the ethnic monitoring survey in Leeds. I do not feel strongly about this proposed change but I believe it has some attraction because it will rationalise the situation and can be presented as a reasonable compromise. I can also go along with your idea to retain the power to make exceptions and your proviso that the discretion should continue to lie centrally with the Civil Service Commissioners for all recruitment.

I am copying this letter to the Prime Minister, other Ministers in charge of Departments and to Sir Robert Armstrong.

PETER WALKER





MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister  
**CONFIDENTIAL**

The Rt Hon Baroness Young  
Lord Privy Seal  
Management and Personnel Office  
Whitehall  
London SW1A 2AZ

EXCHEQUER	
REC.	- 9 JUN 1982
ACTION	Mr Mc Ginnachie - In M 9/6.
COMPS	CST
10	B
	E
	M (C)

PJ/In  
M/CE  
W GIBSON - JWI  
W SHARP - HWS  
June 1982  
W JOHNSON - GA

**CIVIL SERVICE NATIONALITY RULES**

Thank you for sending me a copy of your letter of 6 May to Willie Whitelaw about the proposed changes to these rules as a consequence of the British Nationality Act 1981.

I agree that the general approach of these proposals is right in that you are seeking in the "normal rule" to preserve the position of all those who are at present eligible to apply for the Civil Service.

You asked for views on two points which constitute a slight departure from this general approach: the proposed introduction of an unestablished (nationality) category in respect of candidates who are not free of immigration conditions and the proposal to remove the power to make exceptions. I appreciate your concern on this first point in view of its sensitivity and the possibility of some bad publicity in the wake of the ethnic monitoring survey in Leeds. I do not feel strongly about this proposed change but I believe it has some attraction because it will rationalise the situation and can be presented as a reasonable compromise. I can also go along with your idea to retain the power to make exceptions and your proviso that the discretion should continue to lie centrally with the Civil Service Commissioners for all recruitment.

I am copying this letter to the Prime Minister, other Ministers in charge of Departments and to Sir Robert Armstrong.

PETER WALKER



FROM:

THE RT. HON. LORD HAILSHAM OF ST. MARYLEBONE, C.H., F.R.S., D.C.L. *JMH*



HOUSE OF LORDS,  
SW1A 0PW

CONFIDENTIAL

*few* *ff 10/6*  
10th June, 1982

The Right Honourable  
The Baroness Young,  
Lord Privy Seal,  
Management and Personnel Office,  
Whitehall,  
London,  
SW1A 2AZ.

EXCHEQUER	
10 JUN 1982	
REC	Vernon
ACTION	<i>M. McC...</i>
COPIES TO	GT
	BT
	Est
	MT(c)
	MT(A)
	Sir D. ...
	Mr. ...

*→*

Mr. Friswell  
Mr. Drury  
Mr. Kemp  
Mr. ...  
Mr. ...  
Mr. ...  
Mr. ...  
Mr. ...  
Mr. ...  
Mr. ...

*My dear Janet,*

Civil Service Nationality Rules

Thank you for sending me a copy of your letter of 6th May to Willie Whitelaw.

I do not think that it makes sense to establish a person in a Civil Service post at a time when his ability to remain in the country is in doubt. The proposal to allow an unestablished appointment does not prevent those who are subject to immigration restrictions from obtaining a post in the Civil Service; it only rationalises the basis of their employment.

The proposal to abolish the power to make exceptions to the normal nationality requirements is more difficult. I agree that if the power of waiver is to be retained it should be retained by the Commission as an exception to the work soon to be delegated to departments, but on balance I would be inclined not to complicate matters in this way, particularly if the proposed rules are slightly more liberal than the present regulations.

I am copying this letter to the recipients of yours.

*yrs*  
*[Signature]*

CONFIDENTIAL





CONFIDENTIAL



Lord Advocate's Chambers  
Fielden House  
10 Great College Street  
London SW1P 3SL

Telephone: Direct Line 01-212 0515  
Switchboard 01-212 7676

The Rt Hon the Baroness Young  
Lord Privy Seal  
Management and Personnel Office  
Whitehall  
London SW1A 2AZ

11th June 1982

CIVIL SERVICE NATIONALITY RULES

Thank you for sending me on request a copy of your letter of 6th May to Willie Whitelaw.

I agree with the general approach you propose. As to the two particular points on which you sought views, I would agree with the Home Secretary's view on the first as set out in the second paragraph of his letter of 5th June.

I also think it right to retain a discretion and that it should be centrally exercised by the Civil Service Commissioners.

I am copying this letter to the recipients of yours.

CH/EXCHEQUER	
REC	11 JUN 1982
ACTION	Mr Vernon
COPIES TO	CST
	FST
	EST
	MSTC
	MSTR

IR M14/6.

Mr Vernon  
Mr Wilding  
Mr FER Butler  
Miss Kelley  
Mr Kemp  
Mr Ridley

PS/IR  
PS/E&E  
PS/DNS  
Mr Sharp HMSO  
Mr Johnson GAO

CONFIDENTIAL





SECRETARY OF STATE  
FOR  
NORTHERN IRELAND

OFFICE EXCHANGE	
REC	14 JUN 1982
ACTION	Mr Vernon
COPIES TO	CST
	FST
	EST
	MST C

NORTHERN IRELAND OFFICE  
GREAT GEORGE STREET,  
LONDON SW1P 3AJ

*(PMP)*

The Rt. Hon Baroness Young  
Lord Privy Seal  
Management and Personnel Office  
Whitehall  
LONDON SW1

MST R  
Sir A. Duggan  
Mr Wilding  
Mr Kelly  
Mr Kemp  
Mr Ridley  
ASJ/R  
ASJ/CEE  
ASJ/DNS  
Mr Sharpe, HRMSO

14 June 1982

Mr Johnson GAD  
Mr. FERBULLY

*(Handwritten signature)*

CIVIL SERVICE NATIONALITY RULES

Thank you for sending me a copy of your letter of 6 May to Willie Whitelaw about the revised Civil Service nationality rules.

I agree that we should seek to preserve the position of all those who are currently eligible to apply for the Civil Service, and I am therefore generally content with the draft "normal" rules attached to your letter. On balance, I agree that we should retain the existing power to make exceptions (A(iii) of the present Rules) provided that the discretion continues to be exercised by the Civil Service Commissioners. I also agree, for the reasons you advance, that we should not introduce a new unestablished (nationality) category.

I should perhaps put on record that the nationality rules for the Northern Ireland Civil Service are different from those which apply to entry to the United Kingdom Civil Service, but they will also require amendment to take account of the British Nationality Act and the opportunity is being taken to look at them more generally in the light of what is finally decided for the United Kingdom Civil Service.

I am sending copies of this letter to the recipients of yours.

*(Handwritten signature)*





DEPARTMENT OF HEALTH AND SOCIAL SECURITY  
ALEXANDER FLEMING HOUSE  
ELEPHANT AND CASTLE  
LONDON S.E.1

TELEPHONE: 01-407 5522

The Rt Hon Baroness Young  
Lord Privy Seal  
Management and Personnel Office  
Whitehall  
LONDON  
SW1

XCHIEQUER	
REC	17 JUN 1982
ACTION	Mr. Vernon - In
COPIES	MT FT 14 June 1982 FJT
	MT(1) MT(2) L. J. L. M.
	W. U. D. W. W. J. K. L. H. / L. M. J. W. H. L. H. G. P.

1017/6

*Dear Janet.*

*M. M. L. E. /  
M. F. A.  
M. C. E. /  
M. D. W.  
L. J. H. A. B. I. H. S. S.  
L. J. O. M. S. T. R. (A. M.)*

CIVIL SERVICE NATIONALITY RULES

You copied to me your letter of 6 May to Willie Whitelaw about revision of these rules, which need to be changed following the British Nationality Act 1981.

My Department's main interest in terms of recruitment is in the proposed revision of the "normal" rule, and I agree with your basic approach of preserving the position of all those who are currently eligible to join the Civil Service and of keeping the rules as simple as possible. We certainly should not seek to depart from any undertakings given when the Nationality Bill was before the House.

The present rules have not caused us any difficulty and I would not wish to suggest that my department has a special or significant interest in the matter. However, there is a wider aspect in the sense that it is essential to have regard to the work the Civil Service (including our local offices) does in inner city areas among large groups of coloured people. I regard it as important, therefore, that we go out of our way to avoid doing anything which could be said to create new barriers or attract a racist label. For these reasons I share the doubts colleagues have expressed and which you evidently share about creating the proposed unestablished (nationality) category, even though a case can be made for it in logic. As you rightly point out, this is a potentially sensitive issue and, as I read paragraph 11 of Annex A to your letter, the new category means that some people who are at present granted established appointment will not be eligible for them in the future. The paper does not indicate how many people might be affected by the proposed new rules but I must confess that this proposal causes me some apprehension.

I agree that the power to make exceptions should be retained and that this power should be exercised centrally.

I am copying this letter to the Prime Minister, Francis Pym, John Nott, other Ministers in charge of departments and Sir Robert Armstrong.

- cc - Mr NE Clarke
- Miss K. Burton
- Mr DS Sewson
- Mr Utting
- Mr. B. H. Street
- Mr AG Turner

*Yours faithfully*

NORMAN FOWLER









DRAFT 'NORMAL' NATIONALITY RULE

A. To be eligible for appointment (other than to a situation covered by paragraphs B, C or D below) you must be:

a. a British citizen;

or

b. a Commonwealth citizen (other than a British citizen), or a British protected person, or a citizen of the Irish Republic, in which case you must satisfy one of the following conditions:

i. at least one of your parents must be, or have been at death, a Commonwealth citizen, a British protected person, or a citizen of the Irish Republic;

or

ii. you must have resided in a country or territory within the Commonwealth, or in the Irish Republic, or have been employed elsewhere in the service of the Crown, or partly have so resided and partly been so employed, for at least five years out of the last eight years preceding the date of your appointment.

c. If you are not qualified under subparagraphs a. or b. above, you must satisfy the Civil Service Commissioners that you are so closely connected with a country or territory within the Commonwealth either by ancestry, upbringing or residence, or by



reason of national service, that an exception may properly be made in your favour.

Note. The term 'Commonwealth citizen' applies to any of the following categories as defined in the British Nationality Act 1981: British citizens, British Dependent Territories citizens, British Overseas citizens, British subjects under the Act, citizens of independent Commonwealth countries.



DRAFT 'SPECIAL' NATIONALITY RULE FOR CABINET OFFICE AND  
MINISTRY OF DEFENCE

B. You will be eligible for appointment to a situation in the Cabinet Office or Ministry of Defence (other than the Meteorological Office, to which paragraph A applies) only if:

- a. at all times since your birth you have been a Commonwealth citizen or a citizen of the Irish Republic and
- b. you were born in a country or territory which is (or then was) within the Commonwealth or in the Irish Republic; and
- c. each of your parents was born in such a country or territory or in the Irish Republic and has always been, or (if dead) always was, a Commonwealth citizen or a citizen of the Irish Republic.
- d. If these conditions are not satisfied, you may exceptionally be admitted to appointment by special permission of the Minister responsible for the department concerned, provided that the conditions specified in paragraph A above are satisfied.

Note. The term 'Commonwealth citizen' applies to any of the following categories as defined in the British Nationality Act 1981: British citizens, British



Dependent Territories citizens, British Overseas citizens, British subjects under the Act, citizens of independent Commonwealth countries.

[/NB. The note applying to rules A and B will appear only once in the final version.]





SECRET



Lord Advocate's Chambers  
Fielden House  
10 Great College Street  
London SW1P 3SL

Telephone: Direct Line 01-212 0515  
Switchboard 01-212 7676

The Rt. Hon. Sir Geoffrey Howe QC, MP.,  
Chancellor of the Exchequer,  
H.M. Treasury,  
Parliament Street,  
London SW1P 3HE.

9th July 1982

*Dear Chancellor,*

I am very sorry that in view of engagements in Edinburgh I cannot attend the meeting this afternoon to which you kindly invited me. I understand that the Attorney General will be attending the meeting.

From the Scottish point of view, while I see that for civil servants to support workers in the NHS by sympathetic industrial action involves special considerations in view of the relationship between NHS and the Government, I am strongly of opinion that there is no material in the present arrangements between the Government and civil servants to provide a secure foundation for a disciplinary charge against a civil servant on the basis only that he has participated in such action. Any warning or claim that such conduct would be disciplined would carry in my view a substantial risk of legal challenge.

As we have already discussed, participation in such action may well involve unauthorised absence, failure to work in accordance with instructions, or conduct of a political or abusive kind which would themselves be disciplinary offences. The observations in the preceding paragraph are intended to apply to participation which does not involve any of these, and is concerned with the status of mere participation considered apart from any other possible offence.

I am copying this letter to those attending the meeting, and to Sir Robert Armstrong.

*Yours sincerely  
Ian Mackay*

Mackay of Clashfern  
(Dictated by the Lord  
Advocate and signed  
in his absence).

SECRET

FROM: P S JENKINS  
Date: 5 August 1982



cc: Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (R)  
Sir D Wass  
Mr Quinlan  
Mr Le Cheminant  
Mr Dixon  
Mr Pearce  
Mr Burr  
Miss SinClair  
Mr Ridley

MINISTER OF STATE (C)

*Summit with D.W.*

FOLLOW UP TO CBI PAY PRESENTATION

This is to record that following the CBI's pay presentation this morning, the Chancellor said he thought it would be very useful for the material to be widely used in the public services, possibly in the modified form to be used by the CBI for local authority employers. The CBI agreed to provide us with a video recording of the presentation and whatever other material we required.

2. The Chancellor would be grateful if you would mastermind the exercise, in consultation with the other Departments concerned, and with the Civil Service College, to see how the material could best be used and presented to get the message across to different levels of management in the Public Services.

*PJ*  
P.S. JENKINS



CONFIDENTIAL



FROM: P S JENKINS  
9 August 1982

MINISTER OF STATE (C)

cc CST  
FST  
EST  
Mr Buckley MPO  
Sir D Wass  
Sir A Rawlinson *Mr. Wilding*  
PS/Inland Revenue  
PS/Customs & Excise  
Mr Gilbert DNS  
Mr Sharp HMSO  
Mr Watson CCTA  
Mr Kelley COI

#### COMMUNICATIONS WITH STAFF

The Chancellor was recently sent the attached booklet headed "GEC is Working", which he presumes is sent to each GEC employee. He wonders if we might not be able to learn some lessons from it of possible application within the Civil Service.

2. It would be useful in the first instance to have a survey of what is already produced within individual departments, and at their last bilateral meeting the Lord Privy Seal said that the MPO were doing some research into this subject. But the GEC document is rather different from the normal run of House journals and magazines - the intention is to set out in easily understood form facts and figures about the state of the company. The Chancellor recalls that Sir Anthony Rawlinson recently showed him a modest document along these lines from CISCO.

3. The Chancellor feels that this sort of approach may be one key to the problem in the Civil Service of making management more accountable for what they achieve, and more able to affect the conditions of work. It would force managers at all levels





(including Ministers) to:-

- think in terms of how to present the achievements of a service (like the success, as discussed this week, in switching resources to the black economy)
- identify ways of presenting measured improvements in unit costs, the reduction of overheads and the results of introducing new technology.

4. The development of a means of communications along these lines would help with the development of more decentralised pay bargaining, particularly if this was by service rather than by region. The Chancellor was struck on his visit to Norwich by the difference which it has made within HMSO to have separate pay bargaining with the print unions, who have become sharply aware for the first time of the constraints set by HMSOs trading position.

5. The Chancellor would be grateful if you would, in consultation with the Lord Privy Seal, consider how best work in this general area could be taken forward, taking into account the results of the present study of departmental publications. To what extent would it be possible to build on existing publications to produce results for each discrete service similar to the GEC publication? Where an annual report (such as the report by the Boards of the two Revenue Departments) is already produced, could they not produce a popular version for their staff? Would it be worth linking in this exercise with the consideration we are already giving to ways of linking improvements in conditions as a result of reduced manning or costs (it would certainly be a way of publicising the result)?

psj

P S JENKINS





# GEC IS WORKING



## **GEC 82**

Britain's Largest Private Employer - 145,000 in Britain; another 44,000 elsewhere.



# RECESSION & GEC

No one needs telling that there's a recession. We can see the effects all round us. Three million of them. It's not a happy state. But it isn't just in Britain. In almost all the industrial countries, jobs are being squeezed; trading is difficult; people are worried. Governments also are trying to keep the wealth of their nations intact whilst fighting the corrosive effects of inflation. It's not easy and nobody knows the complete answer, but recent years have given the world's leaders - and all of us - many painful lessons. Britain has had its fair share of shocks, but here in the GEC we've done our best, not only to cushion them, but to fight back.

Here are three of our stories.

## TURBINE GENERATORS

The oil crisis of 1973 did more than treble the price of petrol. It sent the cost of electricity up again, just as people began to find better ways of saving energy. Industry stopped booming. Extra electricity wasn't needed. The result was that Britain's optimistic plans to generate more electricity to meet increasing demand began to look wrong.

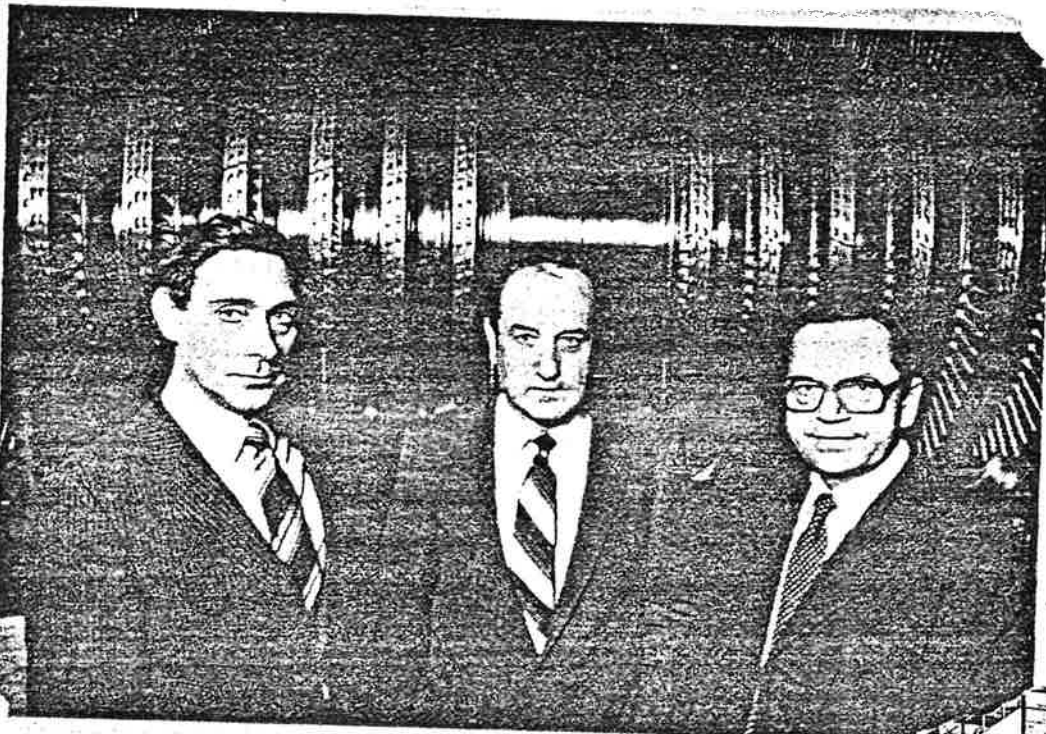
At that time, 80% of GEC Turbine Generators' business was in Britain. The future suddenly looked menacing. So GEC began to mount a powerful assault on the international export market. (Just as well it did too, for GEC hasn't had a single order from the Central Electricity Generating Board in the last eight years!) The only home order received in this period was from the South of Scotland Electricity Board for two 600MW turbine generators for the Torness nuclear power station.

The international market is tough. There is world over-capacity for building large steam turbine generators and over a dozen major manufacturers have been fighting for the 25,000 megawatts of orders which are placed each year. GEC alone has capacity for more than 5,000 megawatts per year.

Hence competition is fierce; prices are very, very competitive; only the most efficient can survive.

How has GEC survived?

It has invested a lot of money in new machinery - over £60 million in fact - with £14 million of sophisticated equipment



...newed internationally, the business, though the spot the considerable cor- seems to) porate financial muscle of GEC. ability

*This picture appeared in the Financial Times earlier this year alongside an article which described how GEC Turbine Generators had developed products to capture overseas markets. Left to right are Jim Cronin, assistant managing director and finance director, Bob Davidson, managing director and David Calderon, assistant managing director and engineering director of GEC Turbine Generators.*

going in this year. It has designed its products so that they can be made faster, cheaper and be more reliable.

Easy to say, but not easy to do. Yet GEC has cut the building time from four years to less than three. And it is still coming down. £2 million a year is being spent on training Turbine Generators' people to become yet more skilful and adaptable to better methods of production.

The result?

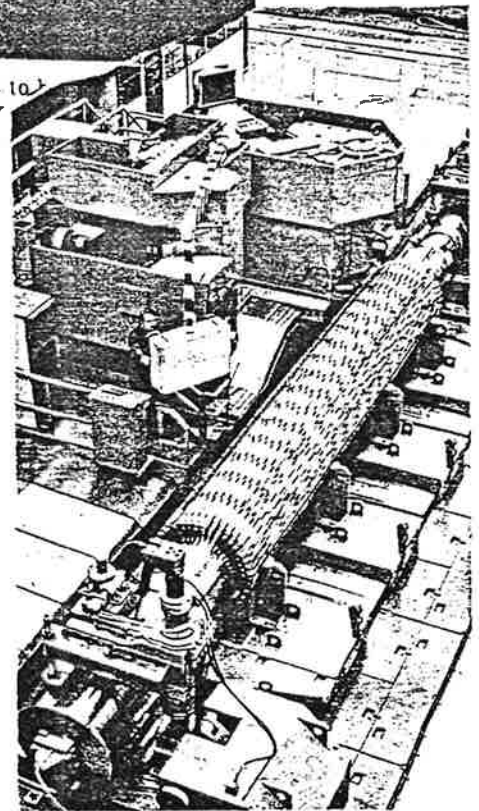
The teamwork is paying off. 90% of GEC Turbine Generators' orders now come from overseas; the order book, including other power station equipment, is over £1,250,000,000 and growing; the new

turbines are proving very reliable and GEC has doubled its share of the world export market for large steam turbines, moving smartly

up from eighth place in the world league to become joint leader with Mitsubishi. In 1982, GEC Turbine Generators has been awarded a Queen's Award for Exports. For the third year in a row.

## MARCONI INSTRUMENTS

When markets are buoyant, Marconi Instruments' complex test equipment is in great demand in the radio, telecom- munication and electronics industries. The company has a successful history of manufacturing new products in advance



A new, computer-controlled machine tool for the machining of generator rotors installed at the Stafford factory of GEC Turbine Generators.





of firm managers, so that it can respond quickly to its customers' needs.

When markets are dull, Marconi Instruments is vulnerable – just like other enterprises. In 1980 the recession really began to hit its customers in Britain; exporting was difficult because the high value of the pound made the prices of British goods look expensive. Defence cuts didn't help either.

The outlook was sombre and Marconi Instruments faced a £3 million shortfall in its sales for the year. One response would have meant hundreds of redundancies leading to shut-downs and the permanent curtailment of production capacity. Sometimes there's no option, for if markets for products have gone, then pretending they'll come back is self-deception.

The management decided that there was another option, hard as it might be. Its "fight back" plan was explained to

# RECESSION & GEC

They made three decisions. Hotpoint would rapidly improve its after-sales service from third-rate to first-class. Product reliability would be raised. Some products would be imported from Germany and Italy and sold under the Hotpoint brand name until Hotpoint could invest in new factories and new products.

Improvement in after-sales service was dramatic. Within six months, Hotpoint began to achieve its present performance where its service record is one of the best in Europe.

Reliability rose when the new management eliminated piecework in the factories. Shopfloor workers were given conditions previously confined to staff. Management offered more than it was asked to prove that commitment and trust was a two-way matter. A profit sharing scheme was started.

For three years Hotpoint imported 80% of its refrigerators and 20% of its washing machines whilst investing nearly £20 million in its British factories. New equipment and buildings were constructed at

Peterborough – resulting in extra jobs. An additional factory is being built at Rhyl, near Hotpoint's washing machine factory at Llandudno.

The Italian-made refrigerators and washing machines have now been replaced by British-made products, thus reducing Britain's imports by £18 million a year.

Hotpoint is profitable; it's strike-free; it's now Britain's largest producer of "white goods". Says Chairm Schreiber, Hotpoint's managing director, "The secret of our success is the sense of commitment which all our employees have to the company and which, in turn, Hotpoint has to our retailers and to the public".

Stories like these are being repeated all over GEC. Better equipment, better products, better productivity, better communications, better quality, quicker delivery to customers – all are helping GEC and its employees to weather the recession.

The facts on the next two pages show what has been achieved.



Steve Burke, manager of Hotpoint's South London Service Region pictured in Acton. Hotpoint employs over 700 field service engineers in the United Kingdom.

It meant pay increases being deferred, and for hundreds of Marconi Instruments' 1525 staff, there was nine months of short-time working. Some 50 people unfortunately did have to leave but, on the positive side, more money was spent on product design, new equipment was installed and sub-contract work from other GEC companies was brought in as a temporary measure. Now a series of world-class new products are being produced with more modern factory equipment. It's not all roses, but Marconi Instruments did complete the 1981/82 year on target, with employees who know more than ever before, that being internationally competitive involves everyone in the fight to win business.

## HOTPOINT

Eight years ago, Hotpoint's new management faced a falling share of the market and a reputation which was declining.



everyone in the company. The writing was on the wall. Keynotes were "get the future right" and "minimum redundancies".



It is still with us, worse luck. As costs and prices keep going up, the figures for GEC's turnover, exports, profits and pay all keep rising too. But when we adjust for the effects of inflation, is GEC really growing? Are its wages and salaries really increasing? Is the volume of GEC's business rising or falling? What is really happening to GEC's exports?

Below we display the figures for recent years in two ways. The first way is traditional and shows that, year by year, the

# GEC'S FACTS

figures for turnover and exports, pay and profits, all grow aided by inflation. Then we show the same figures adjusted for inflation.\* They show growth too, though at a slower rate.

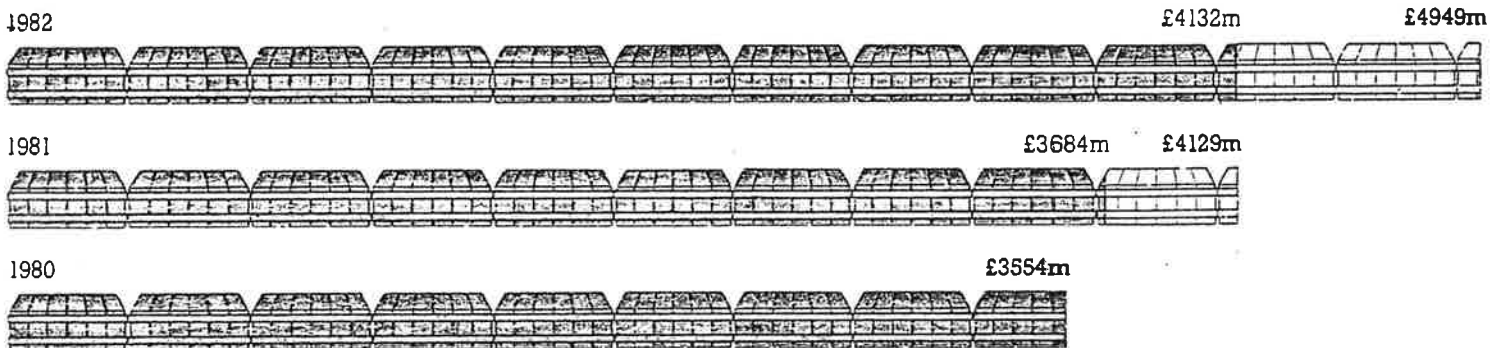
Turnover and Exports have been adjusted by an average of the Central Statistical Office's industrial indices weighted to reflect GEC's mix of activities. This method has been chosen because GEC's costs and prices have not risen as fast as the Retail

Price Index. Copper, for instance, has come down in price. During the last two years our industry index for GEC has escalated by 20% compared with a rise of 29% in the retail price index.

*\*What we have done is to adjust pay and profits by the change in the Retail Price Index — usually called the cost of living index — because the real value of pay and profits is what they can purchase.*

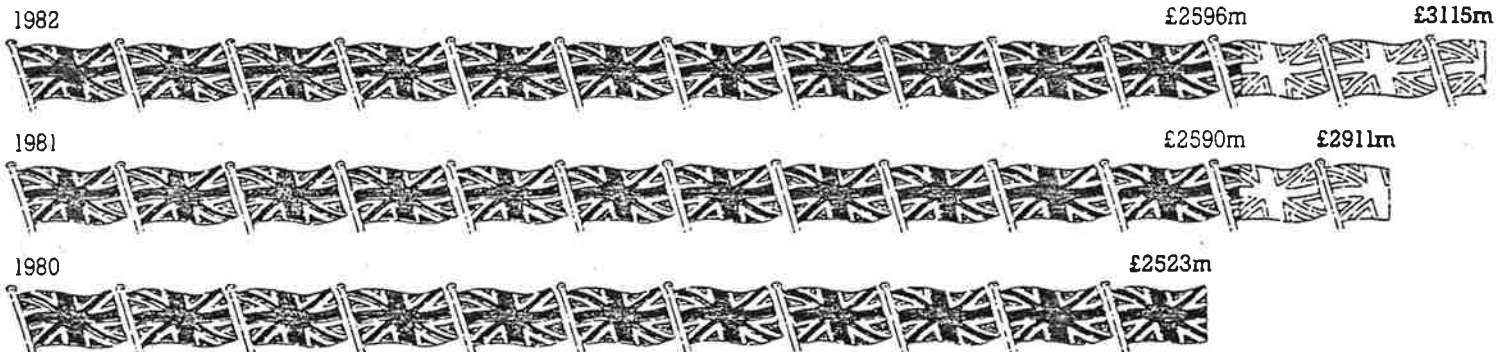
**GEC'S WORLDWIDE TURNOVER** Includes GEC's share of associated companies and

also arm'slength turnover between GEC companies.



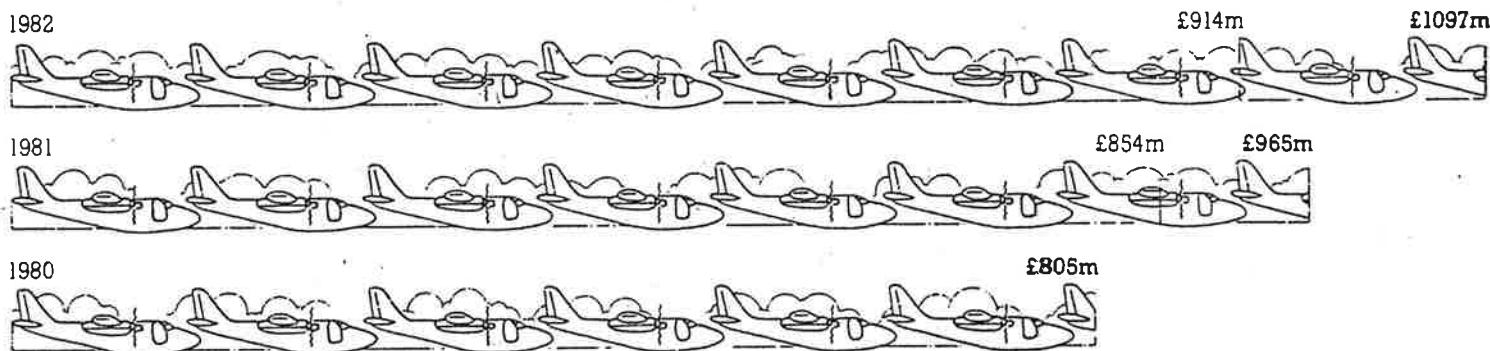
**GEC'S SALES FROM UK OPERATIONS** Includes arm'slength turnover between

GEC companies; but excludes GEC's share of associated companies.



**GEC'S EXPORTS FROM UNITED KINGDOM** These figures are encouraging as UK sales have been maintained and exports have

increased 14% since 1980 even after allowing for inflation.

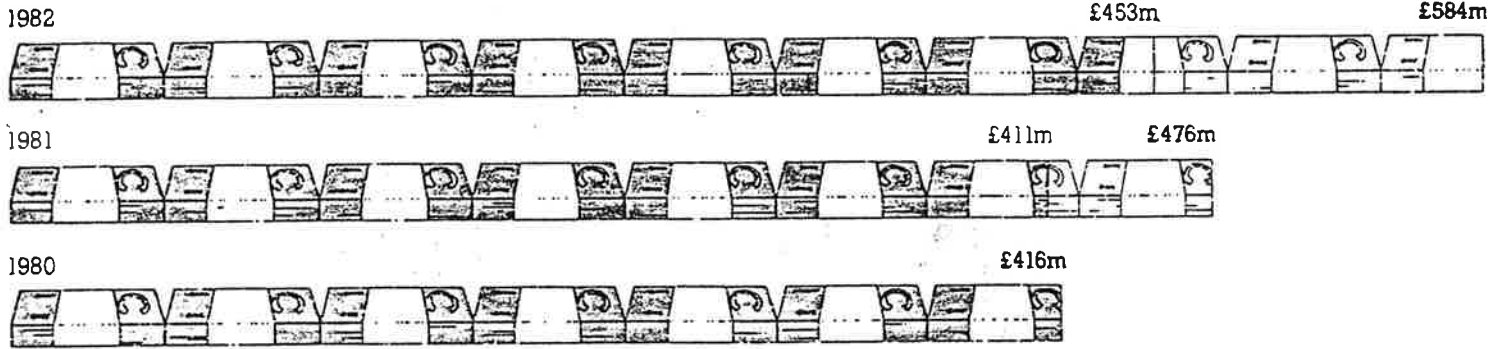






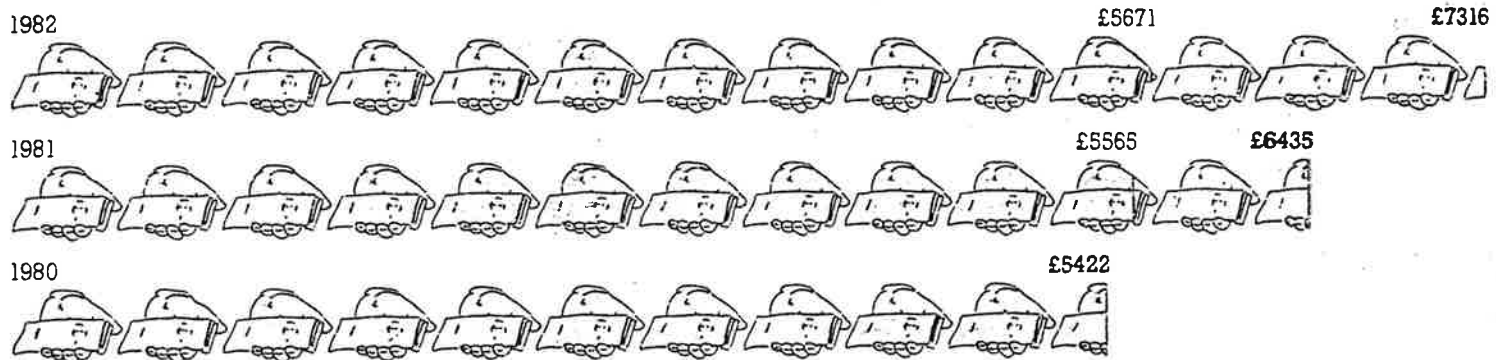
**GEA PRE-TAX PROFITS** When we remove the effect of inflation, GEC's profits have grown only a little. It just shows how tough world competition is, and how difficult it is to maintain margins in real terms.

# GEC'S FACTS



**GEC'S UNITED KINGDOM PAY PER EMPLOYEE** Average pay hasn't fallen; it has gone up by over 4½% from 1980 to 1982 after allowing for inflation. The pay figures

include the Company's costs of National Insurance and contributions to pensions and are shown per employee.



**GEC'S EMPLOYEES** Some of the fluctuations are due to GEC buying and selling businesses. Others are due to the rising and falling need for people as GEC's products, processes and technologies have changed. GEC has done better than many other British firms in protecting employment by winning new orders and making better products more efficiently. The numbers employed by GEC could be bigger. Even now, some of our units are short of skilled people.

Year	UK
1982	145,000
1981	156,000
1980	153,000



Year	WORLDWIDE
1982	189,000
1981	192,000
1980	188,000

15

# NEW IDEAS IN GEC

## NMR

We have grown used to stories about British inventions which have languished in Britain and then been developed successfully abroad. It is nice to record the reverse – an American invention which is well on the way to producing some remarkable results.

Nor is this some modest little affair. The technique is potentially an advance in medical electronics as important as the development of X-rays – which are used extensively in medical diagnoses. The famous body scanner invented a decade ago uses X-rays.

The new instrument diagnoses certain diseases by using a principle which had won Nobel prizes for its discoverers – a principle called Nuclear Magnetic Resonance, or NMR as it is known. The prizewinners had discovered that certain types of atomic nuclei – including those in living tissue – give off an identifiable signal when placed in a strong magnetic field and energised by radio waves.

In the early 1970's, American researchers suggested that the principle could have medical uses, for the signals from hydrogen atoms reveal the dispersion of body fluids and fats without bone structures getting in the way.

Development soon began in Britain, for the prospective advantages were obvious. Not only might this new technique offer much improved definition of soft tissues in the body but, as the developers expected, it is particularly valuable in pin-pointing diseases in the brain and the spinal cord. For instance, it can provide better detection of multiple sclerosis and there is some indication that it may be able to show abnormalities in the brain in small children.

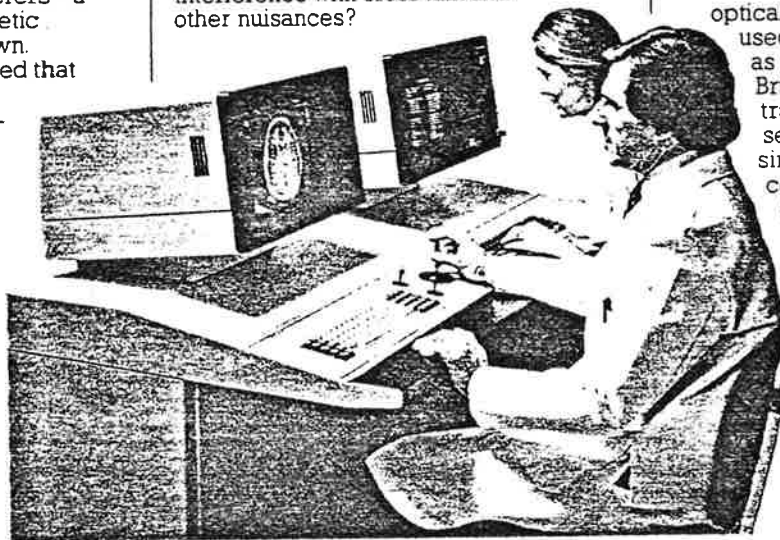
Medical researchers are always looking for better diagnostic methods which do not require the body to be invaded by probes or materials and which do not affect tissue by their use. NMR is "non-invasive" and there is no evidence that it causes changes in the patient. Hundreds of people have already been examined by this new technique.

GEC is backing NMR and has set up both a research laboratory and a production line at Wembley. Exports start this autumn. Competition will be tough. The technique has sufficient potential for other manufacturers in Britain, Europe and the USA all to be developing NMR machines. Through its medical company, Picker International, GEC intends to place itself firmly as No 1 in this exciting new technology.

## OPTICAL FIBRE

If ever an invention has turned up just at the moment it was needed, then optical fibre has shown perfect timing. Without it the prospects for improving our telephone system – let alone all our other communication systems – would be poorer.

It is all very well our wanting more telephones, more television channels, more data transmission and more opportunity to seek information actively and to send our own signals back, but how was it to be achieved – particularly when we also want better quality signals together with less interference with cross talk and other nuisances?



*As details of a human brain are revealed by an NMR scanner they are displayed upon a screen for interpretation by medical staff.*

Before optical fibres were developed, the prospect was daunting, for radio signal bands are crowded and the cable ducts under our pavements are often full of bulky and expensive copper cables. Digging up roads to lay bigger ducts to take yet more cables would have been costly and difficult.

Optical fibre does not suffer the electromagnetic interference which occurs with copper cables. So cable lines can be laid alongside railway tracks without every passing electric train causing a problem. That makes optical fibre particularly useful for railway signalling. GEC optical cable is already in use in the London Underground.

Being light weight and spark-free, optical fibres also have many uses in aircraft. Optical fibre does not suffer interference from power lines – indeed one route for optical fibre could be to run it inside the earth cable of Britain's high voltage electricity grid!

But the most obvious benefit is one to which GEC has applied itself. Copper telephone cables require amplifiers every few miles

in order to keep up the signal strength. The amplifiers need a power supply and many of them are buried in far from ideal

conditions under our pavements. We all know how telephones can be affected after heavy rainstorms have flooded some of the ducts.

Optical fibres can eliminate many of these problems because, as a result of research in GEC, British Telecom and elsewhere, signals can now be sent over sufficient distance without amplification so that most of the amplifiers will not be needed, and those which are still needed can mostly be housed in secure, dry conditions inside telephone exchanges and power stations.

GEC has developed advanced monomode\* optical fibres which are already being used in normal working conditions as part of a joint experiment with British Telecom which has transmitted 560,000,000 pulses per second (equivalent to nearly 8000 simultaneous telephone conversations) in a single cable nearly 20 miles long. The problem of improving communication systems in homes and offices now looks much easier than it did – thanks to optical fibre.

\* Monomode: An optic fibre cable with a slim central core which enables light signals to be sent over greater distances.

## GADFLY ROBOT ARM

The human arm is a wonderful thing. But if you decide to try to design a robot arm along similar lines, the robot does exhibit one major disadvantage. Just as the human wrist is slimmer than the elbow-joint, which is itself smaller than the shoulder joint, so robot joints become thicker and thicker as they get further and further from its "hand". It's not surprising, for each successive joint has to carry more weight, more cantilever overhang, as the distance from the working "hand" increases. The joints are in series.

GEC's new Gadfly robot arm is quite different. Each joint is individually mounted from the base so that the joints operate in parallel. The whole design can be lightened because each succeeding joint no longer has to carry all the weight of the rest.

The result is that the Gadfly robot arm is potentially cheaper and can position itself more accurately, more rigidly than many other robots. Not only that, but it has the capability of operating up to twice as fast as traditional robot designs – a key feature in improving robot performance. Originated in the Marconi Research Centre, the new device has considerable potential for more sophisticated uses than existing robots can achieve.



Communications in GEC are still getting better (not before time, some would say). More and more units are showing that both management and employees gain when there's a more open sharing of information about prospects and problems, products and processes, plans and practices - all the many things which make up the rich mixture of working in and helping a business to succeed.

GEC is, in fact, better than many companies in Britain, where employees' business understanding is very often woeful. Given that peoples' livelihoods depend on the survival and success of their employer, that's not very smart for them and their families, let alone for the employer.

One unit which has been working hard to improve communications is GEC Telecommunications Ltd - and where more appropriate, given that transmitting information is its speciality?

For several years, GEC Telecommunications has been building new ways of keeping employees in touch with the business. There have been regular Briefing Groups in which company information is cascaded down through the organisation to all employees. Twice each year, the Managing Director also initiates and leads a major briefing session.

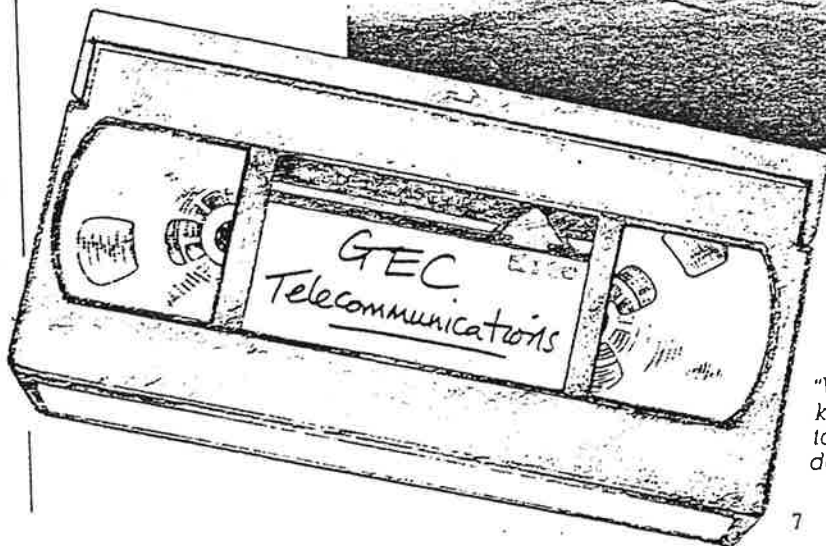
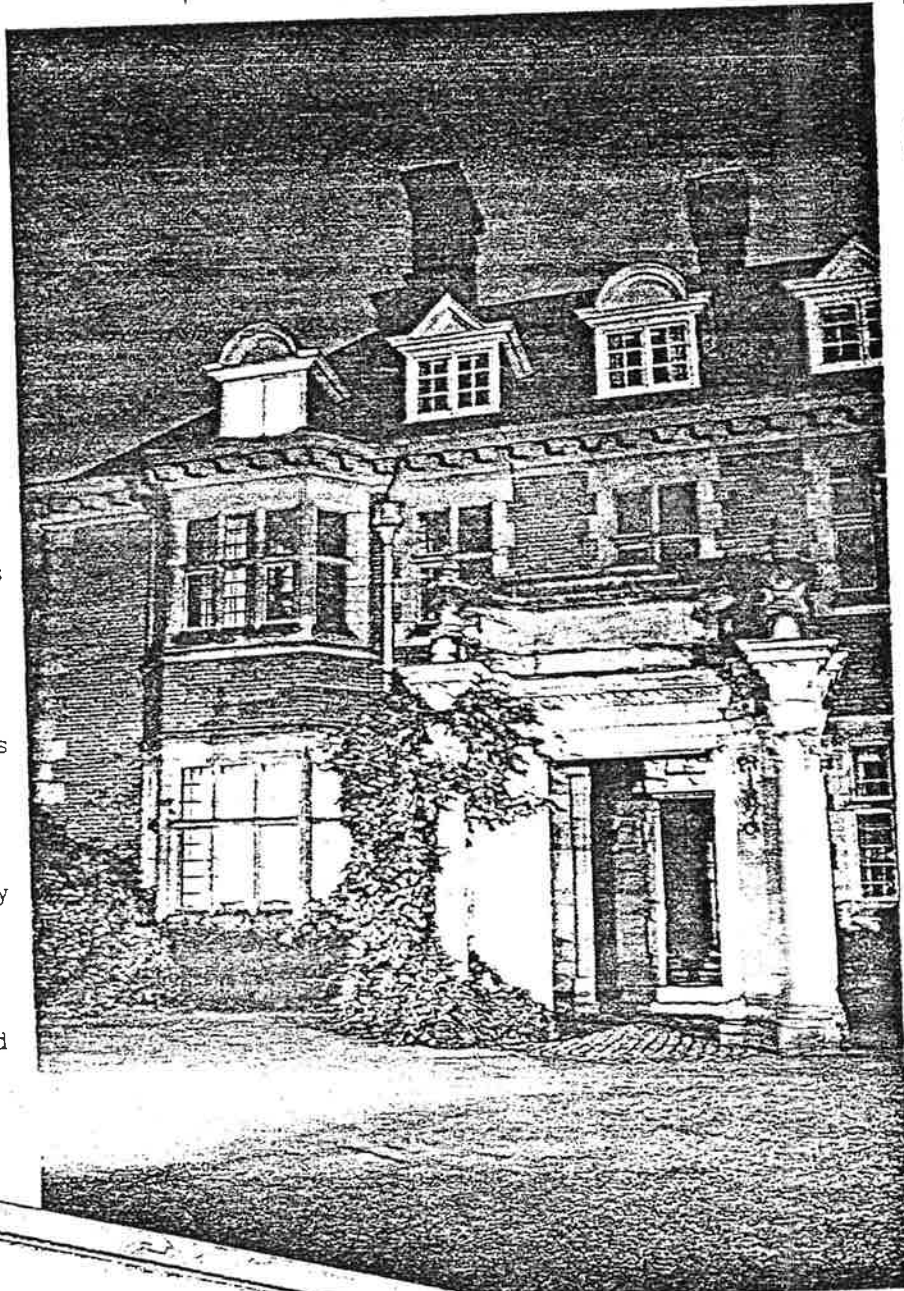
# COMMUNICATIONS IN GEC

Recently, GEC Telecommunications made its own video film using its own equipment and its own personnel so that employees could learn more about developments

in the business. Everyone has now had the chance to see this film at their regular briefing sessions.

Two way communication has, of course, been handled not just through the vast range of day-to-day contacts between managers and other workpeople, but via trade union negotiating committees and departmental and site meetings. In order to enhance mutual understanding, GEC Telecommunications has for years run joint Trade Union and Management Training courses in which groups of 20 to 30 managers and Trade Union representatives mix together on a residential course for up to a week. Discussions on such matters as the effects of new technology on all aspects of the business often continue well into the night as people jointly explore the ways in which GEC Telecommunications will develop.

Other GEC Units have their own methods of communicating with their employees but the progress of some has been less than satisfactory. In 1980, the GEC film was shown to all employees and a survey carried out to check employees' knowledge and feelings about their employment and about GEC. Business knowledge was patchy. Few employees knew very much about the finances of GEC. The notion of "added value" - which underpins the justification for our being employed at all - was scarcely understood below management level.



The lights burn late for a discussion at GEC's management training college in Rugby.

"Video film helps keep employees in touch with developments."

This year, we will be conducting a further survey to see how much improvement there has been in the last 24 months. We hope to be pleasantly surprised, for if people don't understand the basic facts about their unit as a business, the chance of their participating, or wanting to participate, in the wellbeing of that business must be meagre. We don't think that it is sufficient for employees just to rely on their managers. Understanding the business that employs us is a vital part of securing its future.





The growth in GEC's sales, its exports, its profits and its pay demonstrate that GEC has been a successful company. Its resources, its order book and its people's skills show that GEC is strong right now. If we can keep up the level of effort and application, we can face the future with confidence. But where are we going? What do we hope to achieve? And what do we have to do to achieve it?

Our aim in GEC is simple. We want to do better. Better products; bigger sales; better profits; better pay and more jobs – in short, more prosperity; better quality; more satisfied customers and more job satisfaction in using our talents to the best of our abilities.

What we need to do is equally straightforward – to use our resources with the utmost efficiency in a fiercely competitive world. It is not just money which is internationally mobile, moving round from country to country. Investment in products and machinery is also mobile. Factories are built where they can be made to pay. Businesses flourish where gas and electricity are cheap, not dear, where taxes are light, not heavy; where people's skills are high, not low; where new technology is embraced, not spurned; where people welcome new methods, not restrict them; where labour costs are low; and where productivity is high. These are the foundations of success.

The alternative is bleak. It would require Britain to pretend that the rest of

# PRODUCTIVITY & PROSPERITY

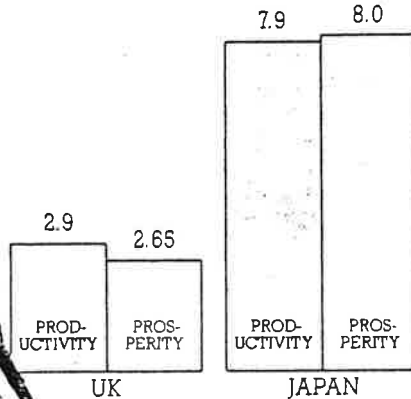
the world doesn't exist and to cut down

**PRODUCTIVITY 1960-1980**  
(Industrial Production Index per person per hour in manufacturing industry)

**UK +2.9% pa    JAPAN +7.9% pa**

**PROSPERITY 1960-1980**  
(GNP/GDP adjusted for changing prices)

**UK +2.65% pa    JAPAN +8.0% pa**



Source OECD Statistics

international competition by controlling imports and the movements of capital, hoping that other nations wouldn't retaliate. If they did, we'd be sunk. Britain needs those export markets to pay for our imports of food and the materials and goods which give us our living standards. Not only that, but higher standards of living in the world have grown hand in hand with the growth of international trade. Reducing international trade would offer us less choice, higher prices and fewer new products. We would go backwards. It would be a grim prospect.

The productivity route is obviously better – and we can see it at work. It's called Japan. What the chart shows is that productivity and prosperity go hand in hand. There's nothing surprising about that, for wouldn't we all expect that people who work more effectively would be better off as a result? The puzzle is that we have to keep reminding ourselves of this simple fact.

GEC has got the message. Our policy is crystal clear. We intend to go on competing on a world scale. We invest. We invest in Britain. We build better products. We develop people's skills. Our people want to work yet more effectively, to be yet more useful.

The achievements of GEC are the achievements of its people and, as GEC prospers, so do its employees.









FROM: PS/Minister of State (C)

DATE: 16 August 1982


MR BURR

cc Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (R)  
Sir Douglas Wass  
Mr Quinlan - or  
Mr Le Cheminant  
Mr Gilmore  
Miss Kelley  
Mr Monger  
Mr Pearce  
Mr Monaghan  
Mr A F Morris  
Mr Ridley

FOLLOW UP TO CBI PAY PRESENTATION

The Minister of State (C) was grateful for your minute of 13 August and agrees the general approach you set out therein.

The Minister of State (C) has noted the difficulties you see in designing and running new courses at the Civil Service College in this area, and has commented that we do not necessarily need new courses but a video might be a useful "extra" which could be fitted in with existing courses. He agrees that Mr Fowler and Sir Keith Joseph should be approached about coverage of the NHS and the universities respectively, and that the Review Bodies might best be tackled by ensuring that the economic evidence submitted by the Government fully reflects the arguments in the CBI presentation.

  
H J BUSH



C/Letter to issue?  
JR  
23/8



From: T J BURR  
Date: 20 August 1982

CHANCELLOR OF THE EXCHEQUER

- cc Chief Secretary
- Financial Secretary
- Economic Secretary
- Minister of State (C)
- Minister of State (R)
- Sir Douglas Wass
- Mr Quinlan o/r
- Mr Le Cheminant
- Mr Gilmore
- Miss Kelley
- Mr Monger
- Mr Pearce
- Mr M Hall
- Mr A F Morris
- Mr Ridley

FOLLOW UP TO CBI PAY PRESENTATION

In Mr Jenkins' minute of 5 August, you asked the Minister of State (C) to handle the question of making the CBI pay presentation more widely available to management in the public services. Before he left the office, the Minister of State (C) approved/an approach with the following features:  
(Mr Bush's minute of 16 August, attached)

- (a) a CBI presentation at Centre Point on the lines of the one last year, but for Ministers as well as Permanent Secretaries;
- (b) a presentation at the Treasury (with a CBI presenter) to officials involved in the work of PSP(O) - the Official Committee on Public Service Pay;
- (c) a CBI presentation at the Management and Personnel Office to one of the regular meetings of Establishment Officers;
- (d) a similar presentation at DHSS to a regular meeting or meetings of Chairmen and the senior officers of Regional Health Authorities.

2. We are still in touch with the Management and Personnel Office about (c) above, and the Civil Service College are also arranging for their course directors to see the presentation shortly with a view to deciding what use can be made of it in regular courses



at the College. (This last arrangement has been agreed following Mr Bush's minute). In addition, the CBI are themselves arranging a presentation to LACSAB (though without the audio-visual element, we understand), on 9 September.

3. I have confirmed with Mr Bush that the Minister of State (C) also endorsed our specific recommendation that (a),(b) and (d) above would require an initiative from you, both because of the desirability of getting other Cabinet Ministers concerned to see the presentation themselves, and in order to secure Mr Fowler's co-operation in involving management in the NHS (and perhaps Sir Keith Joseph's in relation to the universities). As Chairman of E(PSP), your authority would also facilitate a presentation to PSP(O).

4. Accordingly, I attach a draft letter for you to send to other Ministers concerned, which has been approved by Minister of State (C) - with the addition of an early deadline for replies. This should enable the CBI to get ahead with arranging the Centre Point presentation for around the middle of September, and issuing invitations to Ministers and Permanent Secretaries.

*T.J. Burr*

T J BURR  
IC Division



25/8  
P. Hume

DRAFT LETTER FROM: Chancellor of the Exchequer

TO: Secretary of State for Social Services

COPIES: As indicated

CBI PAY PRESENTATION

As you are no doubt aware, the CBI have been putting considerable effort in the last couple of years into getting across to their members the need, and the arguments, for pay restraint. They do this by means of pay conferences <sup>through</sup> in the <sup>during</sup> course of the summer, in preparation for the opening of the new pay round in the autumn. A lot <sup>of</sup> <sup>at</sup> thought has gone into the presentation of material <sup>to</sup> these conferences, and the CBI have rightly felt that it could usefully be made available to a wider audience. In consequence senior officials from a number of departments attended a presentation by the CBI last summer. I understand that the CBI also organised a presentation to LACSAB <sup>They were</sup>

2. I have now seen this year's material, which has been further developed to give a very effective audio-visual presentation of the main themes of competitiveness, the economic background to pay bargaining in the year ahead, and the need for lower pay settlements. As I told the CBI, I think it would be very useful for the material to be widely used in the public services. <sup>believe that</sup> <sup>This</sup> <sup>could usefully</sup> <sup>draw on</sup> <sup>variants</sup> <sup>we should of course have to develop</sup> <sup>particular targets</sup> They have already arranged a presentation to LACSAB, which will take place on 9 September. <sup>cost less</sup> They are also willing to organise a presentation, around mid-September, on the lines of the one for senior officials at Centre Point last year. <sup>It has been</sup> <sup>myself</sup> <sup>think</sup> <sup>That it would</sup> <sup>be useful if they were also</sup> <sup>to invite</sup>

3. This year's CBI

for senior officials

3. On this occasion I think that Ministerial colleagues would find it valuable to attend, as well as Permanent Secretaries. If you agree, I will suggest to the CBI that they go ahead and arrange a presentation to which they would invite you and other Ministers to whom I am copying





this letter, (~~if they also are content~~), together with Permanent Secretaries.

4. ~~Below this level there are of course a number of officials responsible for advice on public service pay issues, and from the standpoint of E(PSP) and related business I think that it would be helpful if these officials were to see this material, I propose that the Treasury should arrange a presentation by the CBI to officials involved in the work of PSP(O). Separately, my officials are in touch with Baroness Young's about including Establishment Officers.~~  
*It would also be useful, to include not least if middle rank officials*  
*might*  
*the CBI*  
*and have it in mind that*  
*market*  
*pushes*  
*Janet*

5. ~~But I think we might also go rather wider than the Government itself. The CBI are arranging a discussion with LACSAB. What about the NHS? Here I am thinking not only of Management Sides of Whitley Councils but also of Health Authorities. Is there any way in which we could involve them, for example, Chairmen and senior officers, with a view to getting a better understanding of the case for pay restraint? Another group which might be covered is the universities, and I would welcome Keith Joseph's comments on that possibility.~~  
*Colleagues*  
*That I might also wish to consider, when they have seen the presentation,*  
*who is*  
*additional fee*  
*Public Service elements,*  
*in addition to LACSAB, seeing the extra material, as well such material. Obviously*  
*are not*  
*only*  
*DO*

*whether there would be advantages in this or some outside central government,*

*(I think, of course, that the question of timing will need careful consideration)*

6. In view of the CBI's need to get on with making arrangements I would be grateful for ~~replies and comments~~  
*replies to the proposals at hand*  
*Tuesday 31*  
*Friday 27* August.

*3 and 4 above*

7. I am copying this letter to the Home Secretary, members of E(PSP), the Secretary of State for Education, the Secretary of State for Scotland and to Sir Robert Armstrong.



cc: CST  
FST  
EST  
MST(C)  
MST(R)  
Sir D Wass  
Mr Quinlan  
Mr Burr  
Mr Le Cheminant  
Mr Gilmore  
Miss Kelley  
Mr Monger  
Mr Pearce  
Mr M Hall  
Mr A F Morris  
Mr Ridley



(PWP)

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

25 August 1982

The Rt. Hon. Norman Fowler, MP  
Secretary of State for Social Services

*Dear Norman*

#### CBI PAY PRESENTATION

As you are no doubt aware, the CBI have been putting considerable effort in the last couple of years into getting across to their members the need for pay restraint. They do this through pay conferences during the summer, in preparation for the opening of the new pay round in the autumn. Much thought has gone into the presentation of material at these conferences, and the CBI have rightly felt that it could usefully be made available to a wider audience. In consequence senior officials from a number of departments attended a presentation by the CBI last summer. I understand that the CBI also organised a presentation to LACSAB.

I have now seen this year's material, which has been further developed to give a very effective audio-visual presentation of the main themes of competitiveness, the economic background to pay bargaining in the year ahead, and the need for lower pay settlements. I believe that this material could usefully be drawn on in the public services, though we should of course have to develop variants appropriate to the particular targets.

This year's presentation to LACSAB will take place on 9 September. They are also willing to organise a presentation for senior officials around mid-September - I myself think that it would be useful if they were also to invite you and other Ministers to whom I am copying this letter, together with Permanent Secretaries.

It might also be useful if middle rank officials responsible for advice on public service pay issues were to see the CBI material, and I have it in mind that the Treasury might arrange a further presentation by the CBI to officials involved in the work of PSP(O). My officials are in touch with Janet Young's about including Establishment Officers.

/Colleagues



Colleagues might also wish to consider, when they have seen the presentation, whether there would be advantages in other public service elements, in addition to LACSAB, seeing such material. Obvious candidates are not only the Management Sides of Whitley Councils but also Health Authorities. Is there any way in which we could involve, for example, Chairmen and senior officers, with a view to getting a better understanding of the case for pay restraint? (I appreciate, of course, that the question of timing will need careful consideration.) Another group which might be covered is the universities, and I would welcome Keith Joseph's comments on that possibility.

In view of the CBI's need to get on with making arrangements I would be grateful for reactions to the proposals at paragraphs 3 and 4 above by Tuesday 31 August.

I am copying this letter to the Home Secretary, members of E(PSP), the Secretary of State for Education, the Secretary of State for Scotland, and to Sir Robert Armstrong.

*I add that my own impression of the CBI audio-visual presentation is that it is most strikingly effective*

*Yours —*

*Geoffrey*

GEOFFREY HOWE

pl call all 97's  
date

→  
(pmp)

PS/MINISTER OF STATE (C)

cc CST  
FST  
EST  
→ Mr Jenkins  
Mr Buckley MPO  
Sir D Wass  
Sir A Rawlinson  
Mr Wilding  
PS/Inland Revenue  
PS/Customs & Excise  
Mr Gilbert DNS  
Mr Watson CCTA  
Mr Kelly COI

COMMUNICATIONS WITH STAFF

As the Minister of State knows, the objectives set out in Mr Jenkins' minute of 9 August are largely achieved in HMSO by means of Trading Fund disciplines. I can confirm the Chancellor's impression that such disciplines have helped greatly in the pay and other negotiations which HMSO undertakes directly with the print unions.

2. The Minister of State will also recall the "Summary Report and Accounts" which HMSO produce and distribute widely inside the Department and beyond.

... A copy of the first issue is attached; we are seeking progressively to improve future issues and there are some ideas in the GEC booklet we could usefully consider.

3. We have decided to issue a broadsheet about HMSO with the Annual Accounts next year. There will also be a marketing brochure later this year.



W J SHARP  
Controller and Chief Executive

HMSO

27 August 1982





*C* *(mp)*  
**Management and Personnel Office**

Whitehall London SW1A 2AZ

Telephone 01-273 } 4400  
GTN 273 }

From the Private Secretary

27 August 1982

John Kerr  
Private Secretary to the  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON SW1P 3AG

EXCHEQUER	
31 AUG 1982	
Mr Burn	<i>M31/8</i>
CST	Mr Kelley
FST	Mr Manger
EST	Mr Pearce
MST (C)	Mr Hall
MST (R)	Mr AF Mann
Sir P Wasi	Mr Ridley
Mr Quinlan	
Mr Le Chevallier	
Mr Gilmore	

*Dear John,*

CBI PAY PRESENTATION

The Chancellor of the Exchequer wrote to Mr Fowler on 25 August with copies to colleagues about this.

This is just to say that the Lord Privy Seal agrees that it would be a good idea if senior officials and Ministers did have a presentation from the CBI. Her own programme is rather hectic around mid-September (as no doubt is everyone else's) but if she can, she would like to be there.

*Yours sincerely,*

*Jim Buckley.*

J BUCKLEY





CONFIDENTIAL

Spk M Q  
Jiff 8/9. C

FROM: ADAM RIDLEY  
2 September 1982

A.23

CHANCELLOR

Good idea to ask  
Sir TB + 1 or 2 or 3 to  
behave @ no. 11  
one day soon? With 2 or 3 mins

cc CST  
Sir D Wass

CBI: MEETING WITH RICHARD WORSLEY

As I depart for my holidays, I should pass on quickly two thoughts which emerged from a fairly long discussion I had today with Richard Worsley.

2. First, he said he was convinced that, while the coming wage round would in all probability be far less troubled with disputes than seemed likely a little while ago, he feared that there was unlikely to be any significant further de-escalation of earnings increases, at least on present prospects. Settlements in the 6-7% zone seemed very likely. If he is right, we ought perhaps to stop and ponder the prospect for the moment. Faced with what may have been a not dissimilar position last year, the Government struck out clearly for a further degree of de-escalation when publicising its pay assumption. That is clearly and rightly ruled out this year. It could, however, be that some way has to be found of achieving the same result/ <sup>this year</sup> I do not myself see that either the nurses' dispute or the looming problem of the NCB have much to do with the issue. However a firm line with the local authorities could well be vital. Last year, you will remember, they settled at an unduly generous 7% very early on in the wage round. If they can be induced to go far lower this year, not far away from 4% or so which Richard Worsley expects the Engineers will achieve, that could make a great difference.

When do  
we plan  
and why  
(W2)  
in this?  
(in Nov?)  
1 with mins  
soon?

3. The second topic we discussed was, needless to say, relations between Government and CBI. A number of interesting things transpired, which I should report on at greater length when time is available after my return. But one practical point which came through again and again was an awareness of the CBI's lack of confidence and uncertainty in handling itself in political matters. The corollary of this is clear, and I stressed it to Worsley in no uncertain terms, very much as my own personal view. The more we can build up informal and personal relationships, of a frequent and regular kind, the better.

✓

M  
A N RIDLEY



CONFIDENTIAL

pur 2/9/82

P50(82)2nd Meeting

COPY NO. 3

HER MAJESTY'S TREASURY  
GROUP ON PRESENTATION OF  
POLICIES ON PAY

---

MINUTES of a Meeting of the Group held in Room 107,  
Second Floor, Treasury Chambers, Parliament Street,  
London SW1, on WEDNESDAY 1st SEPTEMBER, 1982.

PRESENT:

Mr M A Hall  
Treasury (In the Chair)

Mr Mower  
No 10

Mrs Hewlett-Davies  
Department of Health &  
Social Security

Mr Moorey  
Department of Employment

Mr Woodrow  
Department of Industry

Mr Burtles  
Department of the Environment

Mr T J Burr  
Treasury

SECRETARY

Mr I MacKellar



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Administrative arrangements

1.1 Copies of two letters from the Chancellor's Private Secretary were circulated : one (P3G(82)5) to the Private Secretary to the Lord President of the Council seeking the Lord President's consent to use the Cabinet Office's distribution machinery to distribute speaking notes to all Ministers; the other (P3G(82)6) to the Private Secretary to the Home Office, copies to Private Secretaries to Ministers in charge of other departments, commending to Ministers the recommendations of the Group's first meeting.

2. Speaking note for Ministers - NHS pay

2.1 Mr Hall said a speaking note (P3G(82)7) had been approved by the Chancellor, but some revision was necessary in the light of comments from DHSS. It was agreed that comparisons between nurses' and doctors' pay would be unhelpful.

2.2 Mrs Hewlett-Davies asked the group not to circulate the revised note until it had been re-appraised in the light of a meeting between her department and nurses' representatives on Thursday 2 September. This was agreed.

3. Speaking note for Ministers - general

3.1 Mr Hall said a speaking note (P3G(82)8), prepared by Mr Burr and amended after consultation with members of the group, had been submitted to the Chancellor who had wondered whether sufficient weight had been given to the Government's success in bringing down the rate of inflation.

3.2 It was agreed that the note be commended to Ministers with a clarifying amendment to paragraph 10.

4. NHS dispute

4.1 Mrs Hewlett-Davies said the trade unions were not anxious to proceed with discussions on methods of pay determination in the health service in the future. It was considered that the outcome of discussions between the Government and Civil Service unions on the Megaw recommendations could have some bearing on this.

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4.2 In discussion it was suggested that a Minister other than the Secretary of State for Social Services should seek to respond to feature articles in the Times supporting the NHS workers' case. DHSS would be prepared to submit a draft article. The Government's case was not helped by Ministers seeming to be at variance on the issue. The time had come for another Cabinet Minister to re-state the Government's insistence that no more money was available for pay in the NHS without jeopardising plans to improve the service. There was a need to convince the unions of that. Opinion polls suggested that, while the majority of the public did not approve of the industrial action associated with the claim, most people supported the NHS workers' aspirations for more pay than had been offered. The unions saw themselves as fighting not just for more money, but for the future of the health service.

4.3 Mr Hall agreed to investigate the possibility of a Treasury Minister signing a suitable article for the Times.

4.4 Members agreed to recommend their Ministers to include a re-statement of the Government's case in forthcoming speeches.

5. Other pay claims

5.1 Vauxhall Motors : it was noted that some workers had rejected an offer of 7.5 per cent and were pressing for an improved offer.

5.2 Engineering workers : The EEF and unions were in accord on the poor state of the industry. The EEF hoped for a modest settlement, lower than the previous years. It was unlikely to be less than BL's settlement.

5.3 Local authorities : white collar workers had rejected a 'last round' offer of 5 $\frac{1}{4}$  per cent, which had gone to arbitration. The manual workers' claim could be expected in October. An assumption of 5 per cent for pay was concealed in the RSG, but it was unlikely that local authorities would in practice be unable to pay an increase of that magnitude without reducing services or imposing double figure rate increases.

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5. Water workers : manual workers were expected to submit their claim in the third week of September. They would be likely to await the outcome of the miners' claim before deciding how far to pursue their own.

5.5 Civil Service : discussions on the Megaw recommendations were unlikely to begin before late October because COCSU had not formulated an agreed policy.

6. Ministers' future speaking engagements

6.1 The following engagements were identified as potential vehicles for the pay message:

(21 September - Secretary of State for Employment :  
publication of unemployment figures)

30 September - Economic Secretary to the Treasury :  
Chartered Institute of Public Finance  
and Accountancy

15 October - Secretary of State for Industry : West  
Midlands Engineering Employers'  
Federation

19 October - Secretary of State for Employment :  
Association of Economic Representatives

21 October - Minister of State to the Treasury (Civil  
Service) : Institute of Personnel  
Management

29 October - Chancellor of the Exchequer : Manchester  
Chamber of Commerce.

7. Conclusions

The group agreed on the following action:

7.1 An amended speaking note for Ministers on NHS pay should be distributed as soon as possible after re-appraisal in the light of a meeting between the DHSS and nurses' representatives on Thursday 2 September 1982.

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7.2 A general speaking note on pay, as amended, should be commended to the Chancellor and distributed to Ministers.

7.3 Mr Hall would examine the possibility of a Treasury Minister signing an article for the Times on NHS pay.

7.4 Ministers should be recommended to include a re-statement of Government policy on NHS pay in their speeches.

8. Next meeting

8.1 It was agreed that the Chairman call the next meeting in due course.

2 September 1982





**Department of Education and Science**

**Office of Arts and Libraries**  
From the Minister for the Arts

EXCHEQUER  
- 2 SEP 1982  
TO  
Mr Burr.  
COPIES TO  
CST: FST: EST.  
MSTC MSTR.  
SIRD. WASS.

Elizabeth House York Road  
London SE1 7PH

Telegrams Aristides London SE1  
Tel: 01-928 9222

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON  
SW1

*Geoffrey*

Mr Quinlan  
Mr Le Cheminant  
Mr Gilmore

2 September 1982

Miss Kelley.  
Mr Monger  
Mr Pearce  
Mr Hall.  
Mr AF Morris  
Mr Ridley M2/9-

**CBI PAY PRESENTATION**

I am replying to your letter of 25 August in Keith Joseph's absence abroad. Keith Joseph did see your letter shortly before his departure, however, and indicated his support for our taking every advantage of the CBI material. He would be glad to attend a presentation personally if the chosen time is convenient, and would expect to be accompanied by the appropriate Deputy Secretary, Mr Simpson, during the Permanent Secretary's absence on leave.

I agree that a separate presentation for other officials would be useful. On the PSP(O) side the most likely official here is Mr Halsey, and subject to the outcome of the discussions to which you refer about including Establishment Officers, we should also welcome the opportunity to involve an official from that side.

You suggest that colleagues might consider, when they have seen the presentation, the advantages of wider presentation to other public service elements. If such a presentation should be arranged then I certainly think it would be useful to include representatives of the university negotiators. In that event we should be happy to extend an invitation to appropriate individuals, and at present it seems to us that these might be Sir Alexander Johnston, Chairman of Negotiating Committee A, Mr Shock, who leads for the universities on academic salaries, and Dr Butterworth who leads for the universities in respect of other pay groups.

Copies of this letter go to the Home Secretary, members of E(PSP), the Secretary of State for Scotland and Sir Robert Armstrong.

*Paul*

PAUL CHANNON





**DEPARTMENT OF HEALTH & SOCIAL SECURITY**

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

*From the Secretary of State for Social Services*

EXCHEQUER	
- 6 SEP 1982	
ACTION	Mr Bauer, m/g/a
COPIES TO	CSTPSTESTMSTR MST C - SIDWAYS Mr Garton Mr Le Cheminant Mr Gilmore Miss Kelley Mr Morgan Mr Pearce Mr Hall Mr Atkinson Mr Ridley

2 September 1982

The Rt Hon Sir Geoffrey Howe QC MP  
 Chancellor of the Exchequer  
 Treasury Chambers  
 Great George Street  
 LONDON  
 SW1

*Dear Geoffrey*

Thank you for your letter of 25 August about the CBI presentation on pay.

I agree that it would be useful to arrange for it to be seen by Ministers and officials as suggested in paragraph 3 and 4 of your letter. I should prefer, as you yourself propose, to suspend judgment on the question whether it should be shown to a wider audience until I and my officials have seen it and formed a view as to its relevance for NHS managers.

I am sending copies of this letter to the recipients of yours.

*[Handwritten signature]*

*[Handwritten signature]*

NORMAN FOWLER





2 MARSHAM STREET  
LONDON SW1P 3EB

01-212 3434

My ref: H/PSO/16024/82

Your ref:

- 6 SEP 82

<b>EXCHEQUER</b>	
DATE	-7 SEP 1982
ACTION	Mr BURR m/19.
COPIES TO	CST, PST, EST, MSTR, MSTC, SIR D. WASS. MR QUINN MR LE CHERMANT MR GILMORE MISS J. KELLEY MR MONGER. MR PEARCE MR NALL MR A.F. MORRIS, MR RIDLEY

*See below*

**CBI PAY PRESENTATION**

Thank you for copying to me your letter of 25 August to Norman Fowler.

I agree that it would be useful for Ministers, and for officials involved in the work of PSP(O), to have an opportunity of seeing the CBI material. I would have thought it equally useful for officials concerned with the nationalised industries to do so too; no doubt you have this in mind.

The presentation to LACSAB will effectively cover the local authority and New Towns employers. I take it that the water employers will become involved through the National Water Council's membership of the CBI, but I am in any case asking Tom King to mention it to them when he meets them shortly.

*yes*  
*[Signature]*

MICHAEL HESELTINE





Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213.....6400.....  
Switchboard 01-213 3000

CH/EXCHEQUER	
REC	-6 SEP 1982 6/9.
ACTION	Mr Beard
COPIES TO	EST EST EST MSTR MATE SIR DUSTAS. Mr Quinlan Mr Le Chevalier Mr Gillmore Miss Kelly Mr Monaghan Mr Pearce Mr Hall Mr AF Motis Mr Ridley

Peter Jenkins Esq  
Private Secretary to the  
Chancellor of the Exchequer  
Treasury  
Great George Street  
LONDON SW1

6 September 1982

*Dear Peter*

CBI PAY PRESENTATION

My Secretary of State has seen the Chancellor's letter of 25 August to the Secretary of State for Social Services.

He shares the Chancellor's view on the effectiveness of the CBI's pay presentation and hopes that as many colleagues as is possible can attend the presentation. He is abroad in mid-September but subject to diaries hopes to be represented by his Minister, Michael Alison.

The Permanent Secretary is on leave at the moment but his office will contact you shortly.

*Yours  
B. Shaw*

J B SHAW  
Principal Private Secretary







Board Room  
 H M Customs and Excise  
 King's Beam House  
 Mark Lane London EC3R 7HE

*pwp*  
*- bf for next*  
*bilateral with*  
*early*  
*young*

From: L D HAWKEN  
 8 September 1982

MINISTER OF STATE(C)

cc CST  
 FST  
 EST  
 Sir Douglas Wass  
 - Mr Jenkins  
 Mr Gilbert - DNS  
 Mr Sharp - HMSO  
 Mr Watson - CCTA  
 Mr Kelley - COI

COMMUNICATIONS WITH STAFF

Mrs Dunn's minute of 27 August asked about methods of communication and any ideas for improving them, as background for your meeting with the Lord Privy Seal (Mr Jenkins' minute of 9 August also refers).

2. Customs and Excise have the following regular series for written communication:-
- a. Departmental Weekly Orders, available to all staff, comprising general information, Establishments matters, references to changes in Instructions and staff changes.
  - b. Circulars: issued as necessary in established series on technical and non-technical matters (eg VAT).
  - c. Management Newsletter: issued bi-monthly on a Management in Confidence basis to staff at SEO level and above to inform them about 'what is going on behind the scenes' and to inform their discussions with the staff whom they manage.

---

Internal distribution: CPS  
 Mr Bryars  
 Mr Mechem



MANAGEMENT - IN CONFIDENCE

- d. 'Portcullis': a monthly departmental journal in tabloid format available to all staff.
  - e. 'Investigation Review': issued quarterly to inform investigation and control staff of current developments and cases and to alert staff to fraud potential etc.
  - f. HM Customs and Excise Annual Report: available on general sale and circulated to staff on a restricted basis, but available to all via the Library; a summary version is published in our Departmental Weekly Order.
3. In addition there are, from time to time, ad hoc communications on more important matters (for example, changes in the transfer system) from the Chairman or from the Principal Establishments Officer to managers or to the staff as a whole.
4. Oral communication is encouraged at all levels of management as part of a developing participative management style (a good deal of emphasis is given to this in our in-house management training). Any formal structure for oral communication is left for decision by management locally, but at HQ, for example, the Chairman has a regular series of meetings with the Deputy Chairmen as do the Deputies with their Under Secretaries. There is therefore the opportunity (and no barrier) for information to pass upwards and for information and Board level decisions to cascade downwards and outwards throughout the Department, though one runs the risk with a cascade system of oral communication of misunderstanding and garble by the time the news reaches the end of the line.
5. Nevertheless the cascade system of oral briefing and communication is a marked feature of such firms as Sainsbury's and Marks and Spencer. Sir Douglas Lovelock will be reporting shortly to the Chancellor on our contacts with Sainsbury's in the



## MANAGEMENT - IN CONFIDENCE

context of staff morale (to which communication is very relevant) and will also illustrate the main points by reference to the management style of Marks and Spencer where we have had a Principal on secondment for the last two years.

6. We practise what Sir Derek Rayner preaches - that senior HQ staff should go into the regions to meet staff at all levels. Both the Chairman and the Principal Establishments Officer spend about two days a month in the regions holding informal meetings with groups of staff to answer questions on the issues of current concern to the staff. Other Board members take opportunities to meet staff responsible for implementing the Board's policy in their respective areas of responsibility.

7. Mr Jenkins' minute asks specifically about making increased use of house journals and publishing a popular version of our annual Board's report. As a matter of deliberate policy we give the editor of 'Portcullis' very considerable editorial freedom and do not use it as a vehicle for presenting management views, except where it is made clear that the article is by a senior member of management. An example of this would be an article by the head of Finance and Manpower Division explaining the implications of our allocation of manpower for the year. In extremis, eg reports of activities during industrial action, management would control what was said in 'Portcullis', but this would be wholly exceptional. The rationale for our policy is that the journal would not be credible to staff if it were regarded as a vehicle for unattributed management views. We would not wish to depart from this general stance, but there is scope - and we will consider this further - for more articles by, and attributed to, management. It is possibly a measure of the success of the journal that the Trade Union Side object to it - and indeed proposed its abolition as a contribution to cutting costs - their only proposal.



MANAGEMENT - IN CONFIDENCE

8. As noted above, we already publish a summary version for those who want the facts and 'Portcullis' will almost invariably carry an article giving a 'popular' version. But we shall consider whether we could do more on the lines of the GEC approach. Aspects of the report are newsworthy and the national media will generally take up the story, usually concentrating on smuggling in general and drugs in particular. The underlying point of the reference in Mr Jenkins' minute is in our view entirely valid - this sort of popular exposure helps staff, including those not concerned with prevention of smuggling, to relate to the Department, and has a positive, though not direct, beneficial effect on morale. This is also true of much other publicity which we court and get from time to time (the next example will probably be a drugs trial nearing completion at the Old Bailey).

9. As it happens, we are preparing a brochure about the Department to mark the tercentenary of the Excise Service in June next year. We are intending that this should be a straightforward, and we trust popular, account of the development of the whole Department from its foundation to the present. It will of course be made available to all members of staff and to all new entrants. We hope that the brochure will help all staff, particularly new entrants, to identify with the Department so as to maintain its tradition of corporate loyalty.

  
L D HAWKEN





Business with J. G. W.  
with possible my talks  
to D. W. - referring  
defining at least  
of reference to my  
earlier comments of the  
CHI procedure



P. J.

Pay:

Re below

I believe we must attack  
> urgent matters to the  
whole pay go, as part  
of a continuous + major  
campaign. Everyone seems to  
be settling back to accept  
the "forecast" savings growth  
of all the time in this year,  
+ so doing for settlements. J.  
Venku @ Noida is v. worried  
all this :- me too

We may have no  
option but the figs. now in

mind for RCB. Everyone knows  
Myin's opinion.

Likewise for a job as a  
the NCS director. But that is  
the two entities in the world  
a 4% loan factor for public bus;  
= (4. this year) with a 6%;  
= comparison of the two, as before.

Get the completion  
needs on board. And  
the proposal for the RPI includes  
the need + the opportunity.

We get by now have  
designed + conducted our own  
presentation (specifically modified for RCB)  
to public bus manager, LACSAB etc  
etc. As we designed one, with RCB  
help for meeting with LAs, so avoid  
a repeat of last year's ~~was~~ airport  
meeting etc etc

Somebody really must  
get a decision made about this

We may be so or which would be  
Logistics of No. 11 building, when  
my work demands on his studies



@ LSE. Remains to  
see how the  
work demands will  
work this out

Chancellor

[A paper is being prepared for the  
30 September cabinet on whether or  
not we should have a pay factor  
in the PES, and if so what it  
should be, and this should  
flush out all the questions in  
AR's para 2. It does not  
seem sensible - or practical - to  
contemplate a separate meeting of  
Ministers on the pay prospect  
before then. See Kelly's Submission  
So far as the L.A.'s are concerned,  
AR is right as to their importance.  
But in the end the employers  
can only be influenced, not forced  
to stick below a certain level. You  
will recall that we regarded this  
as being of sufficient importance  
last year for you to attend the  
meeting (Heseltine had with  
wally awful).

This year's meeting is on  
21 October (or so) and I gather  
you will be invited again. The  
advice from her will be to go.

On a CBI lunch, MQ thinks  
this would be an excellent idea.  
The names in thought of you :-

CBI

Beckett

Frazier

McDonnell

AN other (at their choice)  
(eg Worsley)



Tsq

You

[ Chief Sec  
MST(C) ]

Wass

Quinlan

[and/or T. Burns]

B + Q better > into then W,  
-: we know ok with (better  
than Q?) + B makes the D: did  
not be on so offend W.  
perhaps just one?

Shall we set up such a lunch for  
your return? It wd probably have  
to be during mid - October after the  
party conference (or conceivably 29  
31 September). Jm

RESTRICTED



FROM : THE ASSISTANT PRIVATE SECRETARY

DATE : 10 September 1982

PS CHIEF SECRETARY

cc PS Chancellor  
PS Financial Secretary  
PS Economic Secretary  
PS Minister of State (C)  
Sir Douglas Wass  
Mr Quinlan  
Mr Pearce  
Mr Monger  
Mr Traynor  
Mr Goldman  
Mr Hall  
Mr Mongahan  
Mr Burr  
Mr MacKellar  
Mr Ridley  
Mr Harris

GROUP PRESENTATION OF PAY POLICIES.

PROPOSED TIMES ARTICLE BY A TREASURY MINISTER

The Minister of State (Revenue) imagines that the Chief Secretary's proposed article will draw heavily on the NHS pay Ministerial speaking note, a copy of which was circulated undercover of Mr Monaghan's minute of 7 September.

The Minister has pointed out that that speaking note makes no reference to the rise in NHS pay under this administration compared to the national average or the rise in prices over the same period. He does not know whether such comparisons are favourable to the Government's case but if so he suggests they feature in the piece for the Times.

A handwritten signature in cursive script, appearing to read "J C Milner".

J C MILNER

RESTRICTED





RWP

see page

EXCHEQUER
REC 10 SEP 1982
ACTION Mr Burn
COPIES CS?
SE D Watt
SE A P... ..
Mr... ..
Mr Menger
Mr Traynor

10 DOWNING STREET

From the Private Secretary

10 September, 1982.

2

Dear John,

National Health Service Pay

The Prime Minister has asked me to send to all members of the Cabinet the attached briefing note on NHS pay. Following yesterday's Cabinet Meeting, considerable publicity has already been given to the Government's case on the lines set out in this note. The Prime Minister hopes that each Cabinet Minister and the Junior Ministers in each Department will make as much use as possible of this material in the next few days.

I am sending copies of this letter to the Private Secretaries to the other members of the Cabinet and to Richard Hatfield (Cabinet Office).

Yours sincerely,

Michael Scholar

John Halliday, Esq.,  
Home Office.





BRIEFING NOTE ON NATIONAL HEALTH SERVICE PAY FOR THE  
CHIEF PRESS SECRETARY AT NO.10

1. The Social Services Secretary, Norman Fowler, made an oral report to his Cabinet colleagues this morning.
2. The basic facts underlying the Government's approach to National Health Service pay this year had not changed:

Nurses Pay has increased on average by 61 per cent since March 1979.

Prices rose between March 1979 and March 1982 by 49 per cent.

The nurses paybill has increased by 82 per cent from just under £1½ billion to over £2½ billion pounds. The current offer of 7.5 per cent on average is on top of these improvements. The average earnings of a staff nurse would increase to £6,281 a year compared with £5,842 in 1981/82 and £3,650 in 1978/79. The Government is committed to seeking new long-term arrangements.

Health Service Employment is secure and has grown. 57,000 more staff were employed in September 1981 than in September 1979. Over 41,000 of the increase was in nursing and midwifery staff.

The Cost to the Taxpayer has increased substantially. In 1979 the cost of the health service was about £165 per head. It is now £260. So the health service costs alone of a family of four this year is over £1,000.

Spending on the Health Service has not been cut but significantly increased by this Government. In 1978/79 spending totalled £7.7 billion. Including this years pay awards spending this year will be £14½ billion. Taking account of inflation it has grown by 5 per cent. In 1978/79 health spending was only 4.8 per cent of GDP; it is now 5.5 per cent.



3. The Cabinet agreed that the present pay offers of 6 - 7½ per cent which would cost the taxpayer an additional £420 million this year were fair and reasonable. They noted also that:

Inflation has fallen from 12 per cent in January this year to 8.7 per cent in July. The Chancellor said on 20 July "we think we can get it down to 7½ by the end of this year and perhaps better than that next year."

The Pay Offers are backdated to 1 April this year so that there are substantial arrears of pay if the offers are accepted.

The Unions are preventing any increase in pay by refusing to return to negotiations in the Whitley Councils.



B.

Estimated increases in basic pay, average gross and net earnings  
for selected NHS grades based on current/prospective pay offers for full-time staff

Grade		Basic Pay			Estimated Gross Weekly Earnings			Estimated increase in take home pay (1)
		1981-82	Proposed 1982-83	Proposed Increase	1981-82	Proposed 1982-83	Proposed Increase	
		£	£	£ %	£	£	£	£
Nursing Auxiliary	Min	60.28	64.80	4.52 7.5	72.34	77.76	5.42	3.23
"	Max	77.04	82.81	5.77 7.5	92.45	99.37	6.92	4.12
Student Nurse (1st year)	Min	63.10	67.83	4.73 7.5	69.72	74.95	5.23	3.11
Student Nurse (3rd year)	Max	68.91	74.07	5.16 7.5	76.15	81.85	5.70	3.39
SEN	Min	76.87	82.64	5.77 7.5	90.97	97.80	6.83	4.07
"	Max	92.73	99.69	6.96 7.5	109.74	117.98	8.24	4.91
Staff Nurse	Min	85.34	91.75	6.41 7.5	99.85	107.35	7.50	4.47
"	Max	104.06	111.87	7.81 7.5	121.75	130.89	9.14	5.44
Ward Sister	Min	107.93	116.03	8.10 7.5	123.04	132.27	9.23	5.50
"	Max	138.37	148.75	10.38 7.5	157.74	169.58	11.84	7.05
Senior Nursing Officer	Min	139.62	150.09	10.47 7.5	143.81	154.59	10.78	6.42
"	Max	162.28	174.46	12.18 7.5	167.15	179.69	12.54	7.47
Radiographer (Basic Grade)	Min	87.61	95.49	7.88 9.0	100.75	109.81	9.06	5.40
"	Max	103.73	113.07	9.34 9.0	119.29	130.03	10.74	6.40
" (Top Grade)	Min	177.51	189.94	12.43 7.0	204.14	218.43	14.29	8.51
"	Max	198.24	212.12	13.88 7.0	227.98	243.94	15.96	9.50
Physiotherapist (Basic Grade)	Min	87.61	95.49	7.88 9.0	94.62	103.13	8.51	5.07
"	Max	103.73	113.07	9.34 9.0	112.03	122.12	10.09	6.01
" (Top Grade)	Min	214.51	229.52	15.01 7.0	231.67	247.88	16.21	9.65
"	Max	223.16	238.79	15.63 7.0	241.01	257.89	16.88	10.05

## Notes:

- (1) Increase in gross weekly earnings less National Insurance Contributions at 6.25%, superannuation at 6% and income tax at 30% of increase net of superannuation contributions. Ignores additional National Insurance Contributions payable on existing 1981-82 earnings from April 1982 as these will be offset by reductions in income tax, effective from the same date, as a result of improvements in personal allowances.



Estimated increases in basic pay, average gross and net earnings  
for selected NHS grades based on current/prospective pay offers for full-time staff

Grade	Basic Pay			Estimated Gross Weekly Earnings			Estimated increase in take home pay (1)
	1981-82	Proposed 1982-83	Proposed Increase	1981-82	Proposed 1982-83	Proposed Increase	
	£	£	£	£	£	£	£
Ambulancemen	[See separate brief on ambulancemen (page 17) The proposed new pay structure makes a direct comparison difficult.]						
	%						
Ancillary Staff							
Group 3 men	61.80	65.51	3.71 6.0	100.49	106.52	6.03	3.59
" " women	61.80	65.51	3.71 6.0	82.78	87.75	4.97	2.96
All FT men	64.89	68.78	3.89 6.0	104.17	110.42	6.25	3.72
" women	61.83	65.54	3.71 6.0	84.02	89.06	5.04	3.00
Clerical Officer							
(Age 16) Min	44.28	46.89	2.61 5.9	45.48	48.16	2.68	1.60
Clerical Officer Max	84.27	89.24	4.97 5.9	86.55	91.65	5.10	3.04
Senior Admin Asst Min	128.19	135.75	7.56 5.9	131.65	139.42	7.77	4.64
" " " Max	156.24	165.46	9.22 5.9	160.46	169.93	9.47	5.64
Medical Laboratory Scientific Officers Min	95.08	100.61	5.53 5.8	111.65	118.18	6.53	3.89
" " " Max	134.11	144.16	10.05 7.5	150.68	161.73	11.05	6.58

Notes:

- (1) Increase in gross weekly earnings less National Insurance Contributions at 6.25%, superannuation at 6% and income tax at 30% of increase net of superannuation contributions. Ignores additional National Insurance Contributions payable on existing 1981-82 earnings from April 1982 as these will be offset by reductions in income tax, effective from the same date, as a result of improvements in personal allowances.

20 July 1982 [checked 8/9]  
PIU

THE UNIVERSITY OF CHICAGO  
DIVISION OF THE PHYSICAL SCIENCES  
DEPARTMENT OF CHEMISTRY  
5708 S. UNIVERSITY AVENUE  
CHICAGO, ILLINOIS 60637  
TEL: 773-936-3700  
FAX: 773-936-3701  
WWW: WWW.CHEM.UCHICAGO.EDU

C





(PWP)



FROM: JOHN GIEVE (PWP)  
DATE: 13 September 1982

MR QUINLAN

cc PPS

- Financial Secretary
- Economic Secretary
- Minister of State (C)
- Minister of State (R)
- Sir D Wass
- Mr Le Cheminant
- Mr Gilmore
- Miss Kelley
- Mr Monger
- Mr Kitcatt
- Mr Pearce
- Mr Traynor
- Mr Culpin
- Mr M Hall
- Mr Burr
- Mr A F Morris
- Mr Ridley
- Mr Harris

PAY PRESENTATION TO PUBLIC SERVICES

The Chief Secretary spoke to the Chancellor over the weekend about the coming pay round. The Chancellor is extremely anxious that rapid and effective progress should be made with a CBI-type presentation on pay in the public services and has asked the Chief Secretary to take urgent action to ensure this. The Chancellor suggested, for example, that when Ministers next meet local government representatives they should not have a confrontation over pay but attempt to persuade through a presentation involving slides etc.

2. The Chief Secretary would be grateful for an urgent report on where we stand following the Chancellor's letter of 25 August and advice on what his next step should be.

PP

JOHN GIEVE



13 Sept 82



MR LE CHEMINANT

cc

Chief Secretary  
Minister of State (C)  
Sir Douglas Wass  
Sir Anthony Rawlinson  
Mr Quinlan  
Mr Pearce  
Miss Sinclair  
Mr Gordon  
Mr Burr  
Mr Ridley

## USE OF THE CBI PAY PRESENTATION

Before he went on holiday, Mr Ridley addressed a note to the Chancellor (not copied to all) about a conversation he had with Richard Worsley of the CBI about the prospects for the coming pay round. Worsley had said that he feared that there was unlikely to be any significant further de-escalation of earnings increases, at least on present prospects, and that settlements in the 6-7% zone seem very likely.

2. In the light of this and other evidence, the Chancellor feels we must attach the most urgent importance to the whole pay question, as part of a continuous and major campaign. There is a danger that everyone will settle back to accept the inevitability of earnings growth and earnings at about the same level as this year. This makes it important to ensure that every trick in our hand is used - and in particular that we make the most of the basic material in the CBI pay presentation, and adaptations of it.

3. The Chancellor recognises that we may have no option but to accept as "special" the figures in mind for NCB and for a way out of the NHS dispute. The latter in particular could be seen to imply a 4% pay factor for the public sector, which would be compared with the pay factor for this year. This would be seen to have produced settlements at around 6-7%, with earnings growth correspondingly higher. He knows No.10 shares his considerable concern about this.



4. The competitiveness needs are absolutely crucial in the Chancellors' view, and the prospect for the RPI underlines both need and the opportunity.

5. Before his return in the middle of next week, the Chancellor would like a progress report on the follow up to my minute of 5 August, and Mr Burr's minute of 20 August. He hopes we will by then have designed and conducted our own presentation specially modified from the CBI version for public sector managers, local authority employers and so on. He feels this would be particularly important for the LACSAB presentation referred to in Mr Heseltine's letter of 6 September.

  
P S JENKINS

FROM: P Le CHEMINANT (1-11)  
14 September 1982

CONFIDENTIAL

ASSISTANT PRIVATE SECRETARY

cc PS/Chief Secretary  
PS/Minister of State (C)  
Sir Douglas Wass  
Sir Anthony Rawlinson  
Mr Quinlan  
Mr Pearce  
Miss Sinclair  
Mr Gordon  
Mr Burr  
Mr Ridley

USE OF THE CBI PAY PRESENTATION

Thank you for your undated minute recording the Chancellor's request for a progress report on the use to be made of the CBI pay presentation. This is simply to let you and others know that Mr Quinlan will be pulling the threads together and submitting a progress report to the Chancellor shortly.



P Le Cheminant

CONFIDENTIAL



C  
You asked for this before you  
went away. You'll see  
Mr Quinlan advised against  
a presentation to LACSAB  
but this is now being  
handled on DoE in the light  
of the CST's response.

(mp)

From: M E QUINLAN  
16 September 1982

CHIEF SECRETARY

Good. 23/9

See also \*

cc Chancellor of the Exchequer  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir Douglas Wass  
Sir Anthony Rawlinson  
Mr Le Cheminant  
Mr Burgner  
Mr Gilmore  
Mr Kemp  
Mr Kitcatt  
Mr Pearce  
Mr Hall  
Mr Traynor  
Mr Ridley  
Mr Harris

#### PUBLIC SERVICE PAY PRESENTATION

Mr Gieve's minute of 13 September asks for a progress report on the follow-up to the CBI pay presentation. A similar request was made in Mr Jenkins' recent minute on this subject.

2. Mr Burr's minute of 20 August set out the following programme:
  - (a) A CBI presentation at Centre Point on the lines of the one last year, but for Ministers as well as Permanent Secretaries.
  - (b) A presentation at the Treasury to officials involved in the work of PSP(O).
  - (c) A CBI presentation at the Management and Personnel Office to one of the regular meetings of Establishment Officers.
  - (d) A similar presentation at DHSS to a regular meeting or meetings of Chairmen and the senior officers of Regional Health Authorities.
  - (e) Possible inclusion of the CBI presentation in suitable courses at the Civil Service College.
3. The position on each of these is as follows:
  - (a) The CBI are now arranging this, following the agreement of





other Ministers to participate, in response to the Chancellor's letter of 25 August.

(b) This has been raised and endorsed at a meeting of PSP(O), and we are now only awaiting a date from the CBI on which they can field a presenter.

(c) Mr Le Cheminant is in touch with the Chairman of EOM, the relevant Committee.

(d) The Secretary of State for Social Services said in response to the Chancellor's letter of 25 August that he would like to suspend judgement on the question of showing the presentation to NHS managers until he and his officials had seen the presentation.

(e) We have shown the presentation to Civil Service College course directors and await a formal response from the College on the question of using the presentation in courses.

4. There is also the question of producing a separate presentation modelled on the CBI's but designed specifically for middle and lower management in the public services. This is in hand, and we hope to be in a position to let the Chancellor have a draft scheme for such a presentation shortly.

5. On the timing of that exercise, we have been working on the basis that the time to deploy the presentation would be early in the New Year, since the main public service pay settlements are in April. The intervening period would be used to work up the presentation with consultants in order to achieve a high audi-visual standard.




6. Mr Gieve's and Mr Jenkin's minutes, however, also raise the question of a presentation to LACSAB when Mr Heseltine and other Ministers meet them on 25 October. We have some hesitation as to whether there would in practice be much advantage in speeding up work on a new presentation, possibly at some cost in terms of quality, for the LACSAB meeting. The new presentation is intended for middle management in the public services, who do not generally have any discretion over pay, and where the need is to secure support and understanding for pay restraint rather than to influence the handling of negotiations. LACSAB,




on the other hand, are very much concerned with pay negotiations, in which they have a good deal of experience. What they are looking for from the meeting is likely to be less a matter of guidance on the need for pay restraint and ways in which it can be brought to bear on negotiations, than indications of the Government's own thinking on the appropriate level of pay settlements and on the line which the Government is likely to be taking on pay negotiations for which it is responsible. I believe our most effective course here may rather be to ensure that participating Ministers have a strong and thorough brief from which to speak.

7. There is also the point that the CBI themselves have already had a meeting with LACSAB, although we understand that the CBI decided not to use the audio-visual presentation format. In the wake of this meeting, it might seem awkward for the Government to offer an edited version of the CBI presentation.

8. For the rest, there will be very little activity on the public service pay front until next spring. (The police, of course, have already settled.) The main public sector activity will be in the nationalised industries, with the coal, water, electricity, and gas industries all having settlement dates before next April. The Chancellor has already had a meeting on pay with the Nationalised Industries' Chairmen's Group. You will also be conducting bilateral discussions with sponsor Ministers shortly as part of the Investment and Financing Review, and these discussions will cover pay assumptions and exploration of ways in which those assumptions might be modified. Closer involvement with nationalised industry pay would raise wider questions of policy and the Government's relationship with the industries. The aim has been to leave the respective Boards clearly responsible for the conduct of their own negotiations within the financial framework set by the Government. But there would be no harm in stimulating the CBI to ensure that the nationalised industries, who are CBI members, have received the maximum possible exposure to their pay presentation. If you agree, we will take this up with the CBI, and have an informal supporting word with the NICG.



  
M E QUINLAN





FROM: JOHN GIEVE

DATE: 17 September 1982

MR QUINLAN

cc Chancellor  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir Douglas Wass  
Sir Anthony Rawlinson  
Mr Le Cheminant  
Mr Burgner  
Mr Gilmore  
Mr Kemp  
Mr Kitcatt  
Mr Pearce  
Mr Hall  
Mr Traynor  
Mr Ridley  
Mr Harris

PUBLIC SERVICE PAY PRESENTATION

The Chief Secretary was grateful for your report of 16 September.

2. He is generally content with what is proposed but does not see why LACSAB should not have a full-scale presentation - the fact that it has been adopted from the CBI should not matter in his view. Further, he thinks that an adapted version of the CBI presentation would be much more suitable than the existing presentation for the occasions mentioned in paras 2(b) - (e) inclusive.

JG

JOHN GIEVE





FROM: PS/Minister of State (C)

DATE: 20 September 1982

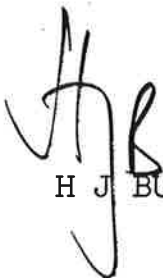
PS/CHIEF SECRETARY

cc PS/Chancellor ✓  
PS/Financial Secretary  
PS/Economic Secretary  
PS/Minister of State (R)  
Sir Douglas Wass  
Sir Anthony Rawlinson  
Mr Le Cheminant  
Mr Quinlan  
Mr Burgner  
Mr Gilmore  
Mr Kemp  
Mr Kitcatt  
Mr Pearce  
Mr Hall  
Mr Traynor  
Mr Ridley  
Mr Harris

PUBLIC SERVICE PAY PRESENTATION

The Minister of State (C) has seen your minute of 17 September and Mr Quinlan's of 16 September.

The Minister of State's preference for the occasions mentioned in paras 2 (b)-(e) of Mr Quinlan's minute is for the CBI text followed by an appropriate commentary (by an official). However, he awaits the draft promised in para 4 of Mr Quinlan's minute.

  
H J BUSH






Could I have a copy of  
x pl?

MSM 20/9

FROM: M E QUINLAN  
20 September 1982

MR TRAYNOR

c.c. Chancellor   
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir Douglas Wass  
Sir Anthony Rawlinson  
Mr Le Cheminant  
Mr Burgner  
Mr Gilmore  
Mr Kemp  
Mr Kitcatt  
Mr Pearce  
Mr Hall  
Mr Ridley  
Mr Harris

PUBLIC SERVICE PAY PRESENTATION

x | We spoke this afternoon about Mr Gieve's minute to me of 17 September.  
I should be grateful if you would now -

- (a) speak to DOE (since the LACSAB occasion is essentially under Mr Heseltine's leadership) and urge on them the view of Treasury Ministers that a special pay presentation would be a good scene-setter;
- (b) continue to work up, with a view initially to the LACSAB date, a presentation drawing as appropriate on the CBI material but optimised for our own purposes and context.



M E QUINLAN





EXCHEQUER

22 SEP 1982

TO	Mr D. Gilmont *
FROM	GR
SUBJECT	FST
	EST

**Management and Personnel Office**  
 Whitehall London SW1A 2AZ  
 Telephone 01-273 } 4400  
 GTN 273 }

S. A. ...  
 ...  
 ...  
 ...

20 September 1982

The Rt Hon Sir Geoffrey Howe, QC, MP  
 Chancellor of the Exchequer  
 HM Treasury  
 Parliament Street  
 LONDON SW1P 3AG

W GILMONT - DMJ  
 W SHARP - HMIS  
 W LAYTON - CCA  
 MI DELLA - COI

\* With Folder  
 e 9 Answer  
 minute.

Dear Chancellor of the Exchequer

COMMUNICATIONS WITH STAFF: HOUSE MAGAZINES

Barney Hayhoe and I have been discussing this subject, most recently in the context of your office's minute to Barney of 9 August. You had seen the booklet "GEC is Working" and wondered whether there were lessons for the Civil Service. We have had a look at the sort of things already on offer throughout the Service: the attached folder will give you a feeling for their diversity, varying standards of presentation and, most important, the variety of their content and message.

When we meet on 27 September it might be useful if you, Barney and I had a further talk about this. I think we may well have something to learn from the GEC magazine but I want to be clear about what we are trying to achieve and then go about it in the most cost-effective way. I have considerable reservations about, for example, a new journal or annual publication which tried to put across the management message for the Civil Service as a whole. The Service is so large and diverse that I doubt we could produce something satisfactory which would be of interest to a broad audience. I think that much of the sort of material you have in mind is likely to become available as a result of the Financial Management Initiative. Perhaps a good way forward would be to take that material - which it will certainly be most important to get across to the staff - and get the salient facts put in an attractive and readily comprehensible form on the lines of the sort of sheet put out by CISCO (sample attached). This could be done for individual departments or, where appropriate, for parts of departments. We should, of course, take care to present a balanced picture by bringing out also the outputs and value added of the staff involved.

In addition, I think there is scope both for encouraging the use of house journals in departments which do not at present have them, in the interests of building a sense of corporate departmental identity (we will need to look at the needs of our own central departments), and also for using house journals to put across elements of the management message periodically, in whatever form seems appropriate. I am asking officials to discuss some of these ideas, in parallel with our own discussions, at the November meeting of Establishment Officers. If there is a generally



favourable reaction, one way forward might be to suggest that editors of house journals should be convened for a one day seminar early in the New Year, to discuss various approaches. We can talk further about these ideas when we meet.

I am copying this to Barney Hayhoe.

Yours sincerely

Douglas Board  
(Assistant Private Secretary)

BARONESS YOUNG

(approved by the Lord Privy Seal and  
signed in her absence)



1914

Received of the Treasurer of the  
Board of Directors of the  
City of New York

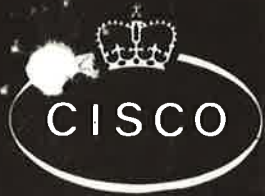
the sum of \$100.00

for the year 1914

for the City of New York

for the City of New York

for the City of New York



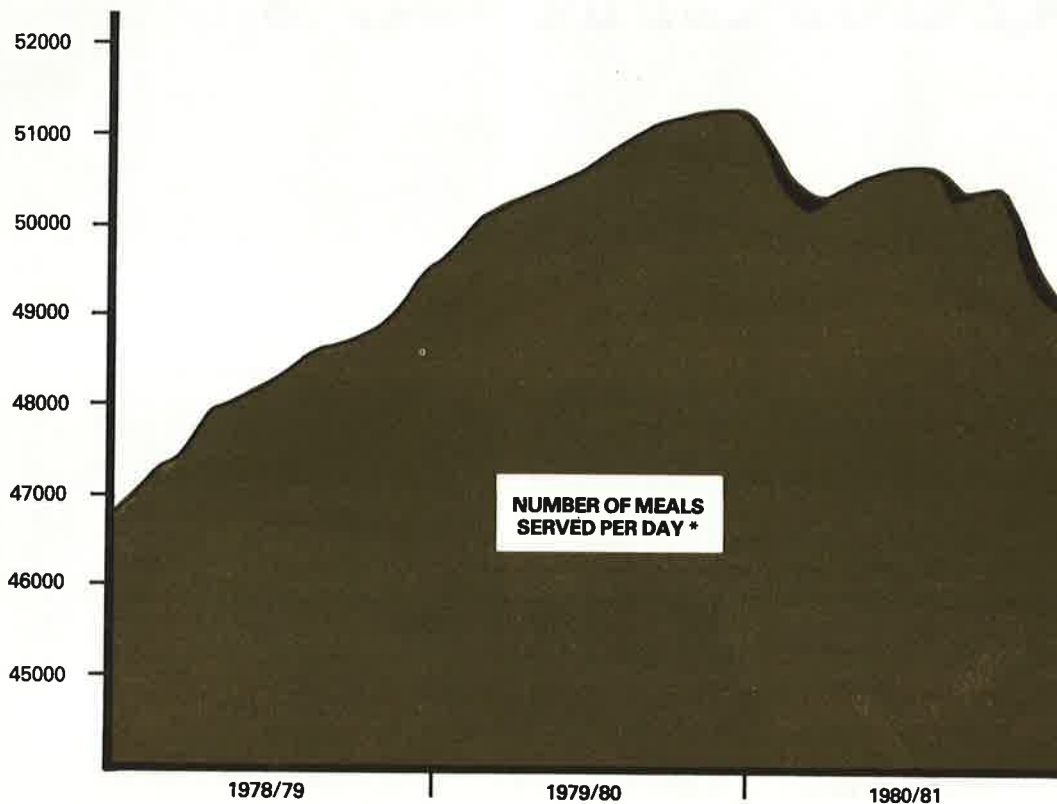
# FOOD FOR THOUGHT



## BALANCING THE BOOKS IN 1980/81



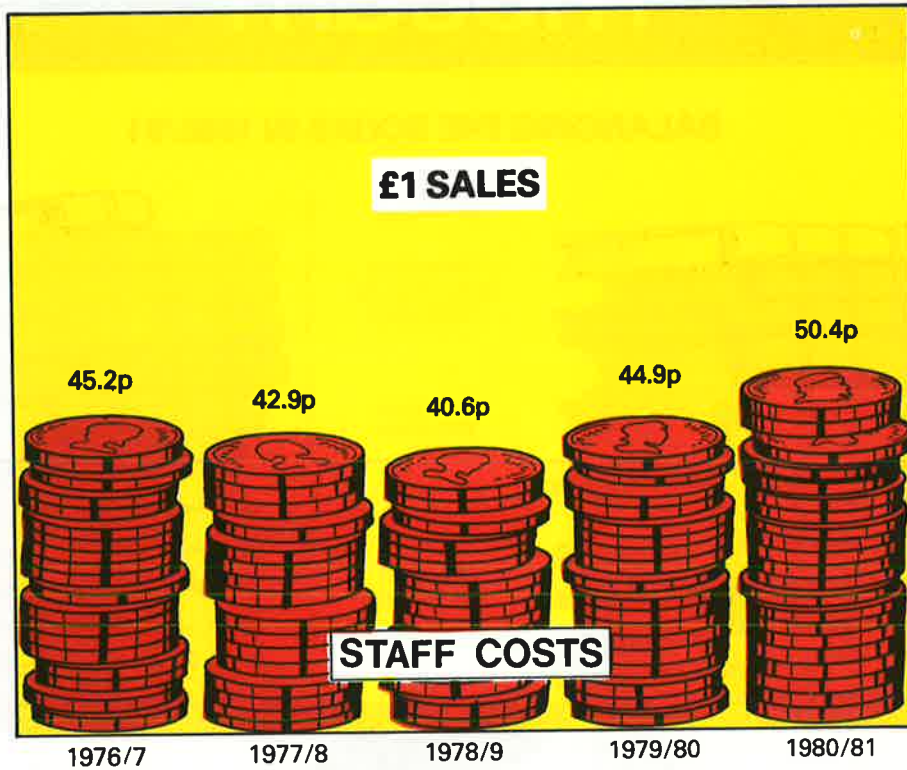
1980/81 was not an easy year for CISCO. Our sales were well below what we expected them to be. Indeed the number of meals we served was considerably lower than in the previous year:-



\* 12 Month Moving Average



Because of this we had to economise on pay costs to avoid making a large loss. Even so these costs are absorbing an increasing part of our sales income, as can be seen from the following chart:-



Did you know that, after paying for our supplies, every extra £1 we get from food sales gives us about 72p towards our pay and other costs? £1 of bar sales gives us 37p, sundries gives 22p and tobacco gives us 12p. (All these figures exclude VAT)

**Food Sales**



Cost of Food 48p	Gross Profit 52p
	Plus percentage from Exchequer 20p
	<b>Total 72p</b>

**Bar Sales**



Cost of Bar Supplies 63p	Gross Profit 37p
--------------------------	------------------

**Sundry Sales**



Cost of Sundries 78p	Gross Profit 22p
----------------------	------------------

**Tobacco Sales**



Cost of Tobacco 88p	Gross Profit 12p
---------------------	------------------

**THAT'S WHY IT'S IMPORTANT TO INCREASE FOOD SALES**





FROM: PS/Minister of State (C)

DATE: 22 September 1982

PS/CHANCELLOR OF THE EXCHEQUER

cc PS/Chief Secretary  
PS/Financial Secretary  
PS/Economic Secretary  
PS/Minister of State (R)  
Sir Douglas Wass  
Sir Anthony Rawlinson  
Mr Wilding  
Mr Le Cheminant  
Mr Watson

NEW TECHNOLOGY

The Minister of State (C) has seen Mr Watson's minute of 17 September and agrees that the co-ordinating role on new technology should formally revert to the CCTA with consequent changes in Ministerial responsibility.

  
H J BUSH





Handwritten initials in a circle, possibly 'MM'.

FROM: MISS M O'MARA  
DATE: 24 September 1982

cc Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Le Cheminant  
Mr Burgner  
Mr Gilmore  
Mr Kemp  
Mr Kitcatt  
Mr Pearce  
Mr Hall  
Mr Traynor  
Mr Ridley  
Mr Harris

MR QUINLAN

#### **PUBLIC SERVICE PAY PRESENTATION**

The Chancellor was interested to read your minute of 16 September to the Chief Secretary giving a progress report on the follow-up to the CBI pay presentation.

2. He is pleased to see from your further minute of 20 September to Mr Traynor that you are suggesting to DOE that a special pay presentation to LACSAB would be a good scene-setter to negotiations. He also agrees that it would be a very good idea to encourage the CBI to ensure that the nationalised industries have been fully exposed to their own pay presentation.

Handwritten signature 'MM'.

MISS M O'MARA

