



CIVIL SERVICE DEPARTMENT

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01 273 4253

Switchboard 01 273 3000

17 July 1981

W L Kendall Esq
Council of Civil Service
Unions
19 Rochester Row
LONDON SW1

Dear Kendall,

Following our recent informal discussions about the position reached in the dispute over Civil Service pay, I have consulted Ministers and am authorised to convey the following to you.

2. The 1981 settlement must be contained within the cash limit of 6%. The Government's offer of 7% was the most that was thought possible without putting the cash limit at risk. The Government has reassessed the position and is able to offer additionally a flat rate increase of £30 per head (consolidated into basic rates). The additional cost amounting to $\frac{1}{2}\%$ on the pay bill would be found by making a further reduction in Civil Service staff costs to the extent necessary to ensure that the cash limit is not exceeded.

3. Throughout the negotiations you have said that a major cause of concern to your members is the procedure for negotiating a pay settlement for 1982 following the setting aside of the Pay Agreement. Both sides will be seeking to reach a negotiated settlement for 1982. I can however now offer you an assurance that in the event of disagreement the Government will accept recourse to the Civil Service Arbitration Tribunal but on the understanding that the Government reserves the right, if necessary, to ask the House of Commons to approve setting aside the Tribunal's award on grounds of overriding national policy.

4. The revised offer in this letter both in respect of 1981 and 1982 is conditional on its providing the basis for an early return to normal working by your members. If it does not do so then the whole offer, including the operative date of 1 April, will be withdrawn.

5. I very much hope that I shall receive an early and positive response to this letter.

Yours sincerely
F G Burrett
F G BURRETT