



PRIME MINISTER

CIVIL SERVICE PAY

I have seen Christopher Soames' minute to you of 20 October. I agree that no point is served by letting the pay research evidence come in. But I am alarmed that it now seems that we shall need to breach the Civil Service Pay Agreement to achieve this objective. This is bound to lead to a row with the unions over a matter of principle which it would have been much better to avoid given the inevitable row over the size of next April's settlement.

It has for some time been appreciated that, in order to avoid accusations of bad faith, it would be necessary to serve formal notice before 1 October under the terms of the Agreement that it would not be operated for next April's settlement; and Christopher Soames' letter to Geoffrey Howe of 17 September made clear that a further letter would be sent to the unions in good time to avoid any possible doubt on this important point. I understand that such a letter was sent on 19 September. Would it not be better therefore, in order to minimise the risk of accusations of bad faith, to seek now to rely on that letter as having given formal notice? If this approach were to be followed, the letter that is now to go to the unions would first confirm that the letter of 19 September constituted formal notice; and would then make clear that the pay research evidence would not be forthcoming.

Copies of this minute go to Christopher Soames and Geoffrey Howe.

Coleman
J D Prior Minister
 Mr Prior agrees on the substance - that the Pay Agreement be suspended - but suggests that we can rely on the letter mentioned at X. But CSD say that letter is not enough, and that formal suspension has to be announced quickly (see *Play A* for further details).
 Can I tell them to go ahead?

X

12
23/10

J P

23

October 1980