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Subject to  
Verder - who will  
pass on PM's approval.

12. 16/7 MS

PRIME MINISTER

CIVIL SERVICE NEGOTIATIONS

Gordon Burrett has reported to me the progress of his negotiations with the unions. He thinks he has persuaded them to accept that the extra 1/2% should be in the form of a uniform sum per head for all civil servants, not weighted towards the lower paid. There are no difficulties about the other elements in the package.

He is now in a position to move very quickly. The union leaders want to consult their Major Policy Committee which meets tonight; and thereafter to put it to Executive Committees of the individual unions tomorrow morning. At that point, our offer would almost certainly become public knowledge. But if the Executive Committees agree to put the offer to their members, the way will be clear for a <sup>formal</sup> full offer, in the shape of a letter from the Lord President, to be sent to the unions tomorrow night. The Lord President has accepted Gordon Burrett's advice that we should tell the unions that they should now consult the Major Policy Committee and Executive Committees; I said that I was sure that you also would want this to move as soon as possible and that I would keep you informed.

If all goes well, therefore, we shall need an agreed letter tomorrow night, and I have asked for a draft for you to see in your Box tonight, on the understanding that it would not go until we had heard that the Executive Committees were not going to make difficulties. This letter will make it clear that the package stands or falls as a whole, and will also refer to the manpower implications.

There is one small further point of which I think you should be aware. It has been normal practice, not only in disputes with the Civil Service but with other industrial disputes, to conclude a separate agreement under which the unions agree not to turn on those who did not support the industrial action and management

/agrees not to

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now attached  
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agrees not to mark the files of those who did. I did warn CSD that you would want to be sure that management would nevertheless have available information about who had taken industrial action, and Gordon Burrett has now assured me that that information will be available from pay records (since those who have taken industrial action have had their pay stopped). On that basis, I hope you will be content: it would be a major new departure for us to refuse this kind of agreement with the unions, and Gordon Burrett has anyway agreed not to include it in the main letter of offer, but to put it in a side letter.

If any difficulties arise in the course of the afternoon, it may be possible for you to have a word with the Lord President after your meeting this evening on evidence for the inquiry.

Jh.

15 July 1981

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DRAFT LETTER FROM MR BURRETT TO MR KENDALL

*Approved -  
excellent letter -  
nt.*

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 Agreements. 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 allow 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

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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.

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