

Ann. Minister *cf J. Hoskyns'*

*No*  
*ms*

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Are you content with these proposals, which we think are sensible?

Ref. A02455

PRIME MINISTER

One point which also needs to be considered is what we say publicly - eg. a statement before the press or in the autumn.

Public Sector Pay Shall I suggest that this be covered in the paper?

The Ministerial Committee on Economic Strategy has now completed its review of the main issues on public sector pay, based on the paper by the CPRS. The only issue outstanding is that of the future of the Review Bodies; the Committee did not have time to discuss the Lord President's memorandum but that is a separable issue, and can wait until after the Cabinet have dealt with the two TSRB reports. *12.*

2. I think that the discussion in the Committee has produced a considerable measure of agreement on the general lines on which it is desirable that the Government should deal with public sector pay issues. But the discussion has been spread over three meetings and has covered a wide range of subjects, and I believe that it would be useful if we were to try to produce a note of recapitulation - a kind of "new readers begin here" - which would attempt to extract from the discussions so far the general conclusions reached and the specific decisions made. That note could be circulated round the Ministerial Committee on Economic Strategy as a basis for further work; or it could be circulated as a report to the Cabinet, if you and your colleagues in E thought fit. *27/6*

*Agreed*

3. But I share the view that has been expressed by Mr. Hoskyns, and by Mr. Ibbs in a memorandum of which I attach a copy, that the discussion so far is only the first chapter. Having set out the broad lines of the Government's approach, we now need to go through the list of forthcoming pay claims and negotiations in the public sector case by case and with numbers, so that the Government can take a view on the tactics by which its strategy will take effect. There is more to this than plotting the Government's own course. As Mr. Ibbs suggests, much will depend upon the attitudes of individual Departments and of managements who have to handle the actual negotiations, and it will take more than a public relations campaign decisively to influence those. They need to get a clear sense direct from the Government of what it is seeking to do and how it is proposing to try and do it.

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4. I think that we shall need to have at least a group of officials from the Departments concerned to pull this work together and report to Ministers, not just in general terms but case by case.

5. I think that we also need to consider how this work should be handled at Ministerial level. I doubt whether it could be done in the Sub-Committee of the Ministerial Committee on Economic Strategy (E(EA)) which has dealt with these questions ad hoc so far. On the other hand I think that E itself is too big, and that this ought to be done in the first instance in a group of Ministers not under your chairmanship, so that you are held in reserve for the issues on which your intervention is essential. I believe that this should be a Sub-Committee of the Ministerial Committee on Economic Strategy under the chairmanship of the Chancellor of the Exchequer; and its membership should include the Secretaries of State for Industry, Trade, Employment, Energy, the Environment and Social Services, and the Lord President of the Council or the Minister of State, Civil Service Department.

No

6. If you agree with the proposals that I have made in this minute, I should like to draw them together in a note, which could be circulated under your name or, if you preferred, as a "neutral" note by the Secretaries, which would both recapitulate the conclusions and decisions already reached and set out the proposals for further work and machinery to do it.

No

No - we are not going to have a Sub-Committee. I would suggest the Tankers' new year.

REA

(Robert Armstrong)

27th June, 1980



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27 JAN 1940

Faint, mostly illegible typed text, possibly a memorandum or report, covering the majority of the page.

(Robert A. ...)

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PUBLIC SECTOR PAY

1. After yesterday's meeting of E Committee I am still anxious lest natural concern with what is desirable and needed means that insufficient attention is given to ensuring that in practice actual settlements are the lowest that can be sensibly achieved. I am referring to the straightforward management of the situation.

2. John Hoskyns is, of course, quite right in pointing out that case-by-case it is necessary to define numerically what level of settlement would be compatible within the desired cash limit and to follow this with assessment of the risks that would be entailed in achieving it. Specific figures are the only basis on which the pay problem can be thought through even though some decisions have to be regarded as provisional.

3. However, in the event, the level of settlements will depend on the attitudes and expectations of the negotiators, the people they represent, and the public generally, and also on sheer negotiating skill. The task of influencing opinion, constructing negotiating positions and sharpening negotiation skills needs to be going on already for the whole series of deals, not just the early ones. Apart from the role of individual Departments there is obviously a central management task and it is not clear to me who does it. As a newcomer I realise that there may be more going on than I appreciate but at the moment I am uneasy.

4. The sort of questions on which I feel the Government needs to be satisfied are:

(a) What is the overall plan of campaign for this wage round and the period which follows - the practical moves not just the targets? Considering a year in isolation is not sufficient as the consequences of staging so clearly demonstrate. Because one settlement influences another and a steady downward trend is likely to be more effective than a series of sudden lurches and setbacks, the main settlements need to be considered as a series as well as individually. The series of principal settlements in the private sector needs also to be taken into consideration. Information for starting this kind of

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campaign planning is contained in the paper which officials recently put to E Committee.

(b) Are negotiating skills of the necessary very high standard available in each individual Department? I realise this question may seem rather offensive but experience suggests that there is usually wide variation. Such variation was certainly indicated by the handling of settlements in the nationalised industries over the past year.

(c) Is the management of each Department systematically creating the right attitudes, expectations and atmosphere? This is quite separate from negotiation and is a matter of continuous education and should include 'worker involvement' in the best sense of that phrase.

(d) Are the overall efforts to influence sufficiently complete and co-ordinated? For example, there needs to be a systematic analysis of all the groups whose views can influence the situation either way and to establish how the favourable ones can be strengthened and the others weakened.

5. What is in people's minds at each negotiation is what will determine the outcome. Getting this right involves a great deal more than just a PR effort. It demands well planned continuous effort and cannot be undertaken at the last moment.

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