

cc Mr. Lushan
Mr. Dyfina

Prime Minister 2

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PRIME MINISTER

CIVIL SERVICE PAY

I am glad to tell you that agreement has now been reached on the PAU 1980-81 pay rates for most of the Civil Service grades.

Three uncertainties, however, remain. First, the two largest Unions (the SCPS and CPSA) need to obtain the approval of their members though their Executives are recommending acceptance. Secondly, the Unions' agreement is subject to the outcome of discussions on staging. Thirdly, settlements have yet to be negotiated for some grades (mainly Science and Professional and Technology (P&T) grades), whose pay research surveys were received late from the Pay Research Unit. Making allowances for the grades whose pay has not yet been settled, the average increase in a full year is 18.75%. This is in line with what Cabinet authorised. You will recall that there is to be a manpower squeeze, and the settlement is to be contained overall within the 14% Cash Limit.

The formal position of the Unions is that they cannot accept staging (which is a breach of the Pay Agreement but is necessary to reconcile the cost in 1980-81 with the 14% Cash Limit). Discussions are now taking place. We shall almost certainly have to impose this on them. We cannot rule out the possibility of some industrial action over staging. But I am reasonably optimistic. (We shall make it clear to the Unions that the new pay rates will not be implemented if industrial action is taking place over staging.)

There may be some trouble later with the Institution of Professional Civil Servants (Science and P&T grades) when their negotiations are further advanced. You will remember our difficulties last year.

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Tb note -
the 18 3/4 % is
at the top end of
settlements this
pay round: a strong
case for redesigning

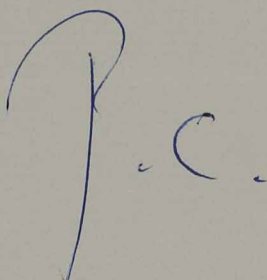
R.

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not
much
warning! ||
R.

There is a Parliamentary Question down for answer tomorrow which should be a convenient way of announcing this. I will report again as soon as possible on the outcome of the staging discussions.

Copies of this minute go to all members of Cabinet and to Sir Robert Armstrong.



PAUL CHANNON
2 April 1980

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