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Dear Nick

CLEGG COMMISSION REPORTS

As promised, I attach the final version of the Government Press statement and background notes for use tomorrow.

We have incorporated the PM's amendment to the statement, and a Treasury amendment, on the PM's suggestion, to the Government Press Officers' brief, and amended the second sentence of the second paragraph on page 2 of the Press Officers' brief, at the Paymaster General's request, to make it clearer.

I am copying this letter and its enclosures to the recipients of my letter of 27 July.

Yours sincerely
Iain Fair

I A W FAIR
Principal Private
Secretary

PRESS NOTICE

PAY COMPARABILITY COMMISSION REPORTS

The Government today published the first reports of the Standing Commission on Pay Comparability, chaired by Professor Hugh Clegg. The reports cover the results of the Commission's pay comparability studies on local authority and university manual workers, National Health Service ancillary staffs, ambulancemen and university technicians. These cases, ^{were} referred to the Commission by the last Government, which undertook, with the parties to the references, to accept the recommendations for rates of pay which the Commission was asked to make for these groups.

The Government has undertaken to honour this commitment and the rates of pay recommended will be implemented on the agreed dates. The Government has, however, made it clear that it will be necessary to consider reductions in public expenditure to off-set the cost of implementing these awards.

NOTES FOR EDITORS

1. The Standing Commission on Pay Comparability was set up in March 1979 to examine the terms and conditions of employment of groups of workers referred to it by the Government, and to report in each case on the possibility of establishing acceptable bases of comparison. In the cases on which the Commission has now reported, it was asked to make recommendations on how the pay of the groups concerned should reflect the results of the comparisons.
2. The Government has already agreed that the Commission should complete its work on other cases referred to it. These include nurses, teachers, local authority craftsmen and other smaller groups.
3. Questions about the content of the reports should be addressed to Mr D Roberts, Office of Manpower Economics, (tel: 405 5944 ext 346).

STANDING COMMISSION ON PAY COMPARABILITY

BRIEF FOR GOVERNMENT PRESS OFFICERS

Functions of the Commission

1. The Commission was set up in March 1979. Its present function is to examine the terms and conditions of employment of particular groups of workers in the non-trading public sector referred to it by the Government, in agreement with the employers and unions concerned, and to report in each case on the possibility of establishing acceptable bases of comparison. In the cases of the groups on which it reports on 1 August, the Commission was asked to make recommendations as to actual rates of pay based on the comparisons.

Government Commitments on pay increases

2. The last Government, in referring the first cases to the Commission undertook certain commitments for the future. The terms of reference of the first groups of workers on which the Commission reports (at Annex A and B), say that the Government has undertaken to accept the recommendations of the Commission, and "in the case of the local authorities the Government undertakes to provide its share of the Rate Support Grant to enable them to implement the recommendations". That was the commitment of the previous Government, made before the May Election. The present Government has undertaken to honour the recommendations of the Commission [Prime Minister on 24 May, Hansard Col 1221]. As to financing any increases recommended by the Commission, the Government has reserved its position. In the Budget Speech [12 June, Hansard Col 246], the Chancellor said :

"On pay in the public services, while we honour the commitments to the universities and the health authorities entered upon by our predecessors, in general we will limit the adjustment of cash limits so that substantial off-setting economies will have to be found. The need for substantial economies applies equally to local authority expenditure we shall take account of pay settlements in calculating the increase orders for the rate support grant, but we shall make a significant across-the-board reduction from the increase so calculated".

The previous Chancellor^{also} made it clear that if pay settlements in the public sector reached unacceptable levels, (he mentioned 15%), there would need to be reductions in the volume of public expenditure which would have severe implications for manpower. [Hansard 25 Jan 1979 Col 756]

Last settlements for the groups covered by the reports

All the groups covered by the reports received settlements equating to 9% on the wage bill from their last annual settlement dates as follows: -

Local Authority manual workers	from	4 November 1978
University manual workers	"	4 November 1978
NHS ancillary staffs	"	13 December 1978
Ambulancemen	"	1 January 1979
University technicians	"	1 October 1978

In all cases it was agreed that any increases resulting from the Commission's recommendations should be paid in two stages, the first half from 1 August 1979 and the remainder from 1 April 1980. A payment of £1 a week on account was made to full-time workers in all these groups, except the university technicians; it was paid from the week including 22 February 1979. The new money due from the recommendations will of course have to be reduced to take account of the cost of the £1 payments on account made up to August 1.

Future of the Commission

The Government intends that the Commission should complete its work on the cases for which a reference to the Commission has been agreed by the Government. It will be reviewing the future of the Commission in the light of its reports. The Government has accepted the agreed arrangements for the staging of the implementation of any resulting pay increases.

The cases for which a reference to the Commission has been agreed are: -

Nurses and Midwives.	Any increases to be staged from	1 Aug 1979 and 1 April 1980
Professions Supplementary to Medicine.	" " " "	1 Aug 1979 1 April 1980
Primary and Secondary School Teachers and Further Education Teachers.	" " " "	1 Jan 1980 1 Sept 1980
Ambulancemen Officers	" " " "	1 Aug 1979 1 April 1980
Municipal Airport manual workers	" " " "	1 Aug 1979 1 April 1980
British Waterways Non-manual Staff	" " " "	1 Sept 1979 8 Sept 1980
Local Authority Craftsmen (except Engineers)	Various staging arrangements.	

Other questions

Questions about the content of the Commission's reports or its method of operating should be addressed to Mr D Roberts, Office of Manpower Economics, 22 Kingsway (405 5944 ext. 346).

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