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PRIME MINISTER

cc Mr Hoskyns  
Mr Ingham

Civil Service Pay Dispute: Last Stages

The Lord President held a meeting this evening to review the position after a day of intense negotiations with the unions; I was present, together with senior officials. There are no points arising on which a decision from you is needed; but a number of matters of which you should be aware.

Gordon Burrett reported that, after considerable prevarication, the position of the unions on the new package is now as follows:

willing to put the offer neutrally to their membership:

IPCS, FDA, Prison Officers, Radio Operators, CPSA  
Inland Revenue Staff Federation (who reversed their position this afternoon)

unable to decide until Tuesday:

Civil Service Union (messengers and cleaners; expected to fall in with the majority)

opposed, and will recommend their members to reject:

Society of Civil Servants (executive grades)

On this basis, Gordon Burrett recommended that there was a sufficient basis for the letter you approved last night to be issued as soon as possible. Although the Society's executive is opposed to the package, its membership will probably accept it; and anyway they would clearly be outnumbered on the Council of Civil Service Unions. Bill Kendall is clear that the offer will be accepted after the consultation period. Gordon Burrett's advice was accepted.

In parallel to these negotiations, the CSD have been negotiating a 'back to work agreement', along the lines I described in my note you saw last night. That will be discussed with the unions tomorrow morning, and it will be made clear to

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them that we will not make a formal offer until they have agreed it. The letter containing the formal offer should therefore be issued around lunchtime tomorrow and will be made public at the same time.

Background briefing for the media has been prepared, which makes it clear that the Government has won without actually saying so. This will be made available to Press Officers when the letter has issued; but neither Lord Soames nor Mr. Hayhoe think it necessary to give radio or television interviews.

It is of course clear from the offer that if it is rejected both the new offer and the operative date will be withdrawn. If by any chance one union held out against the offer, it would be for consideration whether to put it into effect for the others; but the Lord President would consult you under such circumstances.

The background briefing will make it clear that there will have to be further reductions in manpower costs to accommodate the extra half per cent and that Departments will be instructed accordingly. The Lord President does intend to send the minute to this effect which was circulated at Cabinet on 9 July.

Ministers have already agreed that the industrial civil servants will also have to be offered an extra half per cent; but Lord Soames is now inclined against alignment of the industrials' pay date with the rest of the Civil Service, which would have involved offering them three-quarters of what the non-industrials got. I have asked his Private Secretary to clear his lines on this, since I think until recently the consensus of Ministerial opinion was that we should go for alignment. This point may need to come to you separately: the balance of advantage seems in favour of alignment.

Finally, there is the position of the senior civil servants covered by the TSRB. Lord Soames is aware of your preference to give them whatever the rest of the Civil Service gets, but because what is now proposed is an additional lump sum, which would after tax be trivial for senior civil servants, and because

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of the position of the non-civil servants also covered by the  
TSRB, he has concluded, with Sir Ian Bancroft's agreement, that  
it would be best not to offer Under Secretaries and above an  
extra £30.

John Vereker

16 July 1981

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