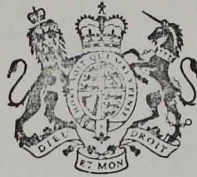


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*cc: D. Wolfson  
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*Home Affairs*

c.c.	LCO
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10 DOWNING STREET

From the Private Secretary

3 September 1979

Inner London Magistrates' Courts Staff

The Prime Minister held a meeting at 2230 this evening to discuss the inner London magistrates' courts staff dispute. The Home Secretary, the Chancellor of the Exchequer, the Lord President and the Secretary of State for Industry were present. They had before them as background your letter of 31 August.

The Prime Minister said that the settlement for the magistrates' courts staff in inner London should either be on the same basis as the settlement for the magistrates' courts staff outside London, or else it should be on a similar basis to the settlement for the civil service industrials. At present, the unions appeared to be asking for the best of both worlds.

The Home Secretary explained that he would very much have preferred the settlement to have been on the same basis as for staff outside London. But the unions had refused this, and although his long term aim was to arrive at a negotiating procedure which would put the inner London staff on the same footing as the staff outside London, the only possibility of a settlement in the current round was something on the lines of the terms which the negotiators had already agreed. This involved 9% + £1 from 1 July; a further 5% from 1 October; and a reference to a working party which would make specific recommendations as to the timing and amount of a final stage. He well understood that a settlement on these lines could cause difficulty for the Lord President insofar as the second stage was more favourable in terms of timing than the second stage for the civil service industrials. Contrary to the earlier advice which he had received, which had been that he could only veto the terms of a settlement, he was now advised that he could modify them. Although there was a substantial risk that any such modification would be unacceptable to the unions, he was prepared to insist that the second stage be advanced to 1 November so as to bring it into line with the civil service industrials. He was also prepared to reserve the Government's position totally on the recommendations of the working party in respect of the third stage. If in the event the working party recommended a final award more favourable than Clegg in respect of the outer London staff, he would veto it.

/In discussion,

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In discussion, it was argued that it would have been far better for the inner London staff's case to have been referred to Clegg. There was a clear risk that, on the Home Secretary's formulation, the working party's recommendation would be unacceptable, and that there would be strike action in January. However, given that the unions had resolutely refused a reference to Clegg and that the Home Secretary had no way of vetoing the setting up of a working party, the approach suggested by the Home Secretary represented the best way forward. On the other hand, when it came to considering the recommendations of the working party, it would be necessary to consider not only the amount but also the timing of the third stage: if the working party recommended a third stage payment in January (as seemed most likely), this would have to be vetoed since it would be more favourable by three months than the third stage payment for the civil service industrials.

It was agreed that the Home Secretary should authorise a settlement on the following basis:

- i. 9% + £1 from 1 July.
- ii. 5% from 1 November without any clawback.
- iii. The Home Secretary would state that he wished to make it clear that he completely reserved his position in respect of the working party's recommendations for the third stage.

I am sending copies of this letter to the Private Secretaries who were in receipt of your letter of 31 August.

T. P. LANKESTER

J.A. Chilcot, Esq.,  
Home Office.