



PRIME MINISTER

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Minister of State

The Rt Hon Sir Keith Joseph Bt MP  
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*This is not good news.*

*Content, subject to the views of  
colleagues, that CSD should resist*

*28* November 1979

*this attempt by the IPCS?*

*Ken Keith*

*Yes - we just  
can't accept  
old demand.*

*MS  
28/xi*

You will remember the protracted dispute in which we have been engaged with the Institution of Professional Civil Servants over the 1979 pay review for Civil Service Professional and Technology staff. This has now taken a new turn which could bring further industrial action.

At a meeting with me last Friday Mr McCall, the General Secretary, stated that if negotiations on the 1979 claim broke down (which then seemed very likely) he would wish to proceed as speedily as possible to arbitration. This was what we had earlier agreed. He then made clear, however, that he wished to couple the reference on the 1979 claim with another on a claim for an allowance for all P&T staff to run from 1 July 1978 to 31 March 1979. That claim was submitted by the IPCS in January this year; it was rejected in February by the previous Administration as being incompatible with its pay policy.

Clearly there are very considerable difficulties over agreeing to a claim of this kind. It would cost some £24m for the Civil Service and the controlled fringe bodies alone. To that must be added a substantial sum for the National Health Service and the Northern Ireland Civil Service. Moreover at no stage in all the long negotiations on the 1979 claim under this Administration has that earlier one been referred to. Nor was it mentioned at the earlier hearings before the Civil Service Arbitration Tribunal in September.

The previous Administration refused to allow the CPSA and the SCPS to take their 1 April 1978 pay claims to arbitration. They had to settle within the 10% pay norm. The National Staff Side were also refused free arbitration on the 1978 London Weighting claim for the Civil Service. The IPCS had their full share of the 1978 10% settlement. This revived claim therefore amounts to asking for a much larger settlement for that year than any other group received. The other public service unions may well try to re-open their 1978 claims if we allow the IPCS to go to arbitration on this issue.

*Must* | Therefore I believe that we should refuse to allow arbitration on the 1978 claim as we cannot re-open past settlements. If the IPCS mean what they say about tying this old claim to the 1979 one, it may well be, despite their earlier undertaking (and the binding terms of the Civil Service Arbitration Agreement), that they will refuse to go to arbitration on the 1979 claim. This may be their real objective - to avoid defeat at arbitration while placing the blame on the Government for the 1979 claim not having gone to arbitration.

The timetable on all this is critical. We have only until the end of next week to establish whether or not we are going to arbitration and to submit the cases to the Tribunal. Otherwise there can be no hearing until February and the IPCS would seek to blame the Government for this delay. We will need to plan very carefully but very quickly how the Government's case can best be presented to public opinion at large and to the staff.

Meanwhile I think that we must let the IPCS have our reply to their proposal on Friday of this week at the latest. I should be grateful therefore to hear by Friday morning at the latest whether you or other recipients of this letter have any reservations on what I propose - namely to refuse to allow them to go to arbitration on the 1978 claim. We are able to do this under the established system on the grounds of policy. We will of course urge that the Institution go to Arbitration on the 1979 claim but they may refuse to uncouple the two issues. We would then have to consider whether to refer the 1979 claim unilaterally. This would also cause problems and I will write to you again about this should this seem a possibility.

I am sending copies of this letter to the Prime Minister, Francis Pym, Jim Prior, Michael Heseltine, Geoffrey Howe and Sir Robert Armstrong.

PAUL CHANNON

*ans,*  
*Paul*