

cc Mr Vereker
Mr Ingham
Mr Wolfson

PRIME MINISTER

Firemen's Pay

As agreed this morning, Mr. Heseltine's letter went out to the Local Authorities and Mr. Whitelaw got in touch with them separately to try to persuade them to postpone the negotiating meeting which was set for tomorrow afternoon. The Local Authority Associations refused to do this, and Mr. Whitelaw accordingly asked them to come to a meeting at the Home Office this evening.

The outcome of the meeting is extremely disappointing. Both of the Associations said that they were not prepared to postpone tomorrow's negotiating meeting, and they seemed determined to stick to their proposed offer of 18.8%. None of the arguments put forward by Mr. Whitelaw apparently persuaded them to think otherwise. The Local Authority Associations are meeting again amongst themselves tomorrow morning to finalise their tactics for the afternoon meeting, and it is just possible that they may have a change of heart; but Mr. Whitelaw believes that this is unlikely.

I do not think there is anything more we can do to influence the employers at this late stage - it is a pity we did not move in on them earlier. If there is a settlement at 18% plus, we will have to do our best to isolate it by saying that the figure is totally unjustified by what the local authorities can afford and is unfair to other local authority employees, etc. But I fear considerable damage will have been done.

3 November 1980

John R. [Signature]
for T. P. LANKESTER.