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CC(81) 17th
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 30 APRIL 1981
at 10.00 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the Home Department

The Rt Hon Lord Carrington
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon Lord Soames
Lord President of the Council

The Rt Hon John Nott MP
Secretary of State for Defence

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Francis Pym MP
Chancellor of the Duchy of Lancaster
and Paymaster General

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon Peter Walker MP
Minister of Agriculture, Fisheries and
Food

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Humphrey Atkins MP
Secretary of State for Northern Ireland
(Item 6)

The Rt Hon John Biffen MP
Secretary of State for Trade

SECRET

The Rt Hon David Howell MP
Secretary of State for Energy

The Rt Hon Mark Carlisle QC MP
Secretary of State for Education and
Science

The Rt Hon Norman Fowler MP
Secretary of State for Transport

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr M D M Franklin (Items 2 and 3)
Mr P Le Cheminant (Items 4 and 5)
Mr R L Wade-Gery (Items 2, 3 and 6)
Mr W N Hyde (Item 1)
Mr D J L Moore (Items 4 and 5)
Mr L J Harris (Item 1)

CONTENTS

Item	Subject	Page
1.	PARLIAMENTARY AFFAIRS	1
	Fuel Duties	1
	Public Processions	2
2.	FOREIGN AFFAIRS	
	Namibia	3
	Lebanon	3
3.	COMMUNITY AFFAIRS	
	Proposed Council on Unemployment	4
	Sales of Cereals to the USSR	4
4.	CIVIL SERVICE PAY	5
5.	TOP SALARIES, ARMED FORCES AND DOCTORS' AND DENTISTS' PAY REVIEW BODIES' REPORTS	5
6.	NORTHERN IRELAND AFFAIRS	6

LIAMMENTARY
AIRS

1. The Cabinet were informed of the business to be taken in the House of Commons during the following week.

Duties

THE CHANCELLOR OF THE EXCHEQUER said that during the Committee Stage of the Finance Bill that afternoon he intended to announce the Government's intention of reducing the increase in the duty on diesel road fuel (derv) announced in his Budget Speech from 20p to 10p a gallon, at a revenue cost of about £80 million in the current year. He would also be announcing a concession on the duty on hydrocarbon oil used for heating horticultural greenhouses. The Commission of the European Communities were taking action against the Dutch Government in relation to their existing subsidy for such costs, but had agreed that in the meantime other member states might take any necessary counter-vailing action to ensure that their own horticultural interests were not disadvantaged. The cost would be £5½ million, of which £2 million would be met from the vote of the Ministry of Agriculture, Fisheries and Food. Both changes would have effect from 1 August 1981. He hoped that these concessions would be sufficient to secure the support of the majority of those Government backbenchers who had been threatening to vote against the proposed increases in the duty on both petrol and derv, thus enabling the Government to defeat amendments which sought to reduce the 20p increase in the petrol duty.

THE CHIEF WHIP said that from soundings he had taken with the Chancellor of the Exchequer's agreement it seemed likely that about a dozen of the Government's own supporters would still vote for a reduction in the 20p increase in the petrol duty and a few others might abstain or not be present in the House that evening. On the basis of the proposed concessions, it should, however, be possible to defeat any amendments on the petrol duty, though with a low majority. Rumours were circulating in the House of Commons that the proposed reduction in the increase in the derv duty would be financed from cuts in capital projects. This could clearly be damaging to the Government, and it was desirable that these rumours should be countered as firmly as possible.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet noted that a group of Scottish Members of Parliament had prepared a paper about the differential pricing policy of the oil companies, which imposed heavy premia on the prices charged for petrol and derv in rural areas, and at some service stations, particularly those on motorways which were monopoly suppliers. This was a matter of commercial policy, but it would be presentationally helpful if the Government could be seen publicly to have expressed their concern to the companies. The Cabinet noted that the Secretary of State for Energy had seen the Members of Parliament concerned and was already committed to discussing the matter with the industry. The Chancellor of the Exchequer should now consider with the Secretary of State for Energy whether and in what terms it would be appropriate to refer to this during the relevant debate on the Finance Bill.

The Cabinet -

1. Took note.
2. Invited the Chancellor of the Exchequer to consider, in consultation with the Secretary of State for Energy, what he should say in the House of Commons that afternoon about a possible Government approach to the oil companies on the effect of their present pricing policies.

Public
processions

THE SECRETARY OF STATE FOR EMPLOYMENT said that about 100 Labour Members of Parliament had assembled outside the Department of Employment that morning to protest against the continuing rise in unemployment. This appeared to be a prelude to the planned demonstration in and march from Liverpool by the "right-to-work" campaign and also to be part of the Labour Party's protest against the general ban on public processions recently imposed in London and some other parts of the United Kingdom.

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Soviet Union to intervene. The underlying problem was that the Syrians wanted to take over the Lebanon, whose separate existence they had always disliked; while the Israelis for their own security reasons were not prepared to see this happen and preferred a continued state of uncertainty. The Lebanese Government were almost powerless and the country had in effect been partitioned. There was little that the United Nations force in the south could do; and the Syrians, with other Arab support, were opposed to further international action, eg of the kind recently suggested by the French, whose motives the Syrians distrusted. It was the French who had originally detached the Lebanon from Syria; and they had always championed the interests of the Lebanese Christians. The Americans meanwhile were doing their best to calm things down and had appealed to the Soviet Union to co-operate. British representatives were urging caution in the relevant Middle Eastern capitals.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS
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proposed
Council on
employment
...
previous
reference:
(81) 15th
conclusions,
page 3

3. THE SECRETARY OF STATE FOR EMPLOYMENT said he would shortly be visited by the Dutch Minister for Social Affairs about the proposed Joint Council of Finance, Economic and Employment Ministers on the unemployment problem of the European Community (EC). The Dutch would suggest that adequate preparations could not be made to hold the meeting during their Presidency and that it should be held under the British Presidency towards the end of the year. While such a meeting would be unlikely to produce positive results, expectations would inevitably be built up by the media. The Community would be heavily involved in discussing budget restructuring later in the year, and Heads of Government would be meeting in London at the end of November. Neither the United Kingdom Government nor the French and German Governments had any enthusiasm for such a meeting, but they were committed to it by decisions of the European Council. He would discuss with the Chancellor of the Exchequer and the Foreign and Commonwealth Secretary what line he should take with his Dutch colleague.

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... USSR
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... previous
... reference:
(81) 4th
... conclusions,
... page 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the United States Government's recent decision to abandon the embargo on grain sales to the Soviet Union following the invasion of Afghanistan had in fact been taken because of commitments given during the Presidential election campaign. There was bound to be some disillusionment with United States foreign policy, and the Japanese in particular, who had supported United States policy, now felt let down. The EC would see no option but to follow suit, and the Commission had already decided to re-establish export restitutions for sales of cereals to the Soviet Union. This would be welcome to the French Government, which was anxious to sell 600,000 tons of wheat.

In a brief discussion it was noted that the grain embargo had not been particularly effective, since the Soviet Union had secured supplies indirectly through eastern Europe. This experience was another to add to the long history of ineffective economic sanctions, and would be bound to influence consideration of any suggestion for similar policies in the future. It was now likely that there would be a race among cereal suppliers to sell to the Soviet Union, and at current world prices the EC would not be able to do so without an element of subsidy. It would nevertheless be cheaper for the EC to export than to keep the cereals in store. The decision to export wheat to the Soviet Union was not one over which the British Government could exercise a veto. As regards exports of butter, the Commission did not intend to reinstate export restitutions because stocks within the EC were low.

The Cabinet -

Took note.

4. The Cabinet heard an oral report from the Lord President of the Council on the current situation in the Civil Service dispute and on the position following his recent meeting with the Civil Service unions. The Cabinet's discussion and conclusions are recorded separately.

5. The Cabinet considered memoranda by the Lord President of the Council (C(81) 17), the Secretary of State for Defence (C(81) 19) and the Secretary of State for Social Services (C(81) 18) and a note by the Secretary of the Cabinet (C(81) 16) on the Top Salaries, Armed Forces and Doctors' and Dentists' Review Bodies' Reports. The Cabinet's discussion and conclusions are recorded separately.

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NORTHERN
IRELAND
AFFAIRS

Previous
reference:
(81) 16th
conclusions,
page 1

6. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that Mr Sands, the newly-elected Member of Parliament for Fermanagh and South Tyrone, was now in the 61st day of his hunger strike at the Maze Prison. He remained lucid and able to talk, but his eyesight was failing and he was now so weak that if he continued to refuse food and medical attention he was unlikely to live more than a few days. He had consistently made clear, both orally and in writing, that he did not wish to be treated medically. Nevertheless, if he went into a coma, the doctors would revive him once, provided that his relatives so wished; and this would give them a final opportunity of asking him if he would accept treatment. On the other hand, it was quite possible that he would now die of heart failure without losing consciousness first. From the Government's point of view it would be preferable to move him from the prison to an outside hospital before he died. In order to avoid possible accusations of contributing to his death, however, that could be done only on the basis of medical advice. At present the doctors' view was that, unless he required and would accept positive medical treatment, there was no case for moving him from the prison hospital where he could be well cared for. But he would be moved if he had to be revived from a coma.

Meanwhile the Pope had sent one of his Private Secretaries, Father Magee, an Ulsterman, to visit Mr Sands. He himself had seen Father Magee, who had made clear that he had not come to negotiate or to mediate but to convey to Mr Sands the Pope's urging that he should abandon the hunger strike. Mr Sands had refused to do so, though he had offered to suspend it if the authorities would start negotiations with him on his demands for special status. It had been made clear that such negotiations were impossible, and Father Magee had neither expected nor requested them. Father Magee, who was currently in Dublin but expected to return to Belfast, had also seen the other three hunger strikers in the Maze and urged them to desist. In their case it was possible that his appeal might have more effect. One of them, Mr Francis Hughes, had gone on strike two weeks after Mr Sands but one week before the others, but was now considerably weaker than Mr Sands had been at the same stage, and might well die not long after Mr Sands unless he desisted.

Mr Sands's condition had led to rioting in Northern Ireland, particularly in Londonderry, where about 100 youths had been involved each night. The security forces had responded magnificently, showing great patience under violent provocation and using only the minimum of force themselves. So far they had succeeded in containing the incidents and isolating the trouble spots; and the Royal Ulster Constabulary, who were now much stronger and more professional than in earlier crises, were reasonably confident that with the Army's help they could continue to keep the situation under control, although some military reinforcement of the Province (eg with a spearhead battalion) might be temporarily necessary.

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He himself and the Chief Constable were keeping in close touch with community leaders and others in a position of responsibility. But there was considerable public unease, particularly in Belfast, with each community afraid of attack from the other if Mr Sands died. The Provisional Irish Republican Army (PIRA) were energetically fomenting such fears. Mr Sands himself was now largely discredited in the eyes of the local Catholic community, after failing to take advantage of the opportunities for ending his strike which had been successively offered by his election to Parliament, by the visit of three members of the Dublin Parliament, by the action taken by the European Commission for Human Rights, and by Father Magee's appeal. International interest was intense, and nearly 400 foreign journalists were at present in Belfast.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet fully endorsed the measures which the Secretary of State for Northern Ireland had taken and offered him their whole-hearted support at a time of such particular difficulty. Although Father Magee had very correctly said nothing to the Press, it was helpful that he was widely known to have urged Mr Sands and his associates to end their hunger strike. The decline of support for Mr Sands among the minority community was also an important factor, particularly as regards international opinion, although it might be minimised by Press representatives who preferred sensationalism. The Home Secretary would give further consideration to the possibility of reminding the broadcasting authorities of the need for extreme care over any reporting which might prove inflammatory. The threat of renewed PIRA violence in Britain should not be played up; but signs of it were already evident and Ministers should bear in mind the need for special precautions particularly as regards letter and parcel bombs.

The Cabinet -

Took note.

Cabinet Office

30 April 1981

CABINET

LIMITED CIRCULATION ANNEX

CC(81) 17th Conclusions, Minute 4

Thursday 30 April 1981 at 10.00 am
-----CIVIL SERVICE
PAYPrevious
reference:
CC(81) 16th
Conclusions,
Minute 2

THE LORD PRESIDENT OF THE COUNCIL said that at his meeting with the Council of Civil Service Unions on 23 April he had made it clear that an increase in pay of 7 per cent was the most that the Government could afford within the cash limits for 1981-82; and he had told them that for 1982 the Government would enter pay negotiations without a pre-determined limit on the cost of the settlement, and that for the longer term the Government was not prepared to return to the existing Pay Agreement but would be willing to set up an authoritative independent inquiry to advise on a new system for determining the pay of the non-industrial Civil Service. The Council had written to him in reply to the effect that 7 per cent in 1981 was inadequate, that the assurances for the basis of negotiations in 1982 were insufficient, and that for the later years the right course was a joint review of the Pay Agreement rather than an independent inquiry. It was unlikely that the union leaders would make any further moves until the Civil Service union conferences in May were over. He recommended that the Government should not, before the end of these conferences, increase the pressure on the unions to reach a settlement. To try to do so could encourage militant opinion in the unions to use the opportunities of the conferences to press for increasing industrial action and then to blame the Government for provoking this. In the meantime, the Civil Service Department would consider with other Departments what further pressures could be put on the unions after the conferences and what further incentives might be offered to secure a settlement. In particular, consideration should be given to the possibility of giving an indication to the unions, and to the Civil Service at large, that the Government could not indefinitely be committed to back-dating the 7 per cent increase to the settlement date of 1 April 1981. In the meantime, public opinion seemed to accept that the Government had made a reasonable offer to the unions, both for 1981 and as a basis for agreeing on acceptable arrangements for the future. No doubt this could change to criticism of the Government if the dispute were to continue for too long and if the inconvenience to the public were to increase. The contingency plans for dealing with the present action were working satisfactorily.

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THE CHANCELLOR OF THE EXCHEQUER said that traffic was not being seriously held up by action by the Customs and Excise, and that about 80 per cent of Value Added Tax revenue was still being received. The problems of industrial action were greater in the Inland Revenue; 70 per cent of revenue was still being received, but it would be difficult to increase this flow. The total net effect so far on the Central Government Borrowing Requirement (CGBR) was about £2¼ billion, and this would lead to a sharp increase in the April figures both for the CGBR and for the money supply. These effects would, however, be unwound in due course, and in the medium term there would be no significant effect on the Government's economic strategy.

THE SECRETARY OF STATE FOR TRADE said that, although the air traffic controllers were no longer civil servants, they remained members of the Civil Service unions. Most airports had been affected by industrial action by the controllers, and this could be intensified over the coming Bank Holiday by action at the London airports. If this were to happen, he would publicly condemn the action.

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that industrial action was beginning to affect the preparation of records of National Insurance contributions for the purpose of dealing with applications for benefits. The problems could be contained, provided that industrial action did not continue for more than about three weeks. He was encouraged by the skill with which managers in his Department had kept their staff substantially employed even when computers were out of operation. Any threat not to backdate the 7 per cent increase to 1 April would be liable to lose the goodwill of the more senior staff who were working under stress to maintain the service.

THE SECRETARY OF STATE FOR SCOTLAND said that industrial action was affecting the Sheriff's Courts in Scotland, and that it might be necessary for him to propose urgent legislation to extend the time limits for action in civil cases. The Government was specially vulnerable to industrial action by civil servants in Scotland because so many of its activities were dependent on one central computer. Once the dispute was over consideration should be given to means of reducing this vulnerability and to the desirability of reversing the policy of civilianisation in the police and the Ministry of Defence.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that, until the conferences of the Civil Service unions were over, the Government should not seek to raise the level of their response to the industrial action in the Civil Service. The Lord President of the Council would, however, consult other Ministers concerned on ways in which pressures could be brought to bear upon the situation after the conferences. When the dispute was over the Secretary of State for Scotland should consider, in consultation with

other colleagues concerned, whether and how to reduce the vulnerability which resulted from dependence on a single central computer in Scotland. It was not possible to reverse the process of civilianisation of armed forces and police functions without major implications for the cost and control of armed forces and police numbers. The Lord President of the Council and the Chancellor of the Exchequer should reach agreement as soon as possible on the fact sheet which they had undertaken to circulate to Ministers for use when meeting representatives of unions in their own Departments and in public discussion of the dispute.

The Cabinet -

1. Took note with approval of the Prime Minister's summing up of their discussion,
2. Agreed not at this time to raise the level of the Government's response to the industrial action in the Civil Service.
3. Invited the Lord President of the Council, in consultation with the other Ministers concerned, to consider what pressures could if necessary be brought to bear upon the situation after the union conferences, with the aim of bringing the dispute to an end.
4. Invited the Secretary of State for Scotland, in consultation with other Ministers concerned, to review the scope for reducing the vulnerability which resulted from dependence on a single central computer in Scotland.
5. Invited the Lord President of the Council, in consultation with the Chancellor of the Exchequer, to circulate urgently a list of facts from which Ministers could draw in discussion with the unions and with the public on the present industrial dispute.

Cabinet Office

1 May 1981

CABINET

LIMITED CIRCULATION ANNEX

CC(81) 17th Conclusions, Minute 5

Thursday 30 April 1981 at 10.00 am

TOP SALARIES,
ARMED FORCES
AND DOCTORS'
AND DENTISTS'
PAY REVIEW
BODIES REPORTS

The Cabinet considered a memorandum by the Lord President of the Council (C(81) 17) on the Top Salaries Review Body (TSRB) Report No. 16, a memorandum by the Secretary of State for Defence (C(81) 19) on the Tenth Report of the Armed Forces Pay Review Body (AFPRB), and a memorandum by the Secretary of State for Social Services (C(81) 18) on the Doctors' and Dentists' Review Body (DDRB) Report for 1981. They also had before them a letter of 27 April from the Lord Chancellor to the Chancellor of the Exchequer on the salaries of the judiciary, and a note by the Secretary of the Cabinet (C(81) 16) covering the reports of the three Review Bodies.

THE PRIME MINISTER said that, in considering the recommendations of the three Review Bodies, the Cabinet would need to take account of the recommendations for the pay for Members of Parliament (MPs) and for Ministers which they had considered on 9 April (CC(81) 15th Conclusions, Minute 5) and of the pay settlements being sought by the non-industrial Civil Service and by the nurses and other National Health Service (NHS) groups. The problem was one of achieving a defensible consistency of treatment between this wide range of different groups in a situation where past decisions had left each with a different starting point and where each group would be looking across at the treatment afforded to the others.

THE LORD PRESIDENT OF THE COUNCIL said that, in their Report No. 16 on the pay of senior civil servants, senior officers of the Armed Forces and the higher judiciary, the TSRB made no new salary recommendations for 1981 but urged the Government to implement in full, and as soon as possible, the rates recommended in 1980 in their Report No. 14. That implied an average increase of 12 per cent, which could not be justified when many groups in the public sector were settling at around 6 to 7 per cent. He recommended that there should be a 7 per cent increase on the salary bill for the TSRB groups, in line with the settlement proposed for the non-industrial civil servants. The TSRB had not put forward any proposals on how an amount of 7 per cent might be distributed between the Civil Service and the Armed Forces' grades concerned, but they had made proposals, set out in their Chairman's letter of

28 April to the Secretary of the Cabinet, on the distribution of the award for the judiciary. Limiting the increase to 7 per cent in 1981 would add to the problems which were building up for the following year, when the TSRB would be making recommendations on the basis of a fundamental review of salary levels which they were now starting; allowing for the 5 per cent short-fall which still remained on their 1980 recommendations, and for inflation in the meantime, that could well result in recommendations next year in the order of 20 per cent.

THE LORD CHANCELLOR said that, although he remained deeply concerned over the problems of recruitment to the judiciary, he accepted that they should be awarded increases averaging 7 per cent in 1981 and distributed as recommended by the TSRB.

THE SECRETARY OF STATE FOR DEFENCE said that the AFPRB, which dealt with the combatant ranks up to and including Brigadier, had recommended increases averaging 10.3 per cent gross and 9.4 per cent net when increased charges for food and accommodation were taken into account. These increases were net of a deduction for the value of Armed Forces pensions which had been increased to 11 per cent. Although they would be higher than those proposed for other public sector groups, the Government was firmly committed to implementation of the recommendations of the AFPRB. The relatively higher increases could be justified on the grounds that the Armed Forces, like the police but unlike other public sector groups, did not go on strike.

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that the DDRB Report recommended increases close to 9 per cent across the board, though a proposed recoupment of over-payments in previous years to dentists would reduce the overall increase in the pay bill in 1981-82 to 8.3 per cent. Other NHS groups, including the nurses, would expect increases comparable to those for the doctors and dentists. If the DDRB Report were to be accepted, and similar increases were conceded for other NHS groups, the cost for the NHS as a whole would be about £200 million more than the provision in the cash limits; excesses of this order could be offset only by making very substantial cuts in services. He recommended, therefore, that, with the aim of securing pay settlements within the cash limits, for the NHS groups as a whole, the doctors and dentists should be offered increases averaging 6 per cent, with some small margins to ease the problem of securing recoupment of the earlier over-payments to the dentists. Although the doctors and dentists were unlikely to take industrial action, they would undoubtedly object strongly; the junior hospital doctors in particular might once again withdraw from the present arrangements for pay determination. It was possible that the Review Body would resign. To ease these difficulties, he recommended that the Government should announce its decisions on all three of the Review Body Reports at the same time, and explain the basis for its decisions and the reasons for the different levels of

increase awarded. It would be helpful if, before these decisions were announced, the Prime Minister could explain them to the Chairman of the DDRB. He (The Secretary of State for Social Services) would also wish to explain the decisions in confidence to the General Secretaries of the British Medical Association (BMA) and of the British Dental Association (BDA) and to inform representatives of the professions of the Government's decision on the day of the announcement.

THE CHANCELLOR OF THE DUCHY OF LANCASTER AND PAYMASTER GENERAL said that, on 13 June, MPs and Ministers would receive the third and final stage of the increases which the TSRB had recommended for them in their Twelfth Report in 1979 as modified by the Government in 1980. In the case of MPs this increase would be of 11.9 per cent. He and the Lord President of the Council had recommended, in C(81) 13, that in addition MPs should receive a further 6 per cent which would give a salary of 18.7 per cent above that now in payment. MPs would deeply resent any move to confine their increase to the implementation of the third stage of the 1979 award, and he strongly recommended that the further uprating of 6 per cent should now be approved. In addition, the Review Body had been asked to advise on the up-dating of Parliamentary allowances in the usual way.

In discussion there was general agreement with the recommendations of the Lord President of the Council, the Secretary of State for Defence and the Secretary of State for Social Services on, respectively, the proposals in the Reports of the TSRB, the AFPRB and the DDRB, and the following points were made:-

- a. Although the total increases proposed for MPs and Ministers could be justified, on the grounds that 11.9 per cent resulted from deferment of increases from earlier years, they would be represented by critical commentators as 18.7 per cent for MPs and Ministers at a time when the public sector generally were being called on to settle at 6 or 7 per cent. The increase could well make it more difficult to persuade the civil servants to settle for 7 per cent, and would be seized on by militant opinion, particularly if it were announced while the Civil Service union conferences were still in progress. It would also encourage the other groups covered by the TSRB and by the DDRB to challenge the Government's decisions on their pay. There was, therefore, a case for confining the increase to 11.9 per cent. On the other hand, the proposed total of 18.7 per cent could be explained and defended, and it was desirable to avoid a long-running argument in Parliament over MPs' pay.

b. The fact that the average net award by the AFPRB was 9.4 per cent could enable the Government to point out that the settlement was within single figures. Care should, however, be taken in deploying this argument, since nurses and junior doctors living in and paying for hospital accommodation could then be encouraged to point out that their net increases were well below the 6 per cent gross now proposed for them.

c. Although the Government was firmly committed to implementation of the recommendations of AFPRB Reports, it would become increasingly difficult to defend this by comparison with the decisions taken on the pay of other groups; particularly if the problems of recruiting and retaining armed forces personnel were to ease and when many civil servants, who were declining to strike for settlements in excess of 7 per cent, were working alongside Service personnel who had been given higher increases.

d. It would be preferable to avoid bringing the methods of settling the pay of the police into the present public debates on the pay of other groups, but this could not wholly be avoided in the case of ambulancemen who were claiming parity of treatment with other emergency services.

e. It was public knowledge that the three Reports had now been submitted to the Prime Minister and the expectation would be that they would be published by around the middle of May. Some of the Civil Service union conferences would still be in progress then, and the announcement of the Government's decisions would undoubtedly affect the line being taken on the proposed settlement of 7 per cent for the non-industrial Civil Service. The acceptance of the AFPRB Report would encourage the Civil Service to continue to press for more than 7 per cent, although the level of the Armed Forces' award might be less than they had been expecting. The decisions on 6 per cent for the DDRB groups and of 7 per cent for the TSRB groups would, however, underline the Government's resolve to settle at 7 per cent for the Civil Service generally. There might be a case for deferring the announcement of the increase for MPs on the grounds that it was based on considerations different from those applying to the other groups and that a further report from the TSRB was expected shortly, on the other hand it was probably preferable to deal with all the Review Body groups at the same time.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed with the recommendations of the Lord President of the Council, the Lord Chancellor, the Secretary of State for Defence and the Secretary of State for Social Services for the pay increases in 1981 for senior civil servants, senior officers in the Armed Forces, the judiciary, the rest of the Armed Forces, and the doctors and dentists. This decision would enable the Secretary of State for Social Services to continue to seek settlements for the other National Health Service groups, including the nurses, consistent with the 6 per cent pay factor in the NHS cash limits. The Cabinet further agreed that the three Reports should be published simultaneously in the middle of May, the precise timing depending on how quickly the Reports could be printed and on advice from the Lord President of the Council in the light of the timetable for the Civil Service union conferences. She would announce the Government's decisions in the House of Commons on the day the Reports were published. In the meantime she would meet the Chairman of the DDRB to explain to him the reasons for the Government's decisions on the pay of the doctors and dentists; before the Reports were published the Secretary of State for Social Services could inform the General Secretaries of the BMA and of the BDA in confidence of the Government's decisions. The Cabinet would decide at their next meeting whether the pay of MPs and of Ministers should be increased by a total of 18.7 per cent as proposed by the Lord President of the Council and the Chancellor of the Duchy of Lancaster, and whether this decision should be announced at the same time as those on the three Review Body Reports. She would arrange for the TSRB to be invited to submit their recommendations on Parliamentary allowances as soon as possible.

The Cabinet -

1. Agreed that the pay of the senior civil servants and senior officers in the Armed Forces covered by the Top Salaries Review Body should be increased by 7 per cent from 1 April 1981.
2. Agreed that the pay of the higher judiciary should be increased from 1 April 1981 by 7 per cent on average and distributed as recommended by the Top Salaries Review Body in their Chairman's letter of 28 April to the Secretary of the Cabinet.
3. Agreed to accept the recommendations of the Armed Forces Pay Review Body in their Tenth Report.
4. Agreed that the pay of the groups covered by the Doctors and Dentists Review Body should be increased by 6 per cent from 1 April 1981, subject to some small adjustment for dentists within the National Health Service cash limit.

SECRET

5. Invited the Secretary of State for Social Services to continue to negotiate with a view to settlements for other National Health Service groups within the provision in the National Health Service cash limit.
6. Agreed that the reports of the Top Salaries Review Body, the Armed Forces Pay Review Body and the Doctors' and Dentists' Review Body should be published simultaneously in the middle of May, and took note that the Prime Minister would announce the Government's decisions on the recommendations in the Reports on the same day as the Reports were published.
7. Agreed to consider further the level of increases in 1981 in the pay of Members of Parliament and of Ministers and whether their decision on these increases should be announced at the same time as those on the Reports of the three Review Bodies.
8. Took note that, before the Reports were published, the Prime Minister would meet the Chairman of the Doctors and Dentists Review Body to inform him of the Government's decision on the pay of doctors and dentists.
9. Agreed that, before the reports were published, the Secretary of State for Social Services should inform the General Secretaries of the British Medical Association and of the British Dental Association in confidence of the Government's decisions on the pay of doctors and dentists.

Cabinet Office

1 May 1981