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PRIME MINISTER

Current Pay Issues

Because the pay scene has been dominated in the last two weeks or so by the civil servants and ambulancemen, you may find it helpful to have this note of the other public sector pay issues which are active.

Local Authority White Collar Workers

There is some good news here. NALGO, representing 630,000 local authority white collar workers, are recommending acceptance of the employers' offer of 7.5 per cent. The danger lay in the fact that this group still have unilateral access to arbitration, which if used would certainly make it harder for the Civil Service unions to settle. We expect the membership will accept the unions' recommendation.

Police and Firemen

The police and firemen have settlement dates early in the next pay round - 1 September and 7 November respectively - and the continuation of their links between pay rises and the average earnings index is therefore an important issue. The Home Secretary has been asked to bring a paper on the police index linking to E(PSP) as soon as possible: the case for special arrangements for dealing with police pay is clear, but it is likely that an indexed settlement would be around 14 per cent, for a group which already has no difficulty in recruitment, which would be a very bad start to the new pay round. In the case of the firemen, index linking was removed earlier this year, but following the local council elections the employers may well be prepared to restore it. This will also be brought to E(PSP) shortly.

/ Nurses

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Nurses

The nurses are now considerably overdue for their settlement of 1 April; Mr. Jenkin will be putting a paper to E(PSP) on the longer-term arrangements for settling nurses' pay, and our objective must be to persuade them to accept 6 per cent this year without prejudicing subsequent settlements.

Nationalised Industries

Most of the nationalised industry settlements are now behind us: the difficult ones remaining are British Rail, for whom an arbitration decision will be announced early next month, and London Transport, who are in the process of extracting increased offers out of the new GLC.

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19 June 1981

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