

Civil Service

Prime Minister (2)

16/2

PRIME MINISTER

cc Mr Hoskyns  
Mr Ingham

CIVIL SERVICE PAY NEGOTIATIONS

You will have seen that the unions reacted unfavourably to the pay offer made to them this morning. Mr Kendall, apparently considerably annoyed at the fact that - for a change - the Government side had managed to monopolise most of the press, described the offer as "ludicrous, inept, stupid and offensive".

I am told that the unions were initially amazed at what they were being offered, and adjourned the meeting. When they returned, they made it clear that they did not want any further negotiations, and wanted to go straight to arbitration. Peter Le Cheminant is trying to encourage them to a third meeting, possibly with Mr Heyhoe, but they may well refuse. No great harm will be done if they do, because our own commitment to genuine negotiations is clear.

It is too early to say how the offer has gone down with the staff; ~~but~~ I am told of 3 spontaneous walk-outs in DHSS local offices, but there has been no mass protest.

J. VEREKER

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