

CONFIDENTIAL



*Exec PA  
CCTV*

*Prime Minister*

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

*MUS 31/3*

*P.A.*

A handwritten signature in blue ink, appearing to be 'M.S.' or similar.

PRIME MINISTER

PAY

We shall have to take quick decisions in a short space of time on a large number of complicated and closely-related public service pay matters towards the end of April.

2. The award of the arbitration tribunal on the non-industrial Civil Service pay claim will be central. I expect to receive this by about 23 April. We shall need to make our decisions about it known soon after the award - probably within not much more than a week. Delay would not only create problems with the Civil Service. It would tempt other public service groups, such as the local authority white collar workers, to press for settlements at the level of the award; and if such settlements were concluded they could well restrict our own freedom of manoeuvre.

3. I understand that the arbitration award to Scottish teachers may be available by late April or early May; presumably much the same timing will apply in England and Wales. The question of overriding either or both awards could arise. We shall therefore need to take our decisions on the Civil Service with an eye on the possibilities in the teachers' cases.

4. The main NHS group will be negotiating at much the same time: their settlement dates fall at the beginning of April.

CONFIDENTIAL



Again, we shall need to keep an eye on the possible interactions.

5. The reports of the three pay review bodies (Top Salaries, Armed Forces, and Doctors and Dentists) are likely to be presented to you around Easter. They will raise difficult questions in themselves, and as they affect the matters mentioned earlier in this minute. The paper to E(PSP) by the Secretary of State for Defence on the AFPRB is relevant; and our decisions on that may in turn raise questions about the future of the police pay system, which I understand is being studied by the official side of the policy pay negotiating body.

6. I shall be minuting you and the other Ministers most closely concerned in more detail about the specific issues. But I would ask all our colleagues to bear in mind the need both to do everything possible to bring home to public opinion the need for pay moderation, and to bear in mind the implications for the current pay negotiations and prospective arbitration hearings of any decisions they may take and of any guidance they may give - for example, to nationalised industries. An obvious example is the pay award for MPs and Ministers and our response to the recent Select Committee report. An early indication of the Government's view could help to influence the climate in which the various arbitration awards are received.

7. I am sending copies of this minute to the other members of Cabinet and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G.H.'.

(G.H.)

30 March 1982