

PRIME MINISTER

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Just arrived this morning

MUS 6/5

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## PUBLIC SECTOR PAY

We are to decide on Thursday the dates for announcing the Government's response to the reports of the Armed Forces Pay Review Body, Civil Service Arbitration Tribunal and Doctors' and Dentists' Review Body, plus our response to the Top Salaries Review Body report. We have not of course come to a firm decision on the TSRB report and I would like to suggest that we should postpone any decision here.

A very early announcement of a TSRB decision would be embarrassing in a number of ways. It would certainly inflame matters with the ancillaries and other groups we are trying to hold to 4 per cent. The nurses are at present being balloted by the Royal College of Nursing (RCN) on an offer of 6.4 per cent. That could be similarly affected, and the outcome of the ballot prejudiced. Similarly the doctors and dentists might be influenced in their response to our decision on the DDRB report.

As you know, my priority is to seek to secure a settlement with the nurses, and in the meantime we have little option but to withstand any industrial action by the other NHS staff groups. During this period, when tension in the NHS is bound to be increasing however hard we try to keep the temperature down, any announcement of substantial pay increases for the TSRB groups would have adverse effects.

My proposal would be to defer for some 5 or 6 weeks a decision both on final details of our reaction to the TSRB recommendations and on the time of any announcement. At that point I suggest that we should review the position and consider whether to go ahead or whether some further delay would be helpful. I believe that this sort of delay on a TSRB report is not unprecedented, and doubt whether it would cause serious difficulty with the groups concerned.

I am sending copies of this minute to other Cabinet colleagues, to the Chief Whip and to Sir Robert Armstrong.

N F

5 May 1982



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COMPLETION