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Treasury Chambers, Parliament Street, SW1P 3AG  
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PRIME MINISTER

CIVIL SERVICE PAY : IMPROVEMENTS IN OTHER CONDITIONS OF SERVICE

As you will recall, the pay offer we originally made to the non-industrial Civil Service included a number of proposals for improvements in other conditions of service, which were not covered by the subsequent terms of reference to the Civil Service Arbitration Tribunal. We agreed to consider them further when the results of arbitration were known.

2. Now that we have accepted the CSAT award on basic pay and annual leave, we need to decide what action to take on these other proposed improvements. They were:-

(a) An increase of 5 per cent in allowances for skill and responsibility. This affects about 26,000 staff and costs about £2 million. In the past increases in these allowances have moved in line with the average increase in pay under the related pay settlement. If we were to follow precedent the level of increase would be 5.9 per cent. But this would cost an extra £0.4 million, and I consider we should not go beyond what we have offered.

(b) Increases of about 11 per cent in existing allowances paid to qualifying Executive Officers on ADP work, and a new allowance of £500 a year for Higher Executive Officers. In each case, the allowances would also, where appropriate, be paid above the maximum of the pay scale. This affects about 4,000 staff, and costs about £1 million.

The sum is so small it is not worth arguing about. Let the matter be 5.9%.



(c) Replacement of luncheon vouchers given to staff under 19, by a cash allowance of £1.20 a week. This would yield administrative savings, and would have no net cost. The necessary administrative changes, including the extension of the arrangements to industrial staff, whose pay settlement is not due until 1 July, could not be completed until later in the year.

(d) Advances for the purchase of season tickets, to be repaid by deduction from pay in the financial year in which the advance is made. This does not count against cash limits, but there is an estimated cost of £1 million in interest foregone.

3. I believe that we should go ahead now with these. The cost is small and the ill-will which the withdrawal of these offers would cause would be quite disproportionate. Moreover they are in line with our management requirements and were drawn to the attention of the CSAT on that basis. They may well have taken them into account in fixing their award even though it was made clear that we were not formally committed to them.

4. We also said at the time of the pay offer that we would be prepared to seek to negotiate a group discount scheme for staff wishing to undertake private medical insurance at their own expense. The possibilities are at present under discussion with the medical insurance companies without commitment. We can consider the position on this again when the discussions have been completed.

5. Subject to any comments from my colleagues, I propose to authorise my officials to confirm to the Council of Civil Service Unions that we are ready to go ahead with the improvements described in paragraph 2. The cost would of course have to be

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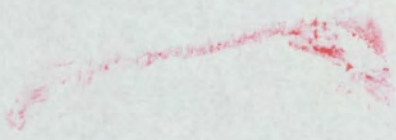
absorbed in the manner we have already agreed for the general pay settlement. Unless I hear to the contrary from colleagues by close of play on Tuesday 1 June I will assume concurrence.

6. I am copying this to Cabinet colleagues and to Sir Robert Armstrong.

G.H.

26 May 1982

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