



~~Prime Minister~~

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sent by PM

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PRIME MINISTER

PUBLIC SERVICE PAY

At this morning's meeting of Cabinet, we decided to announce on late Friday afternoon the provision we intend to make for public service pay in 1983-84.

- ... 2. I attach a draft of the statement I propose to release.
3. I should draw attention to two particular points:
- (a) the statement says, in terms, that the pay factor does not apply directly to local government. We shall have a separate opportunity to give a clear signal to the local authority negotiators, at a meeting which has been arranged between them and Ministers on 25 October.
  - (b) The statement does not apply to the National Health Service. As we agreed this morning, it will be premature to say anything about this in present circumstances.
4. I am sending copies of this minute to all members of Cabinet and to Sir Robert Armstrong.

L.B.

LEON BRITTAN  
30 September 1982

## DRAFT PRESS NOTICE

## PUBLIC EXPENDITURE PLANNING AND PAY

As is usual at this time of year the Government is reviewing its plans for public expenditure. The conclusions of the review will be announced later. As part of the process of reaching final decisions on the cash total for each programme for 1983-84, it is necessary to make an assumption about pay. A decision has now been taken to include in programmes provision for average increases in earnings of 3½% from due settlement dates in the coming year.

2. This decision relates to those groups for which the Government is directly responsible other than the NHS. A decision about health service expenditure will be taken later.

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 3. It does not cover the local authorities or the nationalised industries, which are not within the Government's direct control, but they will be constrained respectively by the Rate Support Grant proposals and by External Financing Limits.

4. The decision concerns the provision to be made in the public expenditure plans for the pay of the groups concerned. It is not a forecast of, or a decision about, the settlements which the Government expects to reach. It is not a pay norm. Each negotiation will be considered on its merits.

## NOTE FOR EDITORS

A similar announcement about the provision for pay in 1982-83 was made on 15 September last year. The corresponding figure for 1982-83 was 4 per cent.