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MS

PRIME MINISTER

PAY

You may care to be aware of the important pay issues that are coming up before Christmas and the action I have taken to try to influence the climate.

The issues are:

NHS - ballot results and delegate conferences leading up to the expected decision day, December 15.

Civil Service - pay conferences of Civil Service unions to decide on their mandate (December 6-10) leading up to a meeting of the unions in the week beginning December 13 to try to adopt a common position.

Local Authority Manuals - a key negotiation for the public services; offer below 4% is expected on December 9.

Nationalised Industries - waterworkers consulting in December on an all-out strike, depending on progress at ACAS.

- B/Rail; Government's response to Serpell inquiry due early in December will condition the industry's prospects.

All these issues will be affected by other events. Unfortunately the expected further substantial fall in the Index of Retail Prices will not be published until December 17.

Meanwhile, the fall in the £ is not helping to damp down expectations on inflation. Nor has the Sunday Times report of 15% pay rises for nationalised industry chairman helped. (This issue has unaccountably not produced much follow-up but there is plenty of dynamite around in the 17 settlements reached so far).

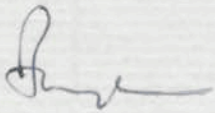
Mr Tebbit's consultative document on further trade union reform could also affect the climate.

At a meeting of Chief Information Officers this morning we decided to:

- try to let sleeping dogs lie on Nationalised Industry Board pay; when asked to comment we shall emphasise the extent to which the salaries have been held down in the past; and the spread of

settlements which is inevitable with a policy of paying only enough to recruit and retain good management;

- brief the different specialist groups of journalists on the Government's approach to nationalised pay as set out in the Chancellor's notes for sponsor Ministers of November 19;
- encourage Ministers to hammer home the need for much lower settlements in 1983;
- all of us to bring out the need to improve our competitiveness which can only be further damaged, along with jobs, by any relaxation in the drive for lower pay settlements.



B. INGHAM

23 November 1982