

CONFIDENTIAL

Prime Minister 2

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JF3280
Secretary of State for Industry

22 April 1983

The Rt Hon Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

Dear Geoffrey,

NATIONAL GIROBANK - PAY

The pay review date for the National Girobank is 1 July.

2 I have just heard from the Chairman of the Post Office that serious negotiations on this year's pay round for clerical staff, representing 80% of the Girobank's employees, are likely to begin in about a week's time. Mr Dearing has in mind that the limit to which he should go for these grades, and I stress this is not his opening bid, is for an increase of almost 4½% on the basic rate, plus a further contribution of 1½% maximum from a funded productivity deal. Kenneth Baker has seen Ron Dearing and Sam Wainwright, Managing Director of Girobank, and made it clear that although he appreciated that the opening offer would be a lot lower, he saw no reason why the final overall settlement should exceed the main Post Office settlement agreed last week of 5½%. He said that he thought the Giro proposal high in view of Giro's general rates for the grades concerned.

3 Mr Wainwright said that he could foresee major difficulty in settling at this figure, but Mr Baker underlined the need for a low final settlement and the parallels in the Civil Service settlement of 4.85%. He also sought, and received, assurances that the productivity deal would only result in payment if actually earned.

4 Copies of this letter go to the Prime Minister, members of E Committee, George Younger, Sir Robert Armstrong and John Sparrow.

Your ever
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Public Sector Pay