



Treasury Chambers, Parliament Street, SW1P 3AG
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10 February 1983

Mrs M Brown
Private Secretary to the
Lord Privy Seal
Management and Personnel Office

Dear Mary,

CIVIL SERVICE PAY NEGOTIATIONS

As you know the first meeting with the Civil Service Unions about their pay claim for 1983 takes place tomorrow. The meeting will be exploratory and we shall be making no offers. At the same time we need to get our general reaction to the claim firmly on the record and I enclose for information a copy of the draft Press Notice we have prepared for this purpose. It will be issued as soon as the meeting with the Unions is over - probably around midday. This text will also form the basis of a General Notice to staff which, with the cooperation of departments, we hope to get into the hands of all civil servants as soon as possible after the meeting.

I am copying this letter to the Private Secretaries of the members of MISC 66, Michael Scholar (No.10) and Richard Hatfield.

Yours sincerely,

Margaret O'Mara

MISS M O'MARA
Private Secretary

DRAFT PRESS NOTICE

CIVIL SERVICE PAY NEGOTIATIONS OPEN

A first meeting took place today between representatives of the Council of Civil Service Unions and the Treasury at which the 1983 pay claim for the non-industrial Civil Service was discussed. The representatives of the Unions explained the basis of their claim which is for:-

- a. A minimum wage for all staff aged 18 and over of £85 a week outside the London Weighting zones. At current rates of London Weighting the corresponding figures for the outer London zone (5-18 miles from Charing Cross) would be about £95 a week and for central London about £110 a week;
- b. a flat rate pay increase of £12 a week for all staff earning up to £6264 a year on 'national' salaries (and correspondingly higher figures in the London area);
- c. a 10 per cent increase for all staff receiving national salaries of up to £9758 a year (again with correspondingly higher figures in the London area) coupled with "substantial" increases above this level; and
- d. a reduction in "conditioned" hours of work from the present 41 gross in London and 42 gross elsewhere to 35(net) (equivalent to 40 hours gross) across the country.

2. Commenting on the claim for the Treasury, Peter Le Cheminant, Deputy Secretary in charge of Civil Service pay, said it could only be described as utterly unrealistic. Conceded in full it would cost the taxpayer over £700 million a year and add more than 16 per cent to the wage bill: and this in a situation where the

Civil Service generally had little or no difficulty in recruiting and retaining staff at all levels.

3. Moreover, much of the Unions' claim was founded on arguments about relative wage and price movements since 1980. But these arguments had already been deployed in great detail to the Civil Service Arbitration Tribunal in 1982. In so far as it was sensible to look backwards at all, the starting point could only be the Tribunal's award in 1982 which both sides had accepted. It was relevant that since then the rate of inflation had fallen dramatically. As the Government had frequently emphasised it was in the national interest for pay settlements to be below the level of inflation so as to provide a sound basis for economic recovery.

4. Finally, the Treasury emphasised, the Unions claim largely ignored the report of the Inquiry into Civil Service pay (the Megaw Inquiry) published last summer. This made it clear that there was no single "right" level for Civil Service or any other salaries. The market threw up a wide range of pay for jobs of comparable weight and the appropriate levels of pay in any organisation were the joint product of pay bargaining and the employers' management need to recruit, retain and motivate staff. Both sides were now in negotiation with a view to seeing whether a new pay agreement could be constructed on the basis of the Megaw findings. A successful outcome of those negotiations would provide a new framework of fact within which Civil Service pay bargaining could take place. In the absence of such a framework it was inevitable, as the Unions themselves acknowledged, that individual pay settlements should be reached on an ad hoc basis.

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