

CONFIDENTIAL



Prime Minister

AT 10/10

cc Chief Secretary  
Mr Middleton  
Mr Bailey  
Mr Anson  
Mr Kemp  
Mr Wilding  
Mr Pearce  
Mr Mountfield  
Mr P Davis  
Mr N J King  
Miss Sinclair  
Mr Traynor  
Mr Tuson  
Mr Corcoran

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

7 October 1983

The Rt Hon Michael Heseltine MP  
Secretary of State for Defence  
Ministry of Defence  
Whitehall  
London SW1A 2HB

CIVIL SERVICE "SINGLE OUTSIDE ANALOGUE" GRADES

We need to decide how we treat in the present pay round the pay of the "single outside analogue" (SOA) grades in the Civil Service. There are about 20,000 non-industrial and industrial civil servants (over half in your department) whose pay has in the past been directly or indirectly linked to specific outside, mainly public sector, pay rates. The most important groups are Ministry of Defence police, the merchant seamen in the Royal Fleet Auxiliary, nurses in the special and state hospitals, teachers, firemen, agricultural workers, and printers.

We agreed that these pay links should in the main continue to operate during the 1982/83 pay round. We cannot decide on our general policy for the future until we have taken our thinking further on longer term pay arrangements, post Megaw, for the civil service generally, although it may well turn out to be sensible to continue the existing arrangements for most, at any rate, of these grades. In those few cases where the present arrangements appear to be unsatisfactory, we are already carrying out special reviews of them. I have also had separate correspondence with colleagues concerned with the special cases of Government farm and forest workers.

I therefore suggest that the right course would be to continue in general with the present arrangements for a further year. The number of staff involved is relatively small; applying these settlements during the past year cost very little more than the general pay increases agreed for the rest of the Civil Service would have done; and most of them follow public service settlements which we already directly control or

CONFIDENTIAL



influence.

The first group of civil servants who would expect to settle in this pay round are the departmental police, principally those in your department. Maintaining the presently agreed level of link with the pay of the civil police (in line with the recommendations of the Wright Committee which we accepted in 1979) would require an 8.4 per cent increase for those below the rank of Superintendent and 7.7 per cent for Superintendents and Chief Superintendents.

I shall be glad to know that you and other colleagues are content with this general approach (and with the specific proposals for the departmental police); I think it is the right one for us to adopt. So far as cost goes, I should of course expect any difference between the overall value of single outside settlements and what is eventually settled for non-industrial civil servants generally to be accommodated within cash limits.

I am copying this letter to the Prime Minister and to other Cabinet colleagues, the Attorney General, the Lord Advocate, the Minister of State (Privy Council Office) and Sir Robert Armstrong.

A large, stylized handwritten signature, likely of Nigel Lawson, written in dark ink.

NIGEL LAWSON

CONFIDENTIAL



NBPM

AT

ce NO

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000

DIRECT DIALLING 01-218 2111/3

MO 20/17/6

26th October 1983

*Don Hill*

CIVIL SERVICE SINGLE OUTSIDE ANALOGUE GRADES

Thank you for your letter of 7th October.

I am content that we continue with existing arrangements for this pay round. The three major defence groups are police, Royal Fleet Auxiliary staff linked to Merchant Navy rates and firemen who are linked to local authority rates. I am however bound to say that having to contain the cost within existing cash limits means yet another financial squeeze for defence. The cost of the police settlement alone will increase pressure on cash limits by nearly £2M in a full year.

A copy of this letter goes to the Prime Minister and the other Cabinet colleagues, the Attorney General, the Lord Advocate, the Minister of State Privy Council Office and Sir Robert Armstrong.

*yes we*  
*[Signature]*

Michael Heseltine

The Rt Hon Nigel Lawson MP

CONFIDENTIAL

0455 CIVIL SERVICE : Pay

PT 13



2861 NOV 1-

CE NO  
NBPM AT 2/11

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

21 November 1983

The Rt Hon George Younger MP  
Secretary of State for Scotland  
Scottish Office  
Whitehall  
LONDON SW1A 2AU

A handwritten signature in dark ink, appearing to read 'George Younger'.

## CIVIL SERVICE (SINGLE OUTSIDE ANALOGUE) GRADES

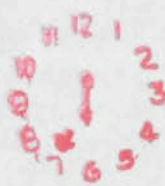
Thank you for your letter of 25 October on the treatment of the pay of the single outside analogue grades. I am grateful also for the replies from other colleagues concerned.

I agree, of course, with Geoffrey Howe's earlier comment about the arguments of principle for breaking single outside analogue links. But, as his letter indicated, we face serious practical obstacles in doing so in many cases. Moreover, a wide variety of staff are involved. Some belong to very specific sectors of the pay market and the best way to allow market factors to bear on them may be to continue with the existing arrangements. But my proposal referred only to this year and I certainly have it in mind to consult colleagues about the longer term as soon as we can see the options clearly.

Meanwhile, we are taking the opportunity to review the links, grade by grade, and taking steps to change or abolish those which are not satisfactory. As you know, we have already gone a good way towards getting forest workers' pay on a better footing, especially in respect of pensions. Barney Hayhoe is writing to you again separately about this. We are about to begin a review of Fire Service Officers in the Ministry of Defence and are also tackling firemen. Both of these links are questionable, though I note that Michael Heseltine has said he would be content to continue with existing arrangements for firemen in this pay round. His officials and mine will be pursuing this further.

/Patrick

22 NOV 1983



CONFIDENTIAL



Patrick Jenkin raised the question of fringe bodies. I can confirm that we intend to maintain generally for this year links between fringe bodies and Civil Service or other public service models, subject to the costs being contained within the cash provision.

I am copying this letter to the recipients of yours.

*Yours  
Nigel*

NIGEL LAWSON

CONFIDENTIAL

C. SERVICE : Pay  
P+13

*plm*

*NBPM*  
*1/1/4*

CONFIDENTIAL



QUEEN ANNE'S GATE  
LONDON SW1H 9AT

31 October 1983

*Dear Nigel,*

CIVIL SERVICE "SINGLE OUTSIDE ANALOGUE" GRADES

Thank you for copying to me your letter of 7 October to Michael Heseltine in which you propose to continue in general the present arrangements for dealing with "single outside analogue" grades for a further year. This is just to let you know that I am content with the approach you suggest.

I am copying this letter to recipients of yours.

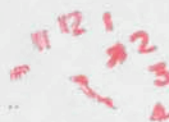
*Lawson*  
*Lawson*

The Rt Hon Nigel Lawson, MP

CONFIDENTIAL

Civil Service  
Room  
A713

- 1 NOV 1983



CONFIDENTIAL

NBPM  
28/102 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref: J/PSO/15640/83

Your ref:

28 October 1983

Dear Nigel,

CIVIL SERVICE "SINGLE OUTSIDE ANALOGUE" GRADES

Thank you for sending me a copy of your letter of 1 October to Michael Heseltine.

For the reasons which you give, it would seem sensible to continue for another year the pay links between the civil servants in question and their outside analogues. So far as DOE is concerned, the number of staff involved is fairly small (the largest group being the police in the Royal Parks) and what is proposed could be accommodated within our cash limits.

I also agree that we should see how our proposals on the longer term pay arrangements post Megaw, for the Civil Service develop before deciding our general policy for the future for the SOA grades.

Although you did not specifically refer to staff of fringe bodies, I assume that as in previous years the intention is to maintain analogue links with the Civil Service or other public service models as appropriate, subject to the cost being contained within the cash provision. I mention this only because the potential difficulty for cash limits is perhaps greater in the fringe body context. The implications for the pay links of fringe bodies will clearly have to be borne in mind if the general principle of single analogue links within the Civil Service is to be abandoned.

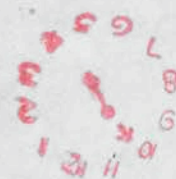
/ I am copying this letter to recipients of yours.

PATRICK JENKIN

The Rt Hon Nigel Lawson MP

CONFIDENTIAL

Chua some  
pan pt 13



9 - OCT 1983

CONFIDENTIAL

cc NO



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

N BPM

AT 25/10

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

25 October 1983

CIVIL SERVICE "SINGLE OUTSIDE ANALOGUE" GRADES

For the reasons set out in your letter of 7 October to Michael Heseltine, I think that we have little option but to continue the SOA pay arrangements this year.

As I made clear at my bilateral with Peter Rees, we find it very difficult indeed to absorb the extra cost of these settlements, and therefore I do not welcome your expectation that we should once again have to find the extra cost from our own resources. About 5 per cent of my Department has SOA links, compared to approximately 3 per cent for the whole Civil Service.

I am surprised at your comment that, even post-Megaw, it may well turn out to be sensible to continue the existing arrangements for most of these grades. This contrasts with Geoffrey Howe's comment in his letter of 1 October 1982 that there are "strong arguments in principle for breaking the single outside analogue links". I would have preferred us to conclude that this would be the last year when the links would be maintained. As a minimum, I hope we can agree that, before next year, the matter will be fully considered inter-Ministerially.

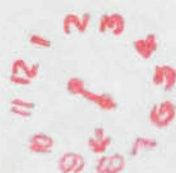
I am copying this letter to the Prime Minister and to other Cabinet colleagues, the Attorney General, the Lord Advocate, the Minister of State (Privy Council Office) and Sir Robert Armstrong.

GEORGE YOUNGER

Civil Service: Pay + Pension

H13

2 - 1000





JF4627

Secretary of State for Trade and Industry

NBPM AT 25/10  
c/NO  
DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5422  
SWITCHBOARD 01-215 7877

24 October 1983

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

D Nigel

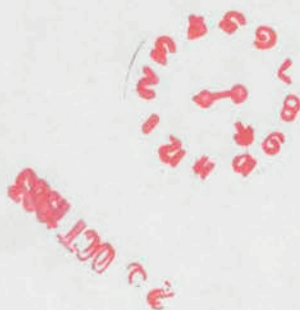
CIVIL SERVICE "SINGLE OUTSIDE ANALOGUE" GRADES

Thank you for sending me a copy of your letter of 7 October, proposing that for the present pay round the pay of the "single outside analogue" grades in the Civil Service should continue to be linked to specific outside pay rates. I am content with the approach you recommend.

2 I am copying this letter to the recipients of yours.

NORMAN TEBBIT

Civil Service : Pay + Pensions Pt 13



genc



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
WHITEHALL PLACE, LONDON SW1A 2HH

NBPM AT 24/10

From the Minister  
CONFIDENTIAL

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

24 October 1983

CIVIL SERVICE "SINGLE OUTSIDE ANALOGUE GRADES"

In your letter of 7 October to Michael Heseltine you suggested that in the present pay round we should continue for a further year with the present arrangements for dealing with the pay of single outside analogue grades in the Civil Service.

Apart from the farm workers on my Ministry's experimental farms about which, as you say, we have had separate correspondence, my interest is mainly concerned with ships' officers and crews whose pay is aligned to the National Maritime Board's pay agreements and the police constables at the Royal Botanic Gardens at Kew. As you mention, the Ministry of Defence has the major interest in Departmental police. Subject to Michael Heseltine's views, I am content with the proposals for this group.

In general I am content with your proposal to continue with the present arrangements for single outside analogue grades for a further year.

I am copying this letter to the Prime Minister, other Cabinet colleagues the Attorney General, the Lord Advocate, the Minister of State (Privy Council Office) and Sir Robert Armstrong.

MICHAEL JOPLING

Civil Service  
Pony 1A+13

24 Oct 1964





SECRETARY OF STATE  
FOR  
NORTHERN IRELAND

NSPM AT 20/10  
NORTHERN IRELAND OFFICE  
GREAT GEORGE STREET,  
LONDON SW1P 3AJ

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON  
SW1

20 October 1983

*Nigel Lawson*

CIVIL SERVICE "SINGLE OUTSIDE ANALOGUE" GRADES

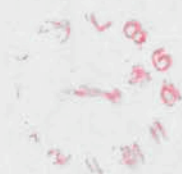
I have seen a copy of your letter to Michael Heseltine and I agree with your proposal to maintain the pay links between the Civil Service "single outside analogue" grades and their comparators for a further year.

In Northern Ireland, the pay for certain classes of employees such as police, teachers and water workers, which in GB are administered by local authorities, are funded entirely by central government. It is too early to judge what effect this will have during the coming pay round and I only mention this potential special NI difficulty now as something which we should be borne in mind.

I am copying this letter to the Prime Minister, other members of the Cabinet, the Attorney General, the Lord Advocate, the Minister of State (Privy Council Office) and to Sir Robert Armstrong.

*Yours faithfully*  
*John Major*

Civil Service  
Part 1  
Pt 13



20 OCT 1983