



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

PRIME MINISTER

**1984 PAY NEGOTIATION FOR NON-INDUSTRIAL CIVIL SERVANTS**

As expected, the Civil Service unions rejected our increased offer of 3.7 per cent. We now need to consider how and when we bring these negotiations to a conclusion.

2. On structure, I continue to think we should aim for a settlement on the lines described in paragraph 4 of my minute to you of 2 May. For the agreed 4.5 per cent total, this would provide the two-thirds of civil servants on flat rates or maxima with an increase of 5 per cent, those still on increments would receive 3.5 per cent and adults would get a £3 per week underpinning. With the majority of staff receiving 5 per cent, we would be able to keep Megaw in play and the minimal underpinning would respond to union demands for special help for the low paid.

3. On timing, given the likely developments on pay elsewhere, I would favour moving fairly swiftly. Some union General Secretaries have told my officials informally that they too would welcome an initiative from us early next week. If colleagues agree, I therefore propose to authorise officials to sound the unions tentatively and without prejudice on a possible offer on the lines set out in paragraph 2. Although the offer would be made in confidence, it would probably leak but this should do no damage. We could then decide how to bring the negotiations to a close in the light of the unions' reactions.

4. I should have welcomed the opportunity to talk over our tactics in detail with colleagues, at the meeting of MISC 66 scheduled for Monday. However, given the mood of this week's Conferences, I think there would be great advantage in presenting a revised offer to the unions on Monday afternoon. We cannot bring the meeting of MISC 66 forward, as I should otherwise have wanted to try to do, since I have to leave



for an OECD Ministerial Council in Paris this afternoon. I should therefore be most grateful to have comments on my proposals by midday on Monday. If you or other colleagues had any serious reservations, we might, subject to your agreement, discuss them briefly at your meeting at 3pm on Monday afternoon, to which I believe all the members of MISC 66 have been invited.

5. Copies of this minute go to the other members of MISC 66 and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'N.L.' with a flourish.

N.L.

17 May 1984



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## CABINET OFFICE

*From the Minister of State*

Lord Gowrie

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

18 May 1984

*Nigel Lawson*

### 1984 PAY NEGOTIATIONS FOR NON-INDUSTRIAL CIVIL SERVANTS

*with AT*

I am writing to support the proposals for the next steps in the Civil Service pay negotiations which you put forward in your minute of 17 May to the Prime Minister. A quick settlement at 4½ per cent would be a considerable prize and your suggestion that we should offer 3 per cent to some two-thirds of the staff, with 3½ per cent for the rest and subject to an underpinning £3 minimum seems to me well designed to capture the interests of both staff and unions. The offer can also be represented as being broadly compatible with the Megaw recommendations and the findings of the OME report and thus supportive of our separate negotiations with the unions about a long-term pay settlement.

I also support your desire to bring these negotiations to a speedy conclusion if that should prove possible. A 4½ per cent settlement for a major group now would be a considerable prize with beneficial knock-on effects. The course of the pay negotiations for teachers in England and Wales is also instructive and underlines the importance of seizing opportunities when they occur.

I am copying this letter to the Prime Minister, to the other members of MISC 66 and to Sir Robert Armstrong.

*L. J. M.*

LORD GOWRIE

COMM SERVICE : pay MY

21 MAR 1984

