



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

Prime Minister ①
Agree, subject to the views of colleagues (though we would not want unions to know why we were playing for time)?

AT
23/7

PRIME MINISTER

NON-INDUSTRIAL CIVIL SERVICE PAY

On 4 July MISC 66 agreed that we should stand by the offer made to the non-industrial civil servants on 31 May, that arbitration should be refused, and that the offer should be implemented, by imposition if necessary, so that the maximum number of people would receive their back pay by the end of August. Cabinet endorsed this on 5 July.

2. Since then, my officials have had further informal contacts with the Civil Service unions, and I met them myself on 13 July. At that meeting I promised to consider what I had heard but said I held out little, if any, hope of an improved offer.

3. Our tactics so far have been based on the presumption that we shall refuse arbitration on grounds of policy and, ultimately, move to impose the offer. But before plunging into this, Tom King may wish to consult the Law Officers on the implications Glidewell could have for the handling of the refusal of arbitration. In any event I think it would be sensible for us so far as we can to play the pay negotiations along until we know the outcome of the GCHQ appeal.

4. This will not be easy, but I propose that my officials should be authorised to continue discussions with the unions and make a private, without prejudice, offer later this week of an increase in the underpinning of up to £1 per week, on condition that this would form the basis of an agreed settlement. This would raise the 1984-85 cost of the offer from 4.55 per cent to 4.64 per cent, but I do not in fact believe the unions will

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be prepared to settle in return for this marginal improvement. Their own terms for a settlement appear to be 5½ per cent from 1 January 1985 for those on flat rates or maxima, an increase in the underpinning of 80p per week, and a bringing forward of the rationalisation of EO/CO pay. This would cost 4.72 per cent on the 1984-85 pay bill and just over 5 per cent in a full year. It is almost certainly less than the unions would secure at arbitration, but in every other respect I find it profoundly unattractive.

5. Assuming that an improvement of up to £1 per week in underpinning does not bring a settlement, I believe we should proceed as we originally agreed: stand firm on our present offer, refuse arbitration, and, if necessary, eventually impose a settlement. By proceeding in this way, we shall almost certainly provoke some form of industrial action but I do not expect it to be widespread or sustained. However, the Glidewell judgement has complicated the picture and in present circumstances we shall want to be clear about the legal position before we go down this road.

6. A copy of this minute goes to other members of MISC 66, to the Secretaries of State for the Environment and Education and Science, to the Attorney General and to Sir Robert Armstrong.

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

N.L.
23 July 1984

SECRET



cc MOD ✓
DHSS ✓
D/M ✓
M/S Privy Council ✓
M/S HMT ✓
Peter Kemp HMT ✓
bcMr. Owen ✓

do

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10 DOWNING STREET

From the Private Secretary

24 July, 1984.

Non-Industrial Civil Service Pay

The Prime Minister has seen the Chancellor's minute of 23 July and, subject to the views of colleagues, including the Attorney General, agrees with the approach suggested.

I am copying this letter to Private Secretaries to Members of MISC 66, John Ballard (Department of the Environment), Elizabeth Hodgkinson (Department of Education and Science), Henry Steel (Law Officers' Department), and Richard Hatfield (Cabinet Office).

Andrew Turnbull

David Peretz, Esq.,
HM Treasury.

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CONFIDENTIAL

NBM BT 13/17 CENO



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:
Your ref:

13 July 1984

Dear Nigel,

CIVIL SERVICE INDUSTRIALS: 1984 PAY NEGOTIATIONS

I understand that you deferred for a short time the start of these negotiations about which you wrote to Michael Heseltine on 20 June.

I agree with your proposal to seek a settlement within the limits of our offer for the non-industrials. I accept that we shall have to absorb the extra cost in some way within existing cash provisions.

I am copying this letter to the Prime Minister, other members of E(PSP) and to Sir Robert Armstrong.

Yours
Patrick

PATRICK JENKIN

Civil Service: Pay Pt 15.

13 JUL 1984

