

Weekend base
Please

Ref. A09521

PRIME MINISTER

See last page
of letter
note

Prime Minister

A v. useful note

1. Do you agree that the Chancellor should prepare Govt. evidence to the Cn. (para 10) for consideration by E Committee?
2. Shall we get ideas for 3 names to add to the Cn? John Hutton and Sir K. Joseph will have ideas. KRS.

Standing Commission

I understand, through Mr. Stowe, that you would welcome a factual note on the composition and terms of reference of the Standing Commission on Pay Comparability.

Membership

2. The present membership of the Standing Commission is:-
 Professor Hugh Clegg (Chairman) (Professor of Industrial Relations, Warwick University)
 Mr. Peter Gibson (ex-Director of Personnel, BP Oil Ltd.)
 Sir William Ryland (ex-Chairman of the Post Office)
 Mr. Harry Urwin (TGWU)
 Sir Leslie Williams (ex-Secretary General of the Civil Service Staff Side)
 Professor Joan Mitchell (Professor of Political Economy, Nottingham University)

3. Fuller personality notes on the members are annexed.
4. When Mr. Callaghan announced the appointment of these members he said that further appointments would be made in due course. I understand that, at your meeting yesterday, Mr. Prior spoke of a possible seven additional members being needed. Officials of his Department do not recognise this number and had been thinking of "up to three".
 - That is rather a lot.

Terms of Reference - General

5. There is no single document which contains the general terms of reference of the Standing Commission (specific terms of reference are devised in agreement with the parties for each of the references made to it). Nevertheless there are three sources of general guidance to the Commission: the initial statement by Mr. Callaghan on 16th January when he indicated the Government's willingness to consider comparability studies as a solution in public service pay settlements;

Mr. Callaghan's statement to the House on 7th March announcing the setting up of the Standing Commission; and the letters of appointment sent to the individual members of the Standing Commission.

Flag A
I have added comment to the notes. KRS.

Flag B

Flag C

Flag D

6. The key phrase from the 16th January statement is:

"Some public service groups already make use of comparisons with rewards paid to employees in the private sector in their negotiations. The Government will be ready to see in some additional areas of the public sector, other than those engaged in trading, where there is a different set of negotiations, a greater role for comparability in determining pay. The guiding principle should be the achievement of comparable pay for comparable work and comparable effort. Where the employers and the unions concerned make a request, therefore, the Government will be prepared to agree to an investigation into the possibility of establishing, for particular groups of workers, acceptable forms of comparison with terms and conditions for other comparable work".

7. The key passages from the statement of 7th March are:

"In my speech to the House on 16th January I commented on the present method of fixing pay and conditions in some areas of the public services and expressed the Government's readiness to see a greater role for measuring their pay and conditions by making comparisons with pay for comparable work and effort in other occupations where both sides so request ... The Government have a responsibility both to be fair to public service employees and to avoid arrangements which could in themselves prove inflationary. Comparability studies must therefore be made in a systematic and thorough manner, taking all relevant factors into account. A Standing Commission on Pay Comparability is accordingly being set up by the Government to examine the terms and conditions of employment of particular groups of workers referred to it by the Government, in agreement with the employers and unions concerned, and to report in each case on the possibility of establishing acceptable bases of comparison, including comparisons with terms and conditions for other comparable work and of maintaining appropriate internal relativities. Any further role for the Commission in each case will be a matter for agreement between the Government and the parties".

8. The letters of appointment sent to the members of the Standing Commission repeated, but did not further amplify, the main points in Mr. Callaghan's two statements. A copy of the letter of appointment sent to Professor Clegg on 14th March is annexed. The other letters of appointment were in similar terms.

9. You will also recall that in answer to a Question by you in the House on 20th February Mr. Callaghan confirmed that manning levels, job security and inflation-proof pensions would be among the criteria to be taken into account in comparability studies.

10. In addition I think I should let you know privately (while preserving the conventions about access to the proceedings of a previous Administration) that

under the previous Administration officials were working on general evidence to the Standing Commission which would have considerably amplified the Government's approach to comparability and the techniques and factors to be taken into account in the Commission's work. This project fell because of the intervention of the Election campaign. The idea ~~of~~ was however sound and you *Yes also* may wish to revive it quickly. Any such evidence now submitted would of course be produced on the responsibility of the present Government and would reflect your own approach and attitudes: it could ensure beyond doubt that the non-monetary factors are brought well to the fore in the Commission's thinking.

11. It is worth bearing in mind (not least because it is relevant to the handling of the teachers' pay claim) that the Standing Commission is not free-standing from Government. As Mr. Callaghan made clear in his statement of 7th March, it is for the Government to refer cases to the Commission, in agreement with the parties. There is no right of access without Government approval: and there is no question of the Commission making awards unless this is asked for in the terms of reference of a specific case.

Terms of Reference - Individual Cases

12. Nine separate groups of public service workers have already been referred to the Standing Commission. They are: local authority manuals; NHS ancillaries; ambulancemen; university manuals; university technicians; nurses; manual airport workers; professions supplementary to medicine; and ambulance officers. In each of these cases the unions and employers concerned opted for the Commission to recommend actual pay levels on this occasion (not necessarily in the future) and the employers, the unions and the Government were committed to accepting the results. In addition there are six groups where the previous Government had approved pay offers which included a reference to the Commission but where agreement was not reached in time for actual references to be made before the Election. These groups were: local authority craftsmen; British Waterway Board staff; university teachers; schoolteachers (England and Wales); teachers in central institutions in Scotland; and teachers in colleges of education in Scotland. The offer for the first two of these groups included

CONFIDENTIAL

asking the Standing Commission to recommend actual pay levels. Discussion with the other groups had not reached this point though the draft terms of reference which the English and Welsh schoolteachers and their employers (with Government dissenting) had agreed immediately prior to the Election did not seek recommendations on pay levels, i. e. the Commission's work was seen by them as a basis for further negotiation.

13. The terms of reference for these various groups differ but those agreed for the four original clients (local authority manuals, NHS ancillaries, ambulancemen and university manuals) were regarded by the then Government as the basic model. | The text agreed for these groups is annexed. | You will see that they referred to "terms and conditions for comparable work" but did not further elaborate the comparability process. You will see also that the envisaged process can be divided into three parts: a study of the feasibility of making use of comparisons; the carrying out of comparisons; and the implementation of the comparisons. It so happened that in the earliest cases both sides said they would accept the outcome of the Commission's studies as a pay award. It was however also envisaged that, where the parties preferred, the findings of the Commission should be used as the basis of separate negotiations (as in the Civil Service PRU system). We know also that Professor Clegg would also hope that the Commission would be able progressively to move away from an award function and to concentrate more on providing relevant data to the parties.

Comments and Conclusions

14. | It is not perhaps revealing too much of the internal workings of the previous Government if I say that officials had of course been considering the various pay machinery options open to them before Mr. Callaghan's statement in January. This process inevitably got mixed up with the industrial troubles of last winter and the Standing Commission was born partly in response to those troubles and took shape in the particular context of the industrial disputes affecting the local authorities and the NHS. The terms of reference for the first investigations were negotiated in that setting and as a means of bringing those disputes to an end. Their vagueness, to which you have several times drawn attention, reflected the fact that they were negotiated in a situation where some of the unions concerned were far from convinced that genuine comparability

studies would benefit all of their members - NUPE being particularly worried that investigation might show some of their people to be overpaid. On the other hand it is fair to say - and Mr. Callaghan's statements in the House reflect this - that the then Government was well aware of the dangers of comparability exercises fuelling inflation unless they were honestly and rigorously carried out. They were no doubt inhibited from saying so too plainly by a fear that the local authority and NHS settlements might come unstuck when put to the membership of the unions concerned. It is relevant, too, that by making the services of the PRU and the OME available to the Commission the then Government were seeking to ensure that the disciplined approach of the existing comparability machinery carried through into the new Commission. It is equally clear that the possibility open to the Government for giving general evidence to the Commission provides an opportunity for making quite clear the basis on which the Government now wishes the Commission to work and the spirit in which it expects references to be carried out. Given that the Standing Commission has already embarked on a number of studies there would be real advantage in such evidence being produced and submitted quickly. I think you should ask the Chancellor to produce a draft for consideration by colleagues at an early date.

John Hunt

for JOHN HUNT

9th May, 1979

① The write submit hand

to amplify the point, opposed to "comparability" should be continued urgently. See p.3.

Something

-5-

② General evidence (see this page) should be drafted. Would this include asking the Commission to consider the economic consequences of any award? i.e. where the money "comes from" in the absence of profits? p.7.2.

(3) Suggest 2 further
names to be considered
to balance the present memberships,

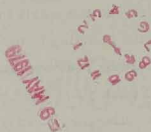
Dr. G. C. Kingstone.

Prof. Henry Rose?

- Dufford? Sir Frank DeFurcan
(Bank of America)

Are suggestions

- a source of similar views



(4) Would it be all right if
I saw Prof. King about
my general worries on this
whole subject and his
difficult terms of reference?

Ans.

Name: CLEGG Professor Hugh Armstrong *HA*

Volume: 2

Date of birth: 22nd May 1920

On C.S.D..... YES *XX*

Address and telephone number:

Place of work
(All communications)
The University of Warwick
Gibbet Hill Road
Coventry, CV4 7AL
Warwickshire
0203 24011 Ext 2433

Home
48 Amherst Road
Kenilworth CV8 1AH
Warwickshire
0926 54825

Present main appointments:

Professor of Industrial Relations at Warwick University, October 1967-

OTHER APPOINTMENTS

Lecturer in Industrial Relations
Emeritus Fellow of Nuffield College, Oxford 1966-
Official Fellow of Nuffield College, Oxford, 1949-1966.
Member, Independent Inquiry into the Council Workers' strike 1970.
Director, Industrial Relations Research Unit of the Social Science Research Council 1970-74 (Based at Warwick University).

PERSONAL PARTICULARS

Married

Educated Kingswood School, Bath, and Magdalen College, Oxford
HMF 1940-1945

Published a number of Books on Industrial Relations, Trade Unions etc,
including "The system of Industrial Relations in Great Britain".

OFFICIAL APPOINTMENTS

Member, Guillebaud Railway Pay Committee of Inquiry, 1958-1960.
Member, Staff Side Panel, Civil Service Arbitration Tribunal, 1963-1968
Member, Committee of Inquiry into dispute between two sides of the National Joint Council for the Port Transport Industry 1964 (Devlin)
Member Royal Commission on Trade Unions and Employers' Associations, 1965-1968
Member Arbitral Body to determine Remuneration of Primary and Secondary School Teachers, 1965
Member, National Board for Prices and Incomes 1966-1967
Member Court of Inquiry under Lord Pearson into Shipping Dispute - 1966
Chairman, Court of Inquiry into Operation of Fork Lift Trucks at Albert Edward Dock, Newcastle, 1966
Chairman, Civil Service Arbitration Tribunal (DE) 1968-1971
Chairman, West Midlands Conciliation Committee of the Race Relations Board (Home Dept) 1971-1973
Member, (Officers Panel) Arbitral Body to consider a difference between the 2 sides of the Soulbury Committee concerning the salaries of inspectors and organizers employed by LEAS. (DE) 1971
Member, Council of Advisory, Conciliation and Arbitration Service. Aug 1974 - Arbitrator (ACAS) 1974-
Member, Commission of Inquiry about Industrial Staff Canteen undertakings Wages Council (DE) June 1975.

From Minister.

Prof. Clegg took on the job reluctantly and

There is an unwritten agreement that he will reconsider his position towards the end of the year and then, probably, ask to go.

October 1977

K.R.S.

Name: GIBSON Peter Douglas

Date of birth: 3 December 1920

Address and telephone numbers

Place of work

Volume- 3

On C.S.D.
(John Greenborough)

Home

"Pinehurst"
Grayland Close
Park Farm Road
Bickley, Kent

RETIRED

Former main appointments:

Director, Personnel and Administration, BP Oil Ltd, January 1976-
30 December 1978.

Other Appointments

Joined BP in 1938 and has remained in the industry.
Director, BP Marketing Ltd, Prior to 1974.

Director, Personnel and Administration, Shell-Mex and BP Ltd, 1 March 1974-
1 January 1976 (when the two companies divided into Shell and BP).

Personal Particulars

Married

Official Appointments

Member, Petroleum Industry Training Board (DE), 1969-1973.

Prime Minister.

We took Mr. Gibson "blind"
on John Greenborough's recommendation.

KRS

NAME: RYLAND SIR (ALBERT) WILLIAM (CECIL) CG. CND IEE. F.Eng. H. C.91A.

Date of birth: 10 NOVEMBER 1913

On C.S.D. YES/NO.

Address and telephone number:

Place of work

Home

RETIRED

13 MILL VIEW GARDENS

CROYDON

SURREY CR0 5HW

Present main appointments:

01-656-4224

RETIRED

OTHER APPOINTMENTS

ASSISTANT TRAFFIC SUPERINTENDENT GPO 1934 - 1938
ASSISTANT SURVEYOR GPO 1938 - 1939
PRINCIPAL GPO - 1949 - 1954
PRINCIPAL PRIVATE SECRETARY TO P.M.S. - 1954 - 1958
ASSISTANT SECRETARY GPO - 1955 - 1958
DIRECTOR OF ESTABLISHMENTS AND ORGANISATIONS GPO - 1958 - 1961
DIRECTOR OF INLAND TELECOMMUNICATIONS 1961 - 1965
DEPUTY DIRECTOR-GENERAL 1965 - 1967
MANAGING DIRECTOR, TELECOMMUNICATIONS GPO 1967 - 1969
PO CORPORATION JOINT DEPUTY CHAIRMAN AND CHIEF EXECUTIVE 1969 - 1970
ACTING CHAIRMAN 1970 - 1971
CHAIRMAN POST OFFICE CORPORATION 1971 - OCTOBER 1977 (RETIRED)

PERSONAL PARTICULARS

MARRIED: 1 SON 1 DAUGHTER
EDUCATED: GOSPORT COUNTY GRAMMAR SCHOOL
NMF: 1939 - 1945 ROYAL ENGINEERS (POSTAL SECTION)
CB 1965
KNIGHTED 1973

OFFICIAL APPOINTMENTS

Prime Minister.
Sir Low. Ryland was being
thought of as a possible Deputy Chm
and/or Successor to Clegg. He knows this.

K.R.S.

Name: URWIN (Charles Henry) Harry

Volume:-

Date of Birth: 24 February 1915

Address and telephone number:

Place of work
Transport & General Workers' Union
Transport House
Smith Square
London SW1F 3JB
01 828 7768

Home
4 Leacliffe Way
Walsall WS9 0PW
West Midlands
021 353 3363

Present main appointments:

Deputy General Secretary, TGWU 1969-

Other Appointments:

Converter of shop-stewards at Wickmans Ltd (Machine Tool Works) Coventry to 1947
TU Official (full-time) since 1947 (TGWU District Organiser, Coventry)
TGWU Coventry District Secretary 1955-1959. TGWU Midlands Regional Trade
Group Secretary (Commercial) 1959-1962 also part-time District Secretary
Confederation of Shipbuilding & Engineering Unions 1955-1960
Regional Organiser (Midlands) TGWU 1962-1963
Regional Secretary (Midlands) TGWU 1963-1969
Member, TUC Midlands Advisory Committee 1963-1969
Governor, University of Aston, Birmingham
Member, TUC General Council 1969- , and several Committees

Member, Arbitration Tribunal between the Trustee Savings Bank and the Union
of TSB Staff 1971 (private Arbitration)

Member, Committee of the European Social Fund, EEC 1975-

Member, TUC Team Presenting evidence to advisory Committee on Asbestos, June 1977

Personal Particulars:

Married. 1 Daughter

Comes from a Durham mining family

Official Appointments:

Former Member, Machine Tools Economic Development Committee (NEDO)

Member, West Midlands Economic Planning Council (MLGRP) 1968-1970

Member, Road Haulage Wages Council (DE) 1969-1974

Member, Industrial Health Advisory Council (IH) 1973-1975

Member, (part-time) National Freight Corporation (DOE) December 1973- 1978

Member, (part-time) Manpower Services Commission (DE) 1974-

Member, (part-time) of Sir Don Ryder's Task Force on the problems of
British Leyland 1975

Member, Industrial Development Advisory Board (Industry) 1972-

Member, Organising Committee, National Enterprise Board 1975

Member (part-time) National Enterprise Board (Industry) November 1975-

Member, Committee on Finance for Industry (HEDC) 1975-31 December 1977

Member, Advisory Committee on Dangerous Substances (HSC) (DE) Jan 1977-

Member, Advisory Committee on Toxic Substances (HSC) (DE) Jan 1977-

Member, Central Arbitration Committee (DE), June 1977-October 1978 (Resigned)

Member, Energy Commission (Energy), June 1977-

Member, Industrial Tribunals Panel (DE), October 1974-

Member, Post Office Arbitration Tribunal (DE), May 1978-

Member, Council of ACAS (DE), October 1978-

Prime Minister.

Down clearly has "conflict of interest"

facing him since the C.A. has to deal with November 1978

the NHS and local Govt. claims involving his members.

*Your predecessor took the firm view that he should play no
part in these specific cases. NHS*

Name: WILLIAMS Sir (John) Leslie, CBE

Volume:- 4

Date of birth: 1 August 1913

Address and telephone number:
Place of work

Home

RETIRED

26 Russell Green Close
Furley
Surrey

01-660 9666

Present main appointments:

RETIRED.

Other Appointments:

Civil Service (Post Office) 1931-1947
Assistant Secretary, Society of Civil Servants 1947-1949;
Deputy General Secretary 1949-1956;
General Secretary 1956-1966
Executive Council Member, Royal Institute of Public Administration 1955- 1974
(Chairman 1968) (Vice-President 1974-)
Chairman, Civil Service National Whitley Council 1960-1962
Member Board of Governors, National Hospital for Nervous Diseases 1962- (Chairman
1974-)
Vice-President, Civil Service Council for Further Education
Member, representing workpeople, CBI/TUC Conciliation Panel 1972-
Secretary General, Civil Service National Whitley Council (Staff Side)
1966-1973 (Retired).
Independent Chairman (part-time), Conciliation Committees NJC for Civil Air
Transport 1974-

Personal particulars:

Educated: Grove Park Grammar School, Wrexham
Married
C B E, New Year Honours, 1970
Knighthood, New Year Honours, 1974
A Trustee, The Civil Service Benevolent Fund.

Official appointments:

Member, NW Metropolitan Regional Hospital Board (DHSS) 1963-1965
Member (part-time) United Kingdom Atomic Energy Authority (Energy) 1970-
Member, Advisory Council, Civil Service College (CSD) 1970-1976
Deputy Chairman, Civil Service Appeal Board, 1973-1977 - Chairman, March 1977-July
1978
Member, (part-time) Pay Board. 1974-
Chairman, Appeals Tribunals for National Health Service Reorganisation,
(England) (DHSS) 1974-
Member, Royal Commission on Standards of Conduct in Public Life 1974-1976
Member, Police Complaints Board (Home) to 1976

AFEB

Home Minister

*Leslie Williams was recruited because
it was hoped that the Ph. would in due course
exercise a firm oversight of Civil Service
Pay research - which is an inflationary
process.*

July 1978

K.R.S.

NAME: MITCHELL Prof Joan Eileen (MRS James CATERMOLE)

Date of birth: 15 MARCH 1920

On C.S.D.....YES!

(TREASURY AND UGC)

Address and telephone number:

Place of work

home

UNIVERSITY OF NOTTINGHAM
UNIVERSITY PARK
NOTTINGHAM N57 2RD
0602 56101

15 RANMOOR ROAD
GEBLING,
NOTTINGHAM

Present main appointments:

PROFESSOR OF POLITICAL ECONOMY, UNIVERSITY OF NOTTINGHAM.

OTHER APPOINTMENTS:

ECONOMIST, MINISTRY OF FUEL AND POWER, 1942-1945

TUTOR, ST. ANNE'S COLLEGE, OXFORD. 1945-1947

ECONOMIST, BOARD OF TRADE, 1947-1950

RESEARCH OFFICER, LABOUR PARTY, 1950-1952.

LECTURER IN ECONOMICS, NOTTINGHAM UNIVERSITY, 1952.

READER IN ECONOMICS, NOTTINGHAM UNIVERSITY, 1962.

PERSONAL ECONOMIC ADVISER TO SECRETARY OF STATE FOR PRICES AND INCOMES, 1974.

PERSONAL PARTICULARS:

MARRIED. 1 SON, 1 DAUGHTER.

EDUCATION: ^{SOUTHEND-ON-SEA HIGH SCHOOL} ST. HILBA'S COLLEGE, OXFORD.

AUTHOR OF VARIOUS PUBLICATIONS ON ECONOMICS ETC.

OFFICIAL APPOINTMENTS:

MEMBER, EAST MIDLANDS ECONOMIC PLANNING COUNCIL (DOE), TO-DATE.

MEMBER, NATIONAL BOARD FOR PRICES AND INCOMES 1965-1969.

MEMBER, COMMITTEE TO REVIEW THE FUNCTIONING OF FINANCIAL INSTITUTIONS (SIR H. WILSON) (PM), JANUARY 1977 -

Prime Minister.

This name is unwelcome to
the TUC and is there to balance class,
up to a point.

KRS

Handily!

ms

7 March B 1979

OFFICIAL REPORT:

VOLUME 963 COLUMN 1251-1253

PAY COMPARABILITY (COMMISSION)

The Prime Minister (Mr. James Callaghan): With permission, Mr. Speaker, I will make a statement about the establishment of a Standing Commission on pay comparability.

In my speech to the House on 16 January I commented on the present method of fixing pay and conditions in some areas of the public services and expressed the Government's readiness to see a greater role for measuring their pay and conditions by making comparisons with pay for comparable work and effort in other occupations where both sides so requested.

This suggestion was carried further in the recent joint Government-TUC statement as a means of averting strike action in areas which affect public health and safety, and we undertook to identify groups which might be covered by such agreements.

The Government have a responsibility both to be fair to public service employees and to avoid arrangements which could in themselves prove inflationary. Comparability studies must therefore be made in a systematic and thorough manner, taking all relevant factors into account.

A Standing Commission on pay comparability is accordingly being set up by the Government to examine the terms and conditions of employment of particular groups of workers referred to it by the Government, in agreement with the employers and unions concerned, and to report in each case on the possibility of establishing acceptable bases of comparison, including comparisons with terms and conditions for other comparable work and of maintaining appropriate internal relativities. Any further role for the Commission in each case will be a matter for agreement between the Government and the parties.

The chairman of the Commission will be Professor Hugh Clegg, and members will include Sir Leslie Williams, Sir William Ryland, Mr. Peter Gibson, Mr. Harry Urwin and Dr. Joan Mitchell. Other Members will be announced in due course.

During the recent negotiations on the pay of local authority manual workers, National Health Service ancillary workers, ambulance men and university manual workers, it was agreed as part of the proposed settlements that a study should be made of acceptable bases of comparisons for these groups. It has also been agreed that these groups should now be investigated by this new Standing Commission.

In the case of these groups it has been agreed that the Commission will make recommendations which the Government and the trade unions concerned have undertaken to accept. The Commission is being asked to report on these groups by 1 August 1979.

The staging of implementation of these recommendations was also agreed as part of the pay negotiations. The Commission will start work on these assignments as soon as each settlement is reached. Other groups will be referred to the Commission from time to time by agreement.

The TUC informs me that it fully associates itself with the establishment of the Commission. My right hon. Friend the Secretary of State for Employment will be responsible for these new arrangements, which should help us in future years to avoid the dislocation and hardship that the public has suffered in recent weeks.

This is a difficult area in which to determine proper rates of pay, but I believe that these new arrangements will commend themselves to the public as a sensible way forward.

16 January 1979.

OFFICIAL REPORT:

VOLUME 960 COLUMN 1556 - 1558

The Prime Minister

I come now to the aspect of fixing fair rates of pay for those employed in the public sector. One of the real difficulties which always emerge when one is in a period of free collective bargaining, as we are now, is that fairness is rooted deeply in the conceptions of what should be the proper rewards. Some public service groups already make use of comparisons with rewards paid to employees in the private sector in their negotiations. The Government will be ready to see in some additional areas of the public sector, other than those engaged in trading, where there is a different set of negotiations, a greater role for comparability in determining pay.

The guiding principle should be the achievement of comparable pay for comparable work and comparable effort. Where the employers and the unions concerned make a request, therefore, the Government will be prepared to agree to an investigation into the possibility of establishing, for particular groups of workers, acceptable forms of comparison with terms and conditions for other comparable work. We will be prepared that the results of negotiations based on such comparisons should be implemented by stages in subsequent years. This is by no means an ideal solution, but it seems to us that, if we have to try to find our way through the present difficult situation, it is something on which we should be ready to take a chance.

Obviously, if we are to achieve the desired effect of setting fair and equitable relationships, such an arrangement depends upon the recognition by those groups with whom the comparisons are being made that it will be self-defeating if they seek to use the consequential increases in the public sector as a basis for their own next round of claims.

Mr. Terence Higgins (Worthing): Has not the Prime Minister yet learned the lesson, which was pointed out by the original three wise men about 15 years ago, that if one has productivity agreements in some parts of the public sector and comparability in the other—indeed, if one has productivity agreements generally and comparability in the public sector—this must be inflationary and there is no way in which that can be avoided?

The Prime Minister: That is an argument of the economists. It is one on which I have heard both sides argued. I am not attempting to insult the hon. Gentleman by calling him an economist, but in practical terms I think that this is the best way forward. But in case the hon. Gentleman has misunderstood, I am not proposing that there should be indexing, that the public sector should be able to index its earnings against others. I believe that this argument will go on, but decisions have to be taken and I believe that this is a way of trying to get through the present situation without resulting in runaway inflation.

Ministers have begun discussions with employers and unions concerned—with local authority manual workers, with National Health Service ancillary workers and with ambulance men—to see whether a comparability investigation on the lines that I have described has a contribution to make in the context of their current negotiations. The Government will naturally be prepared to give sympathetic consideration to joint approaches for comparability to be applied to other public service groups. Here I have in mind nurses, for example because it seems to me that there there is an opportunity to try to get some sense into the present situation.



10 DOWNING STREET

THE PRIME MINISTER

14 March 1979

Des Hugh

I am writing to thank you for agreeing to take on the Chairmanship of the Standing Commission on Pay Comparability and formally to confirm your appointment.

I enclose a number of documents which I am also sending to the members of the Standing Commission. They include my statement in the House of Commons on 7 March, my speech of 16 January and the recent joint Government/TUC statement.

As you know, the Standing Commission is being set up by the Government to examine the terms and conditions of employment of particular groups of workers referred to it by the Government, in agreement with the employers and unions concerned, and to report in each case on the possibility of establishing acceptable bases of comparison including comparisons with terms and conditions for other comparable work and of maintaining appropriate internal relativities. Any further role for the Commission in each case will be a matter for agreement between the Government and the parties.

I enclose a copy of the terms of reference which have already been agreed with the parties in respect of the first 4 cases which will be referred to the Commission in each case as soon as a settlement is formally concluded. As you will see in these cases it is already agreed that in addition to the feasibility study the Commission shall have a further role and the Government and the unions concerned have undertaken to accept its recommendations. The Commission will be asked to report on these groups by 1 August 1979.

/As you



As you will see from my speech of 16 January the Government sees the guiding principle to be the achievement of comparable pay for comparable work and comparable effort. To achieve the desired effect of setting fair and equitable relationships such arrangements would depend upon the recognition by those groups with whom the comparisons were made that it would be self-defeating if they sought to use the consequential increase as a basis for their own next round of claims. In its approach to these matters the Government is concerned both to be fair to public service employees and to avoid arrangements which could in themselves prove inflationary. A proper comparison of pay and conditions is already the basis for the establishment of pay in wide areas of the public service and is implicit in much wage bargaining throughout the community. To be fair to all concerned, comparisons must be made in a systematic and thorough way, taking all relevant factors into account.

I am also writing to confirm that your remuneration will be £1,100 per annum on the basis that you will be asked to devote on average not more than one day a week to the business of the Standing Commission. Further details as to conditions of appointment, including reimbursement of expenses will be sent to you shortly by Mr. W. F. Hartman of the Department of Employment who will deal with any immediate queries you may have on this. The Commission's secretariat will be provided by the Office of Manpower Economics, 22 Kingsway which is being suitably strengthened for this purpose. I understand that the Director, Miss J. F. H. Orr is contacting you.

The appointment will formally be for the period from 7 March 1979 to 6 March 1982 but can be terminated subject to three months' notice on either side; it may be renewed by mutual arrangement.

I should like to repeat how grateful I am to you for agreeing to serve on the Standing Commission at such short notice.

W. F. Hartman
Tim Cullen

Peter Gibson, Esq.

The Government wishes to encourage negotiators to consider comparability exercises in the public services and the Government will be initiating further talks to this end. The Government will now establish an independent investigation, a Standing Commission, to examine the terms and conditions of workers in the public services and to report on the possibility of establishing acceptable bases of comparison, including comparison with terms and conditions for other comparable work, and of maintaining appropriate internal relativities. The first groups to be investigated will be local authority manual workers, NHS ancillaries, ambulancemen and university manual workers.

In particular the investigation should:

- (i) assess the appropriate form of comparisons with terms and conditions in other sections of the economy, and identify relevant comparators.
- (ii) make suggestions on how such comparisons should be carried out and on the resources required for carrying them out.
- (iii) make suggestions as to how the comparisons should be made available to the relevant negotiators within the local authorities/NHS/universities.
- (iv) consult the parties to the agreement on how the results of the comparisons of terms and conditions can be embodied in the relevant collective agreements.
- (v) following (i) to (iv) make recommendations which the Government and the trade unions have undertaken to accept. In the case of the local authorities the Government undertakes to provide its share of the Rate Support Grant to enable them to implement the recommendations.

Extract from Informal Cabinet Meeting Record at 2.30 pm on 8 May 1977

e-11
f. Comparability Commission - Ministers considered the status and function of the Standing Commission on Comparability and questioned whether, leaving aside the question of whether it should continue at all, its terms of reference and membership were appropriate. You subsequently commissioned an analysis for this purpose from the Cabinet Office.

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