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PRIME MINISTER

CIVIL SERVICE DISPUTE: PROGRESS
OF NEGOTIATIONS

The Lord President held a meeting this morning, attended by Sir Ian Bancroft and Sir John Herbecq, for Gordon Burrett to report how he had been getting on in his private meetings with the unions; I was invited. Lord Soames asked that I should keep you informed, and there is one point on which it would be useful to have a steer from you.

The position is, in short, that Gordon Burrett has - without indicating that Ministers are prepared to make particular concessions - established that the unions are prepared to move to a position which is very close to the maximum authority given by Cabinet last Thursday. The CSD hope not to use all of that authority, and intend to let the unions sweat it out for a day or two, which will also cover their meeting tomorrow morning.

The details are, briefly, as follows. The unions are pressing hard for an extra £50 a head for Executive Officers and below for 1981, rather than the extra $\frac{1}{2}\%$ across the board, although the cost would be much the same. This would help "buy off" the (militant) CPSA. And they are strongly attached to the House of Commons override formula for arbitration in 1982. They also want early negotiations for the 1982 settlement, so as not to get caught by cash limits.

Gordon Burrett has not so far indicated that he has consulted Ministers, and the only newspaper story so far about the negotiations (in Saturday's Daily Telegraph) has been helpful. But it will be difficult to maintain the fiction that Ministers have not been consulted for much longer and in the next round of discussions it will probably be necessary to make an offer backed with Ministerial authority.

/Gordon Burrett

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Gordon Burrett believes that there is still a chance of a settlement without anything extra for 1981, if the right arbitration formula can be reached. CSD also think that if the unions accept the House of Commons override, they are less likely to take industrial action in pursuit of their claim. But it may be necessary to decide whether, in place of the extra $\frac{1}{2}\%$ authorised by Cabinet, we can agree to the equivalent amount, which will be a little less than £50, being given to the lower paid (EOs and below). On the surface, it looks like rewarding the strikers. But that is only partly true: about half the Civil Service is in the grades at EO and below, and it is thought that about one-third of those regularly taking selective action have been in the grades above. So it could be defended as bearing more on the low paid - cleaners and messengers and so on - than on the strikers. And there is the important point that we have always said that although the 7% offer is final, we are prepared to negotiate its distribution.

Would you be content for Gordon Burrett if necessary to agree the "£50 for EOs and below" formula, as long as the total offer is kept within the $7\frac{1}{2}\%$ authorised by Cabinet?

J.V.

The Lord President will probably want
 a hand with you about this after
 E tomorrow

13 July 1981

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