

CONFIDENTIAL

PRIME MINISTER.

1.

PRIME MINISTER

1. You need not go through the attached papers, as the Chancellor will report to you or his group before Cabinet.
2. If asked, agree to see Staff Side, possibly Wednesday 27th afternoon?

We had a brief word at the end of your Rayner party about Civil Service numbers and pay. As you know, a preliminary discussion on this topic is to take place in MISC 38 (the Ministerial group on Cash Limits and Civil Service Pay) under the chairmanship of the Chancellor of the Exchequer later this week. This is the paper I am submitting to the Group.

MAD
20/2

The paper refers to the probable reaction of the staff to a breaking of the pay agreement on the one hand, and to a further reduction in numbers on the other. I am certain that a row over the breaking of the pay agreement would be much the worse. A squeeze on manpower is highly desirable in any case.

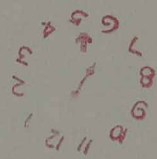
The National Staff Side came to see me on 6 February, and expressed their views on pay in quiet but forcible terms. They asked me to convey to you the great importance they attached to the Government keeping its side of the pay agreement. They know that the Government will soon fix the necessary Cash Limit. I think it is possible that they may ask to see you in your capacity as Minister for the Civil Service in the near future. If they do so, and it is possible for you to see them before the Cabinet discussion on 28 February, I think it would be very helpful.

P.C.
ms

PAUL CHANNON

20 February 1980

CONFIDENTIAL



20 FEB 1980