

*G. M. Barker*  
*M. Hodgson*



CONFIDENTIAL

*Prime Minister*

*I think there is a strong case for looking at this one further. A high settlement for the firemen will read across to the ambulance men and possibly other groups. Shall we set up an early meeting - Home Sec, Chancellor, Jim Prior?*

Qa 05167

*M. Hodgson*

To: MR LANKESTER

From: J R IBBS

Firemen's Pay

1. We have seen the recent correspondence between the Chancellor of the Exchequer and the Home Secretary. Whilst we recognise that it is not easy to intervene so late in the negotiations, we feel the Prime Minister may want some further effort made to influence the local authority employers.

2. A very high settlement at this stage in the pay round would make it difficult to hold other public service groups to low settlements. In particular the ambulance men, who regard themselves as having job characteristics similar to firemen, would strongly resist offers far removed from 20 per cent. In turn, if ambulance men secured concessions, the effect on other NHS employers could make it impossible to hold cash limits in the NHS. Indeed, these settlements are all so closely linked that any concessions now could have a damaging effect on the cash limits policy overall.

3. If the Prime Minister agrees, she may want to explore further with the Home Secretary whether more could not be done to persuade the local authority employers to resist the indexation of firemen's pay. One possible line would be to remind the employers that the Government is looking for settlements in the public services well within single figures and that an exception on this scale for the firemen would be regarded as grossly inequitable by other groups and by the public at large.

4. In our view this case underlines very clearly the need to keep track of forthcoming negotiations well in advance of their arrival on Ministers' desks. In some cases there may be good reasons for not intervening, but not on the grounds that it is too late.

5. I am sending a copy of this minute to Sir Robert Armstrong.

*J.R.I.*

30 October 1980

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cc Mr Duguid



QUEEN ANNE'S GATE LONDON SW1H 9AT 2

*Mr Ingham*  
*cc Mr Vicker*

29 October 1980

*Prime Minister*

Dear Chancellor of the Exchequer,

*The Home Secretary does not want to take on the firemen.*

FIREMEN'S PAY

Thank you for your letter of 23rd October.

*R*  
*29/10*

I understand that the Department of Employment statistics on which the pay negotiations are based, according to the agreement, are available to the Employers' side of the National Joint Council and to the Unions and that, although the N.J.C. has not yet met, and the Employers' Side have not held their own meeting to settle their position formally, preliminary discussions are already in progress. The Employers have started these discussions on the basis that the existing agreement will be honoured this year, although there is room for negotiation on the details. Any intervention by us at this stage would therefore have to be of a dramatic kind if it was to produce any effect. Merely to indicate to the Employers that money is tight and that a settlement at a high level for firemen is likely to create problems for local authorities in holding down pay increases for their other employees would add nothing to the factors which, as you say, they already have clearly in mind. The only form of encouragement which might have any effect at this stage, although even that is not certain, would be a firm offer to make troops and reserve appliances available in the event of a strike. Substantial support from the police would also be necessary. An approach which did not include these elements would simply lack bite and conviction. On the other hand, I would be very hesitant about the Government entering into advance commitments of this sort, which would be seen as a direct invitation to a confrontation with the F.B.U. and could well involve us in a damaging strike, at a time when the police and military are involved in the prison officers' dispute.

Our line so far with the local authorities has been to create financial conditions which offer them a strong inducement to keep pay settlements down and, where it seemed timely to do so, to remind them of the importance of doing this, as Michael Heseltine did at his meeting with L.A.C.S.A.B. The fire service employers have taken this message on board and have kept us in touch with their thinking as it has developed. Although, as you say, it seemed in June that they might

/decide to

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The Rt. Hon. Sir Geoffrey Howe, Q.C., M.P.



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decide to abrogate the agreement, they subsequently decided that it should be honoured this year. They made this clear to the Ministers who attended Michael's meeting on 25th September. I suppose that the latest round of financial cuts which we shall be considering on Thursday may, if they reach the local authorities in time, cause them to think again; but I believe it would be unwise to attempt to bring any other sort of pressure to bear. Indeed it is probably too late as I understand the Employers Side and the F.B.U. Executive Committee are holding their own meetings on Thursday.

A settlement even if below 20% will be unpalatable, both to local authorities and to us, but if the local authorities can swallow it, within the general conditions which we have laid down to them, then so I think must we, this year at least. But that said, I appreciate we must make certain that our position in the exercise is made amply clear. The settlement must be seen as an agreement between the local authorities and their employees to which the Government is not party.

I am sending copies of this letter to the recipients of yours and to the Secretary of State for Defence.

Your sincerely,

S. W. Boyd Smith

Agreed by C. B. Home Secretary  
and signed in his absence.

CONFIDENTIAL



*M. Hughes*  
*in the records*

29 October 1980  
 Prime Minister

The Home Secretary  
 does not want to  
 take on the  
 firemen.

Dear Chancellor of the Exchequer,

FIREMEN'S PAY

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S. W. Boyd Smith

Agreed by C. B. Home Secret  
and signed in his absence.



cc/ Mr Bayliss  
Mr Vereker  
Mr Hockyns  
Mr Wolfson



2 APPS  
2  
Ami [unclear]

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

First number of  
the new arrange-  
ment whereby  
Thames Authorities  
are taking up  
individual public  
sector pay issues.

23 October 1980

The Rt. Hon. William Whitelaw CH MC MP.  
Secretary of State  
Home Office

In Willie

nt

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27/10

FIREMEN'S PAY

I am rather disappointed that we do not appear to be any nearer to ending the indexation agreement for firemen's pay. I seem to recall that when we discussed this very briefly a few months ago (I think at the end of our discussion on police indexation), you had hopes of overturning this arrangement.

I recognise that formally this is a matter for the local authority employers, and that at Michael Heseltine's meeting with them on 25 September, they indicated that their plan was to review the arrangement next year rather than this year. Nonetheless, I suspect that with a little encouragement, they might be prevailed upon to advance their timetable, and I think this was what colleagues had in mind when we discussed the matter briefly in E Committee last June.

Public Sector pay 1  
Pt 2.

You will be much closer to the local authority employers than I am. But the employers clearly recognise the problems that will result for them in their other negotiations from the indexation agreement, and indeed this applies more generally across public service pay. I would hope that there is some prospect of encouraging them to reconsider, and persuading them to take some action this year.

I am sending copies of this letter to the Members of E Committee, to the Secretary of State for Scotland, and to Sir Robert Armstrong.

[Handwritten signature]

GEOFFREY HOWE







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I am sending copies of this letter to members of E Committee,  
to the Secretaries of State for Social Services, Scotland  
and Wales, and to Sir Robert Armstrong.

GEOFFREY HOWE

A handwritten signature in black ink, appearing to be "G. Howe", with a horizontal line above and below the signature.

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