

Pub. Sector Pay Pt 3

CONFIDENTIAL

Prime Minister



For 1830

mtg. Wednesday

Would you like to discuss with the Chancellor?

✓ Mr. Verdon  
Mr. Haskins

Mr. Walker

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

PRIME MINISTER

Agreed mt.

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PUBLIC SERVICE PAY

At Cabinet on 13th November I said I would be considering how arrangements for handling questions on public service pay might be strengthened to make sure that there is better co-ordination.

2. We must of course continue to avoid any appearance of a generalised pay policy or the governmental trappings which go with that. But I do not think we need be anxious about establishing machinery, especially at official level, for co-ordinating the consideration of questions about pay in the public services where Government, central or local, is the employer. I distinguish this from the rest of the public sector. I think it would not be wise to set up any new machinery to deal with nationalised industries because of the danger that that would be seen as an attempt to impose a policy for pay on them.

3. The role of co-ordinator must, I think, fall to the Treasury. It will be for the Treasury to ensure that issues are anticipated in good time and considered in the proper forum. To enable us to carry out this task, I suggest that a Committee of officials should be established, with the appropriate Treasury Under Secretary in the chair, consisting of the central Departments plus the main Departments concerned with public service pay issues - those with only a peripheral interest could be kept in touch without

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swelling the numbers on the committee. I suggest that the Committee should be serviced by the Cabinet Office.

4. As to discussion at Ministerial level, my initial instinct was to avoid any special new machinery. But I and others concerned have found it useful to meet to discuss pay issues; and I think the experience of recent weeks - and the prospect of a considerable series of difficult negotiations in the public services sector - points towards the existence of regular machinery which can be mobilised very quickly. I have in mind a sub-Committee of E, which I would chair myself, which would consist of Ministers from the central Departments (Jim Prior and Christopher Soames) plus those from the main Departments with responsibilities for public service pay - possibly only when their department was affected. Others would attend as required. Apart from dealing with specific public service negotiations, the sub-Committee would have the advantage that it would be able to process more general issues - like that of Arbitration or evidence to the Review Bodies - in the pay area, and so save the time of the main Committee.

5. The arrangements for monitoring pay developments both in the public services and in the nationalised industries, and reporting to a limited number of Ministers every three weeks, would continue. But these reports would now be in two separate documents and the report on developments in the public services would go to a large number of Ministers, ie everyone with an interest in public service pay. The report on nationalised industry pay would continue to get the present very restricted circulation.

6. I shall be glad to know whether you think these arrangements would be appropriate.

A handwritten signature in dark ink, appearing to be 'G.H.'.

(G.H.)

21 November 1980