

For Clegg file

CONFIDENTIAL

PRIME MINISTER

Standing Commission on Pay Comparability
(E(79) 38)

BACKGROUND

1. The first reports of the Clegg Commission (dealing with local authority and university manuals, NHS ancillaries, ambulancemen and university technicians) were published at the beginning of August. You asked officials to carry out an appraisal of the reports. The present paper is the result. Annex 1 assesses the work which the Commission has done on the basis of its first two reports: Annex 2 provides a new draft of Government evidence to Clegg taking account of his first reports; and the main paper pulls the threads together. A summary of the main findings and recommendations of officials is set out in paragraph 25 of the report.

2. In operational terms there are really six questions for Ministers to decide:-

- (a) Do they accept that Clegg should be allowed to continue work on his present references and, if necessary, to accept a few additional references where these do not prejudice decisions about the long-term future of the Commission?
- (b) Is the Government prepared to see major new references made to the Commission where these would have the effect of giving it a noticeably longer lease of life?
- (c) If so, do they agree that the Commission should normally function on the basis of providing data on which others can negotiate, rather than acting as an arbitration body?
- (d) Do they also agree that the Commission should be asked to undertake work leading to a factual, or judgemental, view on the vexed questions of relative efficiency, job security and the influence of supply and demand which have so far defied systematic analysis?

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- (e) What, if anything, do they wish to say publicly about their attitude to the Commission?
- (f) Do they agree that the Government should provide the Commission with general evidence on the lines set out in Annex 2 of the Report by officials?

HANDLING

3. You will want to ask the Chancellor of the Exchequer to introduce the paper and to call for contributions particularly from the Lord President of the Council and the Secretary of State for Employment. You may then find it convenient to structure the discussion around the questions set out above.

CONCLUSIONS

- 4. Subject to the discussion the conclusions of the meeting might be:
 - (i) That the Commission should be allowed to complete its present references and that there is no objection to its being asked to undertake new references where these carry no implications for its long-term future.
 - (ii) That the Government should stand ready to allow the Commission to be used in future major public service pay negotiations where the Government sees advantage in allowing this to happen in the circumstances of the particular case. In this event there would be advantage in asking Ministers who may wish to make use of Clegg in negotiations within their sphere of responsibility to make proposals to their colleagues in good time. Similarly officials should be asked to report further on the issues outlined in paragraph 21 of their Report.
 - (iii) That the Commission should normally function on the basis of providing data on which others can negotiate rather than be asked to recommend appropriate rates of pay - bearing in mind that 'disciplined' comparability requires the negotiating parties to agree on how outside evidence is to be handled.

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- (iv) That the Commission should be invited to attempt work, if necessary of a judgemental nature, on the so far unquantifiable items of relative efficiency and job security and that further thought should be given, both in Government and by the Commission, to the most appropriate way of taking account of labour supply and demand in future work.
- (v) To invite the Chancellor of the Exchequer, in the light of the Committee's discussion, to prepare a draft Government statement on Clegg for use as circumstances require.
- (vi) To invite the Chancellor to clear, in correspondence and in the light of discussion, the draft Government evidence to Clegg and to submit it when ready.


(John Hunt)

10th September 1979



170 SEP 1979

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