



CONFIDENTIAL

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Prime Minister

I am sure that Mr

Chairman took the right line.

JHW

2.v.

Agreed  
not

PRIME MINISTER

CIVIL SERVICE PAY SETTLEMENTS

I reported to you on 14 April about the pay negotiations for the Professional and Technology Group, represented by the IPCS.

2. Because of the late arrival of the Pay Research Unit reports for these grades the deadline for completion of negotiations was extended to 30 April. It became clear early this week that an agreed settlement was most unlikely.

3. The IPCS came to see me on Tuesday, 29 April. At that meeting I made them a final offer averaging 18.5% and emphasised that I must have their decision to accept or to go to the Civil Service Arbitration Tribunal (CSAT) by the evening of 1 May. Failing either of these, the only possibilities were a late operative date or a settlement imposed by management.

4. The IPCS informed me this morning that they were willing to refer the dispute to the CSAT. But they placed an unacceptable condition on their decision - that the present Chairman be replaced by an alternative one for this reference. They have publicly declared they have no confidence in the Chairman because they did not like the CSAT's award, made on his casting vote, on last year's settlement. I told them that we would, of course, welcome arbitration as the proper way of resolving a difference. But there could be no question of our agreeing to an alternative Chairman.

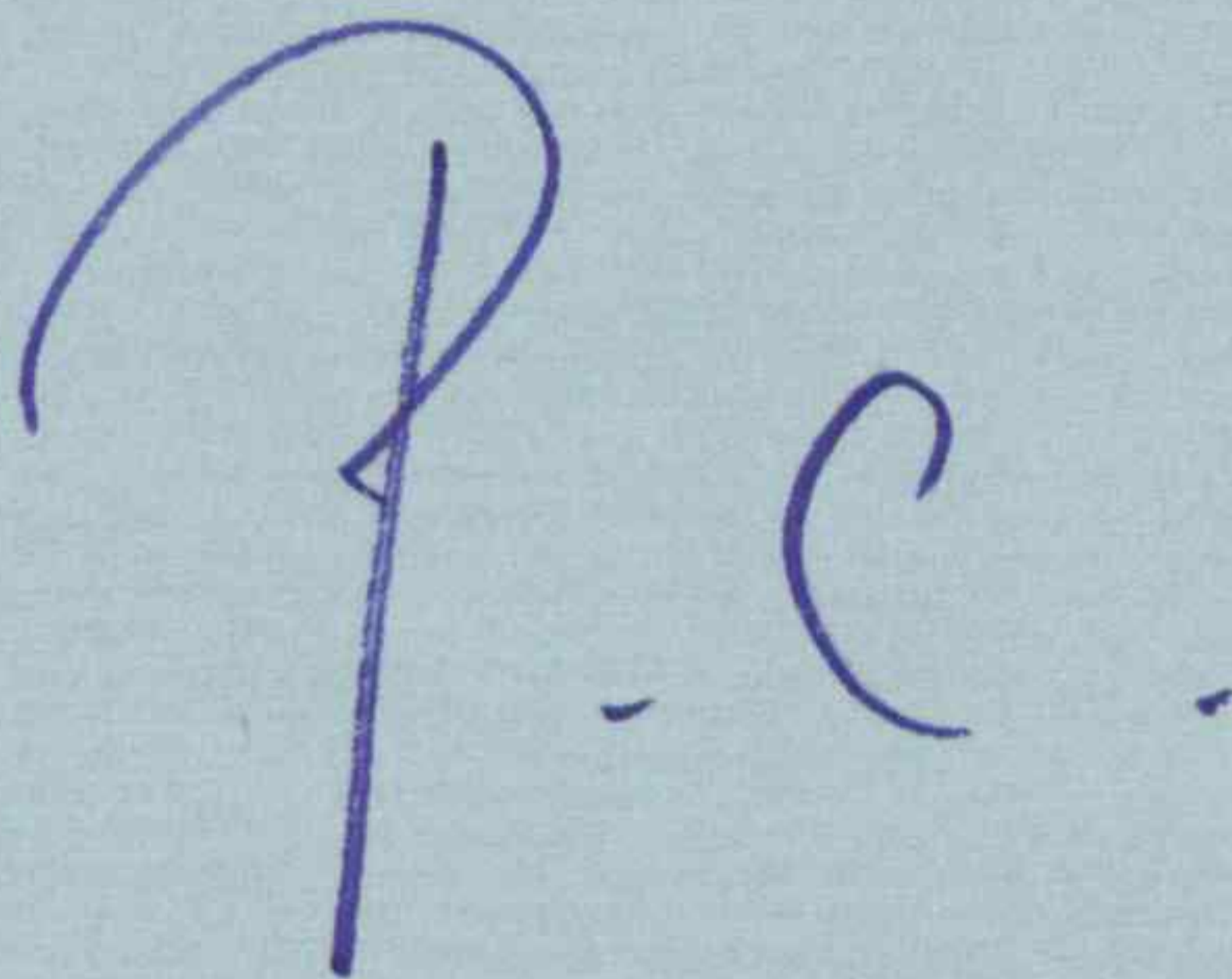
5. I had a final meeting this afternoon with the IPCS to try to reach agreement. Regrettably they refused to withdraw their condition about the Chairman. I therefore have written informing them that I had authorised implementation of my offer. This ends this year's pay review. The increases are fair and in line with those for other major Civil Service groups who have already settled. They are compatible with the cash limit.

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6. The IPCS informed me in the course of the meeting that they would be pressing their view on arbitration on a member of the Government early next week. They made specific reference to the role of the Department of Employment. I am quite clear that the course I have taken, after consultation with colleagues most concerned, was required in the best interests of management and staff. It would create intolerable problems for the future to bow to the pressure to remove the independent Chairman.

7. I am copying this minute to members of the Cabinet and to Sir Robert Armstrong.



PAUL CHANNON  
2 May 1980

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