



From the Private Secretary

Civil Service Department  
Whitehall London SW1A 2AZ  
01-273 4400

23 April 1981

Nick Sanders  
Private Secretary to the Prime Minister  
10 Downing Street  
LONDON SW1

Dear Nick,

CIVIL SERVICE DISPUTE

This is no more than a bare summary of what has happened today which I hope will be suitable for you to put straight into a telegram to the Prime Minister.

The Lord President saw the Council of Civil Service Unions today (Thursday) at 1230. The Lord President told them:

1. 7% was the most that could be afforded from cash limits this year;
2. For 1982 the Government would enter pay negotiations without a pre-determined limit on the cost of the settlement;
3. For the longer term, the Government was not prepared to return to the existing Pay Agreement which no longer commanded public confidence but a framework was needed which could take account of relevant factors, including for example the position on recruitment and retention. The Lord President suggested that an authoritative outside inquiry might help in working out a new system.

The Council of Civil Service Unions asked a number of questions about 1981 and 1982 and then responded to the Lord President's invitation for them to continue talks after a period of reflection later that afternoon by saying they would contact us.

That they did by sending a letter (copy attached for the Prime Minister's return) and holding a Press Conference. The letter is disappointing but in spite of what looks like a clear turndown we were surprised to hear informally from Mr Kendall that there could still be scope for continuing the dialogue. I will report further.

To ensure that the Government's initiative goes directly to civil servants we sent a circular letter to all Departments early this afternoon. A Press Statement was issued and the Lord President was interviewed by BBC TV and radio, ITN and Independent Radio News.

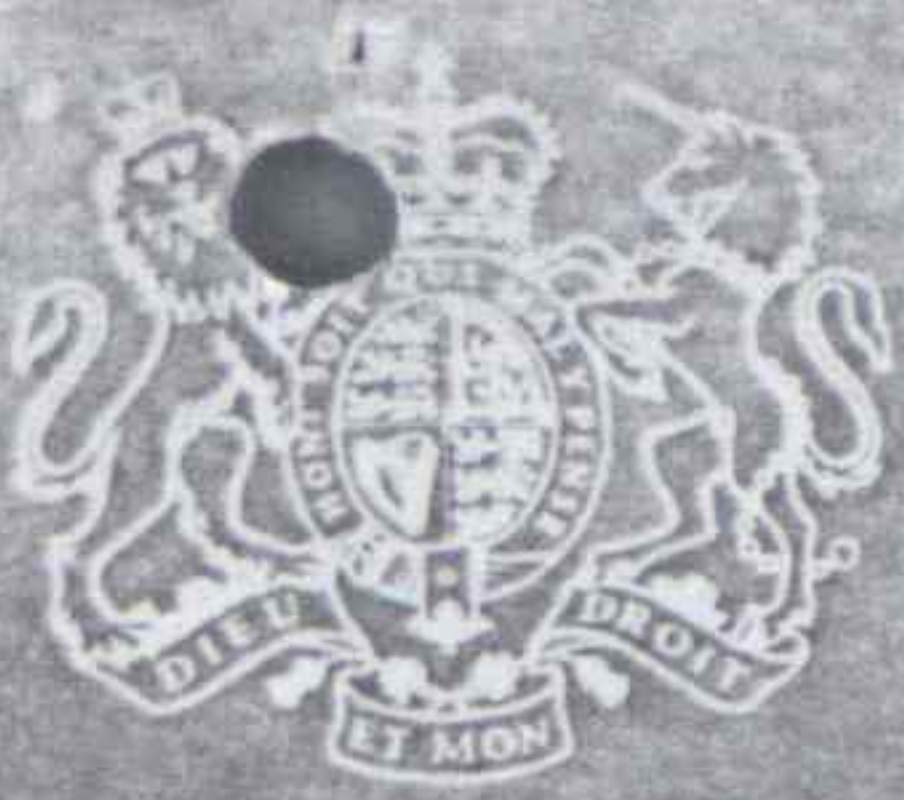
Yours sincerely,  
Jim Buckley.

J BUCKLEY

Copy to Mr Verelst  
Mr Duggan  
Mr Gaffin.

File.  
H.





# Civil Service Department

Whitehall SW1

LP  
1150

23 April 1981

## LORD SOAMES OFFERS INDEPENDENT INQUIRY ON CIVIL SERVICE PAY

Lord Soames, Lord President of the Council, offered to set up an independent inquiry to determine future pay arrangements for the Civil Service at a meeting with representatives of the Council of Civil Service unions today (Thursday).

He also said that the Government would enter pay negotiations in 1982 without a pre-determined limit on the cost of the settlement.

On the level of pay increase for 1981 Lord Soames reaffirmed that 7% was the most that could be afforded from within cash limits. He said the offer was a fair and reasonable one: workers in other public services had already settled at around the same level.

On future pay arrangements for the Civil Service Lord Soames repeated that the Government was not prepared to return to the existing Pay Agreements which no longer command public confidence. The Government's objective remained the establishment of a new ordered and agreed system which would meet the legitimate interests of all concerned and which would win wide acceptance as a fair and reasonable way of settling Civil Service pay. He assured the unions that within a new system there would be a role for outside comparison and that it was not the Government's intention that the terms and conditions of service of civil servants should, generally speaking, fall behind those being applied outside the Service. But a framework was needed which could take account of all relevant factors including for example the position on recruitment and retention.



Lord Soames suggested to the unions that an authoritative outside inquiry which could examine in depth all the issues involved might help in working out a new system. He would be happy to discuss both the terms of reference and the composition of the inquiry with the unions, and asked them to let him have their views on this possibility.

Whether an inquiry was set up or direct negotiations launched with the unions on a new system it was unlikely to be in place in time for the 1982 settlement. In those circumstances negotiations would take place in which each side was free to introduce whatever factors they considered to be relevant. Lord Soames gave the unions an assurance that the Government would be prepared to negotiate without a pre-determined limit on the cost of the 1982 settlement.

The union representatives, led by Mr William Kendall, Secretary General of the Council of Civil Service Unions, agreed to consider the Lord President's proposals and to respond to them in due course.

Press Office  
Civil Service Department  
Old Admiralty Building  
WHITEHALL  
London SW1A 2AZ

Tel: 01-273 3283, 4002 and 4274



MANAGEMENT IN CONFIDENCE



CIVIL SERVICE DEPARTMENT

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01 273 5448

Switchboard 01 273 3000

23 April 1981

Dear Establishment Officer

The Lord President met the Civil Service unions late this morning to discuss the present pay dispute. With this letter I am sending you a summary of the main points in the statement which he made at the meeting. The discussion was adjourned while the unions consider the statement; it may be resumed later in the day. We shall keep you briefed on developments. Meanwhile you can draw on this note for briefing management and getting the Government's position across to staff in a positive way.

A note in similar terms is being sent to your Permanent Secretary.

*John Pearce*  
*John Pearce*  
J B Pearce

ENC

MANAGEMENT IN CONFIDENCE



MEETING BETWEEN LORD PRESIDENT AND CIVIL SERVICE UNIONS ON 23 APRIL

1. At a meeting with representatives of the Council of Civil Service unions this morning Lord Soames, Lord President of the Council, offered to set up an independent inquiry on future pay arrangements for the Civil Service. He also said that the Government would enter pay negotiations in 1982 without a pre-determined limit on the cost of the settlement.
2. On the level of pay increase for 1981 Lord Soames reaffirmed that 7% was the most that could be afforded from within cash limits. He said the offer was a fair and reasonable one: workers in other public services had already settled at around the same level.
3. On future pay arrangements for the Civil Service Lord Soames repeated that the Government was not prepared to return to the existing Pay Agreements which no longer command public confidence. The Government's objective remained the establishment of a new ordered and agreed system which would meet the legitimate interests of all concerned and which would win wide acceptance as a fair and reasonable way of settling Civil Service pay. He assured the unions that within a new system there would be a role for outside comparison and that it was not the Government's intention that the terms and conditions of service of civil servants should, generally speaking, fall behind those being applied outside the Service. But a framework was needed which could take account of all relevant factors including for example the position on recruitment and retention.
4. Lord Soames suggested to the unions that an authoritative outside inquiry which could examine in depth all the issues involved might help in working out a new system. He would be happy to discuss both the terms of reference and the composition of the inquiry with the unions, and asked them to let him have their views on this possibility.
5. Whether an inquiry was set up or direct negotiations launched with the unions on a new system it was unlikely to be in place in time for the 1982 settlement. In those circumstances negotiations would take place in which each side was free to introduce whatever factors they considered to be relevant. Lord Soames gave the unions an assurance that the Government would be prepared to negotiate without a pre-determined limit on the cost of the 1982 settlement.