

CC100

NAPM

AT 4/6



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

10 June 1985

Dear Chancellor

CIVIL SERVICE INDUSTRIAL PAY NEGOTIATIONS, 1985

You sent me a copy of your letter of 4 June to Michael Heseltine about this years' industrial pay negotiations.

I agree your proposal to seek a settlement for increases in pay and allowances from 1 July within a total additional cost of 4.9 per cent. I am content for there to be a general statement of intent on overtime and further discussions on pay restructuring.

I confirm that the cost of a settlement on these lines would be contained within cash limits.

I am copying this letter to the Prime Minister, to other members of E(PSP) and to Sir Robert Armstrong.

Yours sincerely
P. Jenkin
PATRICK JENKIN

Approved by the Secretary of State

The Rt Hon Nigel Lawson *and signed in his name.*



WBM
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11/2

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALING 01-218 2111/3

MO 20/17/6

7th June 1985

Thank you for your letter dated 4th June.

As you say, my officials have been associated with yours and those of Patrick Jenkin in exploratory talks with the unions. It would be unrealistic to expect to achieve a settlement quietly at less than the percentage increase for non-industrials, particularly given the recent figures for inflation. The cost of the settlement can be accommodated within existing provisions. I agree that officials should try to agree suitable wording on restructuring and overtime.

I am sending copies of this letter to the Prime Minister, to the other members of E(PSP) and to Sir Robert Armstrong.

Michael Heseltine

The Rt Hon Nigel Lawson MP

CIVIL SERVICE; Pay: PE15.



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CABINET OFFICE

*From the Chancellor of the
Duchy of Lancaster*
Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

7 June 1985

Am Nigel,

CIVIL SERVICE INDUSTRIAL PAY NEGOTIATIONS 1985

You wrote to Michael Heseltine on 4 June about the forthcoming pay negotiations for Civil Service industrial staff.

Although rising trends in settlements elsewhere may make these negotiations more difficult, it is important that, for the time being at least, the level of pay increases for industrials should remain commensurate with those for the non-industrials who settle before them.

In the circumstances, I accept your proposal that officials should aim to move directly to a 4.9% settlement at the negotiating meeting on 10 June.

I am copying this letter to the Prime Minister, to the other members of E(PSP) and to Sir Robert Armstrong.

Lu,
TJM

GOWRIE

CML SERVICE : Pay

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NDPM

MT 4/6

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

4 June 1985

The Rt. Hon. Michael Heseltine MP
Secretary of State for Defence

John Major

CIVIL SERVICE INDUSTRIAL PAY NEGOTIATIONS 1985

As you will be aware, the Government received a pay claim from the industrial unions on 11 March. Their pay review date is 1 July. Your officials and mine together with Patrick Jenkin's have had some informal exploratory meetings with the unions and we now need to decide on an offer.

The claim was for a "substantial increase" in pay and allowances, without figures, and for unquantified improvements in hours, leave, holiday pay and overtime rates. It included a request for restructuring and for an agreement on excessive overtime, and a change in the pay settlement date from 1 July to 1 April. I think we should try to get a settlement based on increases in pay and allowances alone. There are signs that we might be able to achieve this reasonably peacefully if we agree to continue discussions on restructuring and to make a general statement of intent that we shall avoid, where possible, excessive overtime working by individuals. Officials on the Joint Consultative Committee are discussing possible wording which would leave us the necessary freedom of action.

I think we must seek to contain the cost of the settlement within the figure of 4.9 per cent that we achieved with the non-industrials but I doubt if we should try for anything less. As you know, we have secured settlements of a similar size for industrials and non-industrials each year since we gave up pay research and I do not think it will be easy to break this pattern until we have a different way of dealing with Civil Service pay. The unions are likely to resist any attempt to enforce a lower settlement, in the belief that we would eventually be prepared to move to the non-industrial figure, and I doubt if it would be worthwhile provoking a confrontation with them.

If you and other colleagues agree, I will therefore authorise officials to make an offer to the unions, on the lines I have suggested, at the full Joint Consultative Committee meeting which is scheduled for 10 June, asking them to attempt to secure as quick a settlement as they can. An offer and settlement, if we can get it, at this level would not be unhelpful to negotiations with other public service groups.

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Meanwhile, I should be grateful if you and Patrick Jenkin, as the other employer of significant numbers of industrials, could confirm that you will absorb the additional cost of a settlement at this level within your existing cash and running cost provisions. I assume that there will be no difficulty over this in other departments employing much smaller numbers of industrial staff.

I am copying this letter to the Prime Minister, to the other members of E(PSP) and to Sir Robert Armstrong.

NIGEL LAWSON

A large, stylized handwritten signature in black ink, appearing to read "Lawson".

4 JUN 1985

