



file SKW  
cc B9

10 DOWNING STREET

*From the Private Secretary*

18 November 1985

*Dear Tony,*

**CIVIL SERVICE LONG TERM PAY ARRANGEMENTS**

The Prime Minister has seen the Chancellor's minute to her of 15 November. She agrees that it would be right for the data collection exercise by the OME to be put in hand, on the basis set out in the Chancellor's minute.

I am copying this letter to Private Secretaries to members of MISC 66, the Secretary of State for the Environment and Education and Science, and to Michael Stark.

*Yours ever,  
David.*

(DAVID NORRGROVE)

Tony Kuczys, Esq.,  
HM Treasury.

Prime Minister

Agree the Chancellor's proposal  
to go ahead with the OME Survey?

MR NORCROVE

15 November 1985

DKV

15/11

CIVIL SERVICE PAY

Yes not

The Chancellor is right to press ahead with the OME survey.  
It keeps open the option of unilaterally implementing the  
MEGAW proposals and thereby introducing a framework of  
'legitimacy' into Civil Service pay bargaining.  
Arbitrary imposition of settlements well below the going  
rate is becoming counter-productive.

An OME survey keeps faith with the moderate union leaders,  
(who represent over half the Civil Service), and who have  
put their prestige behind the Government's proposals.

Peter Warry

PETER WARRY

CCB



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

PRIME MINISTER

**CIVIL SERVICE LONG-TERM PAY ARRANGEMENTS**

Following the meeting of MISC 66 which you held on 27 September, we have worked up and presented to the Civil Service unions outline proposals for a new long-term pay arrangement. The reaction from the unions has been mixed. They like the "lower quartile" floor for the value of pay settlements, and the admission of the relevance of pay levels for similar jobs elsewhere. But they do not like the refusal of a "catching-up" guarantee, access to arbitration by agreement only, and the Government's right of override - and these are matters on which we cannot shift.

All the unions are going to consult their members one way or another, but three (the CPSA, the IPCS and - tentatively - the POA) are doing this with a positive recommendation on the basis that what we offer is better than nothing; while four (the SCPS, the IRSF, the CSU and the FDA/AIT) are doing so with a negative recommendation. (The Northern Ireland Public Services Association, who represent staff who follow the home Civil Service pay arrangements by analogy, are also narrowly against). Thus we have about 255,000 home civil servants whose representatives have indicated a provisional acceptance of our proposals and about 180,000 who are provisionally against. This does not of course necessarily represent the final position; there are unions who may change sides as the consultation process proceeds (reports say that the CPSA may be vulnerable on this score).

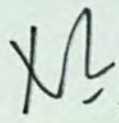
This consultation process will not be completed, however, for some time, and meanwhile we have to decide whether to allow



the data collection exercise by the OME, which of course underpins our proposals, to be put in hand. This has to be done quite quickly if it is to be of any use next year. If we begin it now there is certainly a risk that the work will be wasted. On the other hand there are good reasons why we should now go forward. We have a provisional majority for our proposals and I think it is too early to write them off completely, which is what not going forward with the OME now means. Not going forward would also be a blow to those unions and their General Secretaries (including Alistair Graham of the CPSA) who very much want an agreement and are working hard for this. Not going forward would rule out a separate agreement with individual unions or the unilateral imposition of an arrangement on the lines of our proposals, if an agreement with all the unions proves not possible. Finally not going forward now would deprive rank and file members of a say in this important proposal, and would in effect mean that we were being dictated to by union Executives.

I am therefore proposing to authorise the OME work, on the clearly stated and specific understanding that if a sufficient majority does not in the event endorse the proposals as presented, then all bets would be off and we should have to consider where we went next. This might mean simply putting a stop to the work and negotiating next year's pay in the same way as last year's. Alternatively it could mean some kind of separate agreement with those unions who want one, or a unilateral imposition of parts of our present ideas. I would not want to rule any of this out at this stage; and we do not have to take any decisions now.

I am copying this minute to the other members of MISC 66, to the Secretaries of State for the Environment and Education and Science, and to Sir Robert Armstrong.

  
N.L.

15 November 1985