



Prime Minister (2)

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To note.

MUS 25/10

PRIME MINISTER

I am very concerned at the possible impact on the present NHS pay dispute of decisions which will shortly have to be taken about the pay of some other groups of public service workers. It would be deeply embarrassing, for example, if there was a settlement with the water workers greatly in excess of the 3½ per cent pay factor, or if the local authority employers made their manual workers an offer significantly above that level. The tendency of the National Water Council to concede unjustifiably high pay increases is only too well known. In relation to the local government manual staff there is shortly to be a meeting between Ministers and the employers.

I would strongly urge that we should take every possible step to see that settlements are not concluded nor offers made at levels which are seriously out of line with the pay factor. I hope too that no such offers or settlements will be approved by Ministers, whether formally or informally, until after there has been an opportunity for collective discussion.

I am sending copies of this minute to Cabinet colleagues and to Sir Robert Armstrong.

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25 October 1982

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