



10 DOWNING STREET

From the Private Secretary

3 November 1980

Dear Tom,

Firemen's Pay

As you know, the Prime Minister held a further meeting this morning to discuss firemen's pay. The Home Secretary, the Chancellor of the Exchequer, the Lord President, the Secretaries of State for the Environment and Defence, Lord Gowrie, Sir Robert Armstrong and David Wolfson were present. They had before them Mr. Heseltine's letter of today's date.

The Home Secretary said that he had been unable to make contact with the Chairman of the Association of County Councils over the weekend. But his officials had been in touch with Mr. Rushbridge, the Secretary to the Local Authority National Councils. Mr. Rushbridge had indicated that he had done his best to persuade the employers of the risks of a high settlement for the firemen, but they seemed determined to go ahead with an offer of 18.8 per cent at the negotiating meeting scheduled for tomorrow afternoon. Rushbridge thought it unlikely that they would take much notice of a message from the Secretary of State for the Environment which merely drew attention to the generality of local government pay settlements. Mr. Whitelaw said that he accordingly judged that more direct pressure would be needed for there to be any chance of a lower settlement. If Ministers were to intervene directly, there was the risk of their being rebuffed; on the other hand, there was a strong case for trying to achieve a lower settlement because of the likely repercussions of a high settlement for the firemen on other local authority pay negotiations.

Summing up a short discussion, the Prime Minister said that the draft letter enclosed with Mr. Heseltine's letter of today's date should be sent at once; but this should be backed up by the Home Secretary's warning the local authorities that the letter was on its way and by his asking them to postpone tomorrow's negotiating meeting until they have had an opportunity to consider the implications of the Government's decisions on the RSG cash limit for 1981/82 - which should be announced shortly.

I am sending a copy of this letter to John Wiggins (HM Treasury), Jim Buckley (Lord President's Office), Jeff Jacobs (Department of the Environment), Brian Norbury (Ministry of Defence), David Fraser (Lord Gowrie's Office), Gerry Spence (Central Policy Review Staff) and David Wright (Cabinet Office).

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A copy also goes to Richard Prescott (Paymaster General's Office), Peter Shaw (Department of Education and Science), Don Brereton (Department of Health and Social Security), Godfrey Robson (Scottish Office) and John Craig (Welsh Office) together with copies of my letter recording last Friday's discussion and Mr. Heseltine's letter of today.

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*Tim Lahr*

John Halliday, Esq.,  
Home Office.

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