

CONFIDENTIAL

Prime Minister

A useful note

Mr Lynton
Mr Holt
Mr Ingham



Treasury Chambers, Parliament Street, SW1P 3AG
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9 January 1980

Dear Tim,

BSC STRIKE

...

I enclose a note answering the questions posed by the Prime Minister yesterday about the strike income of BSC workers.

I am copying this letter to the Private Secretaries to the Secretaries of State for Industry, Employment, and Social Services, and Sir Robert Armstrong.

Yours etc.

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No.10.

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prefers not to make the refund, he may relieve himself of the obligation to do so by providing the Inspector of Taxes concerned with information about the striking employee sufficient to calculate the level of refunds due (but he must do this not later than the first usual pay-day during the strike). In that case, the tax office is legally obliged to make the repayments and while in practice some delay might occur it is not possible legally deliberately to delay repayment.

In practice, where pay clerks are not on strike (ie in Scotland, where they belong to a non-striking union APEX, and in Wales, where there is a dispensation agreement covering some essential ISTC staff) they are handling the payment of rebates. Where they are on strike (in England) the Inland Revenue believe it likely that BSC have not yet made the requisite information available to the local tax office.

3. SUPPLEMENTARY BENEFIT. This is payable to a married man for the whole duration of a strike: but it is a gross figure against which tax rebate is deductible, except for the first £4 of that rebate. Single men are only entitled to SB in exceptional circumstances of need, and then to a limit of £12-50 a week. A married man without children, earning £110 per week, would receive £24-65 a week gross SB; a married man with two children £28-2 a week gross SB; the entitlement continues to rise with the number of children, and also varies with their age.

4. STRIKE INCOME COMPARED WITH NORMAL INCOME. Leaving aside any residual pay in respect of December overtime (see paragraph 1 above), a striker's net income from supplementary benefit netted off against tax rebates (except the first £4 as described) would thus be about £21 per week in the case of a married man with two children

normally earning £110 gross a week; ^{adding back tax rebates which} ~~rent payments might~~ ^{are themselves payable in full, and rent payments (payable in a strike), would take} ~~take this to around £30.~~ ^{the total to around £40.} This is to be compared with the same man's net weekly pay when not striking, post-tax and national insurance contributions, of about £83-50.

In the case of a single man, strike income would be limited to about £7-50 per week ~~strike~~ tax rebate, as compared with about £79-50 when not on strike.

5. ASSESSMENT. Strike income is on the face of it low, and it could take steelworkers six weeks at work to recoup (after tax) the income foregone in each week of the strike. Nonetheless, financial pressure is unlikely to force an early return to work. Many wives have jobs; in some areas there is much scope for moonlighting. Payment of electricity, gas and telephone bills can be delayed, and it takes many months of bureaucratic process to catch up on this. Workers may use their personal holiday savings to buy food. In sum, striking workers should manage, with some tightening of belts, for two or three months at least.

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