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

PRIME MINISTER

MONITORING REPORT - PUBLIC TRADING SECTOR

I attach the latest report prepared by officials.

2. The issues arising continue to centre on the water/gas/electricity nexus, and particularly on water and gas, since the electricity negotiations have not yet reached a critical stage. I have already stressed the need for these negotiations to be seen together, and the water negotiations are already the subject of active Ministerial consideration. The only comment I would make is that there does seem to have been a tendency in both water and gas negotiations for the offers to be forced upwards without achieving tangible results in the form of union recommendations to accept. This places a heavy onus on the negotiators to choose their next moves with the greatest of care, and makes it all the more important that we (and those negotiating in the other industries) should be as informed as possible in advance of any projected further moves.

3. I am sending copies of this minute and the report to the Paymaster General, the Secretaries of State for Employment, Energy, Environment, Industry, Scotland, Trade and Transport, to Mr. Ibbs and to Sir Robert Armstrong.

(G.H.)

24 February 1981

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Prime Minister

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The section on water
workers has of course
been overstated. I also
attach at - Play the latest report
on public
service
26/2 May.

PUBLIC TRADING SECTOR

WATER SERVICE

(i) Manuals (33,000)

Settlement date: 7 December 1980

Unions: GMWU, TGWU, NUPE, NAAAW

The claim seeks a £20 a week increase, consolidation of the efficiency supplement, shorter working week, longer holidays and other improvements and is estimated to be worth 30%. The employers initially offered:

- increases in basic rates, not extending to overtime or bonus
- increases shift, standby and callout allowances
- 1 day's extra holiday.

The opening offer added 9.9% to basic rates, but the increase in earnings was smaller giving an overall increase in the annual paybill of 7.9%. The offer was rejected and was not increased at the next joint meeting on 6 January. The unions, having consulted their membership on a recommendation for industrial action which received universal support, arranged to meet on 3 February to agree to joint action. The employers' side made approaches to the unions to forestall their projected meeting, and after informal talks a meeting of the NJIC took place on 3 February when an improved offer was tabled.

The new offer raised the proposed increase in earnings to 10%. This increase was produced by raising the offer on rates from 9.9% to 10% and by meeting a union demand that the increase should flow through to bonuses. A second union demand to consolidate a £5 efficiency supplement, costing a further 2.3% as a result of flow through into premium payments etc, was refused. The unions had indicated they would be prepared to recommend a settlement on that latter basis.

The union negotiators rejected the revised offer and are now consulting their members, in practice by seeking branch and regional level endorsement of the rejection and confirmation of the mandate for industrial action. On the basis of the first reported votes in the Northern, South West and South Wales regions, unofficial industrial action in the Northern Region, and an NWC survey of reactions

at branch level, the indications are that the union negotiators' position will be strongly supported. The results are expected to be known by 24 February when the unions are to meet. The employers are due to meet on 25 February. Within the industry, regional water authority chairmen will be doing what they can to influence the views of their workers, taking account of local attitudes which are said to differ widely.

(ii) Craftsmen (4,900)

Settlement date: 7 December 1980

Unions: CSEU, Union side of NJC for the building industry

The craftsmen have rejected the opening offer of 9.9% on rates, which in their case would have given a 7.7% increase in earnings. On 13 February the unions rejected an improved offer in line with that already made to the manuals (10%). However they agreed to report the offer to their Executive. Negotiations have not been broken off, but neither has any date been set for a resumption. As with the manuals, the main outstanding union demand is consolidation of the £5 efficiency supplement. Unions made no comment on their position in the event of industrial action by the manuals. However the possibility of combined action cannot be excluded.

GAS SUPPLY - Manuals (41,000)

Settlement date: 18 January

Unions GMWU, TGWU

The claim, which the unions say is worth 2 $\frac{3}{4}$ %, seeks increases of 15 $\frac{1}{2}$ % in line with inflation and consolidation of bonuses at a sum equivalent to one-third of basic pay, this sum to be paid to all workers. (present bonuses range from Nil to 50%.) Other improvements sought are: reduction of working week to 37 hours, increased holidays and increased holiday pay, maternity leave, phased reductions in hours prior to retirement.

BGC responded on 7 January with an offer worth about 8% on the pay bill in the 12 months starting 18 January, which becomes about 9% in the 12 months starting 2 August 1981, from which date the working week would be reduced to 38 $\frac{3}{4}$ hours. this offer was rejected.

When the NJIC met on 30 January the Corporation tabled a revised offer which would add about 9% to the wages bill in the year of settlement, or 10.3% taking in the value in a full year of the reduction in hours. In the press, the offer is being

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described as 9.9%. The unions called the offer "disappointing", and the negotiations were adjourned so they could report back to their members, no date being fixed for the next meeting.

ELECTRICITY SUPPLY

- (i) Manuals (92,000)
Settlement date: 20 March
Unions: EETPU, GMWU, AUEW, TGWU

The Electricity Council has received a claim for:

- (i) a substantial increase in schedule salaries
- (ii) a reduction in working hours to 35 a week
- (iii) unsocial hours payments to be based on the hourly rate derived from the schedule salary
- (iv) introduction of voluntary early retirement at age 60.

The Electricity Council is letting water and gas make the running and is in touch with both industries. The Council made no specific offers at the NJIC meeting on 5 February on any of the elements of the claim and said they would need to examine more closely features such as a reduction in hours and flexibility on shift pay. Detailed negotiations have been referred to a small joint group, as in the two previous years. The Council is expected to make a formal offer at the NJIC on 5 March.

- (ii) Power Engineers and Technicians (28,000)
Settlement date: 1 February
Union: EPEA

The power engineers are likely, as last year, to await the industrial settlement before making their own claim. They have had their first meeting for general discussion but are unlikely to make any progress before the next meeting on 17 March.

BRITISH AIRWAYS (50,000)

- Settlement date: 1 January (1 April for pilots)
- Unions: TGWU, AUEW, EETPU, ACTSS, AUEW (S & T), APEX, ASTMS, GMWU
FTATU, UCATT, BALPA

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The Board initially offered 7 $\frac{1}{2}$ % from 1 July 1981, with no increase from 1 January, and later improved the offer to 8% from 1 April. The offer has been put to the separate National Sectional Panels. It has been rejected by the engineering, maintenance and ground support groups, who have already staged a 1-day strike on 23 January and are now planning a series of 1-day strikes beginning on 20 February. The offer has also been rejected by the clerical and administrative groups, but they are not so far threatening industrial action.

The T & GWU made an approach to ACAS on the grounds that BA was breaking agreements by freezing certain payments - eg shift allowances - which were subject to indexation. ACAS saw representatives of both sides separately, but without success. The parties subsequently agreed to revert to their normal negotiating procedures. Further talks between management and unions were held on 17 February in the form of the National Joint Council for Civil Air Transport.

The Board is maintaining its stand on the overall amount available, but has offered changes in the composition of the package, including full uprating of shift and London Weighting allowances compensated by a longer initial pay freeze.

BRITISH STEEL CORPORATION (140,000)

Settlement date: 1 January

Unions: BSC-ISTC, BSC-NCCC, NUB, GMWU, TGWU, MATSA, ACTS, ASTMS,
APEX, SIMA

The Corporation presented the unions with a 'survival plan' which envisages upwards of 20,000 redundancies, and has proposed pay increases of 7% from 1 July 1981, with no increase from 1 January.

The craft and general unions and SIMA, the managers' association, have now accepted the whole deal. ISTC, however, rejected the pay proposals and national agreement on the survival plan, although they are prepared to have local negotiations on redundancies in particular plants.

BSC and the ISTC again failed to reach agreement when they met on 10 February. The talks were adjourned and no date was fixed for their resumption.

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BRITISH SHIPBUILDERS (Staff and Manuals 72,700)

Settlement date: 1 April

Unions: CSEU, SAIMA

BS have received a claim in very general terms which mentions no specific figures. The claim includes:

For Manuals

- a substantial increase in rates
- improvements in overtime rates, holiday pay, sick pay and other rates and allowances

For Staff

- a substantial increase in rates
- implementation of an equitable payments structure

General

- a reduced working week
- a phased reduction in hours for those being made redundant
- increased holidays

At the joint meeting on 9 February the claim was formally presented, the employers making no response. There will be a further meeting on 2 March.

NATIONAL FREIGHT CO

(i) Operating grades (23,000)

Settlement date: 1 January 1981

Unions: TGWU, URTU, NUR

In advance of a claim NFC offered to increase basic rates by 4% - to give top category drivers £80 per 40-hour week. Union delegates ignored the offer and, on 23 January, submitted a claim costed at over 20%. Management responded with a revised offer to increase top category drivers' rates to £81 per 40-hour week (5.2%) and other operating grades by 5%, which union negotiators agreed to

recommend to a delegate conference to be held during w/c Monday 16 February.

The offer is in line with the majority of the RHA area settlements. The effect on average earnings is not known.

NATIONAL BUS CO

- (i) Platform and non-craft maintenance staff (39,000)

Settlement date: 1 March 1981

Unions: TGWU, NUR, GMWU, AUEW(E)

A claim for "substantial" pay increases and other improvements was submitted at the end of November and discussed at a meeting of the National Council for the Omnibus Industry (NCOI) on 7 January. An employers' offer of 5% increase on rates was discussed at subsequent NCOI meetings on 3, 6 and 9 February. At the last meeting an improved offer of 7.5% increase on rates was accepted. The increase in average earnings is expected to be the same. The agreement does not include any commitment to reduce the working week, which will now become the subject of a joint management/union study group. But NBC does not expect to reduce hours before 1 March 1982 and its target is to do so at nil cost.

- (ii) Clerical, administrative, supervisory, catering and miscellaneous staff (12,000)

Settlement date: 1 March 1981

Unions: NALGO, ACTSS, NUR, TGWU, AUEW

The unions submitted the claim (details not available) at an NJC meeting on 19 January. The employers responded with an offer to increase rates by 5%. The effect on average earnings is not known.