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PRIME MINISTER

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MONITORING REPORT - PUBLIC TRADING SECTOR

3/4

..... I attach the latest report.

2. Settlements have now been reached for water and gas manuals, and at British Shipbuilders. David Howell will no doubt report the outcome of the electricity talks on 2 April.

3. For the future, the immediate problem areas look like rail and the Post Office. These negotiations are still at an early stage. As you know, I have discussed these with colleagues, and we have set in hand contingency planning in the event of industrial action. I understand that officials are now well advanced with this. I have also seen Norman Fowler's minute to you of ~~27~~ March on railways' pay, which indicates the potential seriousness of the situation. However I do not think that further action at this stage would be helpful.

4. On a smaller group, the South Yorkshire PTE negotiations are producing very high figures if the two settlements are taken together. I recognise that Norman Fowler's ability to influence events is very limited: but he may wish to comment on whether there is a risk of such figures spreading elsewhere in the bus industry.

5. I am sending copies of this letter to the Home Secretary, the Chancellor of the Duchy, the Secretaries of State for Industry, Employment, Environment, Energy, Trade and Transport, to Mr. Ibbs and to Sir Robert Armstrong.

R. Tolmie, [approved by the
for, Chancellor x
(G.H.) Signed in his
absence]

3 April 1981

PUBLIC TRADING SECTOR

WATER SERVICE

- (i) Manuals (33,000)
Settlement date: 7 December 1980
Unions: GMWU, TGWU, NUPE, NAAAW

A settlement was ratified at a meeting of the NJIC on 19 March. The terms were 10.2% on basic rates, extending into bonus and overtime, consolidation of a £5 efficiency supplement, improved shift pay, and 1 day's extra holiday.

The employers assess the effect on average earnings as 12.3%. They estimate that the extra day's holiday can be provided at no cost.

- (ii) Craftsmen (4,900)
Settlement date: 7 December 1980

The craftsmen have settled on the same terms as the manuals. In the case of the craftsmen, the effect of the increases on average earnings is expected to be 12.6%.

GAS SUPPLY

- (i) Manuals (41,000)
Settlement date: 18 January
Unions: GMWU, TGWU

The claim, which the unions say is worth 23%, seeks increases of 15½% 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, paternity leave, phased reductions in hours prior to retirement.

The unions have rejected three offers - the first, made on 7 January, was worth about 8% on the pay bill in the 12 months starting 18 January (equivalent to about 9% in the 12 months starting 2 August 1981 when a proposed reduction in hours was due to become operative; and the second, made on 30 January, was worth about 9% in the year of settlement (or 10.3% in the 12 months starting 2 August 1981).

The third offer on 24 February was worth a little over 10% in the year of settlement (just over 11.3% in the 12 months starting 2 August). On 26 March BGC offered further pay increases and a small increase in holiday allowance, and brought forward the proposed reduction in the working week (by 1¼ hours) from 2 August to 31 May 1981. This package represents an increase in the wage bill of 11.7% for the settlement year (equating to 12.6% in the full year from 31 May 1981). It is believed that GMWU officials (the main union) will recommend acceptance of this offer at a delegates conference on 6 April, after which they will respond to the management.

- (ii) Gas Staffs and Senior Officers (58,500)
 Settlement date: 1 June
 Unions: NALGO, GMWU, MATSA

A claim was lodged on 18 March. No specific figure is claimed but the unions estimated (prior to the Budget) that the rise in the RPI since the last settlement would be 16.1%. They are also asking for grade restructuring, increased leave and a reduction in working hours to 35 a week. The parties meet next on 30 April.

- (iii) Higher Management (3,500)
 Settlement date: 1 July
 Union: NALGO

The group has lodged a claim unexpectedly early indicating that they are seeking increases in line with inflation. No specific figure is claimed but the union estimated (prior to the Budget) that the rise in the RPI since the last settlement would be 15.4%. An NJC meeting has been fixed for 28 May.

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

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- (iii) unsocial hours payments to be based on the hourly rate derived from the schedule salary
- (iv) voluntary early retirement at age 60.

The Council made no specific offer at the NJIC on 5 February, but at the next NJIC on 5 March made an offer which they estimate to be worth 11½% on the wage bill in 1981/82. The elements are:

- (i) increase of 9.5% in schedule salaries
- (ii) increase of rather more than 9.5% in unsocial hours payments
- (iii) increase in standby pay of £3 a week (to £29).
- (iv) reduction of 1 hour in the working week (to 37) from 1 February 1982, subject to agreement on the method of implementation.

The proposals were rejected and talks will be resumed on 2 April.

The unions said there would be no settlement under 13%. The Council however believe there may be scope for settling at an increase of around 10%-11% on schedule salaries, within an overall figure of an extra 11½% to 12½% on the wage bill.

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

The parties have had preliminary discussions, but no progress is expected before the next meeting of the NJB on 14 April.

BRITISH AIRWAYS (50,000)

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

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The Board initially offered 7½% from 1 July 1981, with no increase from 1 January and later raised the offer to 8% from 1 April. In negotiations within the separate National Sectional Panels the Board has been prepared to vary elements to the package within the planned overall cost.

Settlements have now been reached for Panels covering rather more than half the workforce. The groups which have not settled are the cabin crews, engineering and maintenance, and ramp workers. Negotiations for the pilots, who have a 1 April settlement date, are in the early stages. The cabin crews have not adopted a militant attitude, but the engineering and maintenance, ground services and ramp workers staged a 1-day strike on 23 January and threatened further strikes. Ground services have now settled, but the engineering and maintenance workers' shop stewards are meeting on 2 April, probably to decide whether to undertake more extended strikes or to accept the offer. Ramp workers may take a lead from them.

BRITISH STEEL CORPORATION (140,000)

Settlement date: 1 January

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

There has been no progress since the last monitoring report.

The Corporation has put forward a "survival plan" entailing upwards of 20,000 redundancies, and has proposed pay increases of 7% from 1 July 1981, with no increase from 1 January. All the unions except ISTC eventually accepted the whole deal. ISTC however rejected the pay offer and refused national agreement on the survival plan, although they are prepared to engage in local negotiations on redundancies in particular plants.

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

BRITISH SHIPBUILDERS (Staff and Manuals 70,700)

Settlement date: 1 April

Unions: CSEU, SAIMA

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The unions presented a claim on 9 February. The claim was in general terms and sought increases in rates and allowances, a reduced working week, increased holidays and other improvements.

On March 30, agreement was reached for an increase in basic earnings for staff and manual workers equivalent to 7½%. Adjustments in other allowances, including Minimum Earnings level, bring the total package to around 8.2%. This is subject to ratification: the Executive meets on 2 April and a delegate conference on 6 April.

The issue of redundancies was not pursued in the pay negotiations. BS are planning to issue compulsory redundancy notices on 3 April.

CIVIL AVIATION AUTHORITY (All grades - 8,000)

Settlement date: 1 April

Unions: CPSA, CSU, IPCS, SCPS, UCATT, EETPU, AUEW, GMWU, TGWU, NUSMW

No claim has been submitted and none is expected until a settlement has been reached for the Civil Service. CAA staff were originally civil servants and remained civil servants until 1975 when they became direct employees of the CAA. Since then their pay settlements have been in line with those of civil servants.

CAA staff, including air traffic controllers, participated in the Civil Service strike on 9 March, causing a substantial disruption of civilian flying in UK airspace.

BRITISH RAIL (Clerical and Conciliation Grades - 150,000)

Settlement date: 20 April 1981

Unions: TSSA, ASLEF, NUR

The Railway Staff Negotiating Council met on 19 March for the formal presentation of the 3 unions' joint claim for significant improvements in pay and conditions of service. The BRB confined their response to a statement of their financial position.

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In separate meetings last week neither management nor the combined rail union executives were able to reach final decisions on the strategy for the pay talks. Both Bodies meet again, independently on 2 April to continue discussions. It is likely that the first meeting between management and unions will take place next week, but as yet there is no firm arrangement.

The Board intend to keep productivity talks separate from the main negotiations.

LONDON TRANSPORT EXECUTIVE (Rail Supervisors, Booking Office and
Conciliation Grades - 15550)

Settlement date: 20 April 1981

Unions: ASLEF, NUR, TSSA.

A claim - seeking a package of improvements, including 12 $\frac{1}{2}$ % increases on basic pay - was presented formally by the unions at a meeting with the Executive on 31 March 1981.

LT settlements follow those of British Rail.

LONDON TRANSPORT EXECUTIVE (Bus Drivers and Conductors - 19800)

Settlement date: 28 March 1981

Union: TGWU

A claim - details not known - is to be presented formally by the union at a meeting with the Executive on 3 April 1981. It is likely to be very similar to that of their rail colleagues.

NATIONAL FREIGHT CO (Operating grades - 23,000)

Settlement date: 1 January 1981

Unions: TGWU, URTU, NUR

A majority of TGWU delegates have voted to accept an offer which increases top drivers' rate by 5.2% (to £81 per 40-hour week) and other operating grades' rates by 5%.

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

PASSENGER TRANSPORT EXECUTIVE NON-MANUAL STAFF (5,500)

Settlement date: 1 April 1981

Unions: NALGO, ACTSS

Negotiations on the JNC for PTE Non-Manual Employees opened on 5 March when the employers offered increases of varying amounts worth under 6% on the paybill. The offer was rejected; the parties will meet again on 2 April.

In September 1980 this group negotiated a staged settlement which changed their ASD from 1 September to 1 April and gave increases in average earnings calculated at 13.29% in the 12 months period 1 September 80 to 31 August 81.

SOUTH YORKSHIRE PTE (Platform Staff - 3,000)

Settlement date: 1 April 1981 (formerly 9 October 1980)

Union: TGWU

Earlier this round a 6-months pay settlement was agreed between the PTE and its platform staff for an 8% increase in rates to run from 9 October 80 (the ASD at that time), with a review on 1 April 1981 (the new ASD). The PTE offered a further 7.5% increase, which union negotiators rejected, as unacceptable, claiming that at least another 2% to compensate for the effects of the budget was necessary.

A ballot held on 20 March resulted in an overwhelming result rejected of the offer (over 95% voting against) negotiations resume on 8 April.

POST OFFICE (Postal Workers - 156,000)

Settlement date: 1 April 1981

Union: Union of Communication Workers (UCW)

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In February, UCW submitted a claim for across-the-board increases of 20%. The parties met on 24 March when management made it clear that the claim was far above what could be justified. No offer was made. At a meeting on 27 March the Post Office offered 6% which the union negotiators rejected. A further meeting was held on 31 March to clarify and discuss details but the Post Office made no attempt to improve the offer. A further meeting between the parties is being arranged in the week following the UCW special delegate conference on 3 April. The conference was called to discuss a proposed new productivity scheme but it is expected that the pay issue will also be discussed.