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For information

Ad. Cash
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✓ August
Verheer
Walter

PRIME MINISTER

PAY BRIEF

I attach my Department's pay brief for May. I am sending copies to members of E, E(PSP), and E(EA) Committees, and to Sir Robert Armstrong.

J P

21 May 1981

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PAY BRIEF - POSITION IN MID-MAY

SETTLEMENTS

1 Since the April pay brief 100 settlements covering 1,216,000 employees have been reported. For the private sector the weighted average level of settlements over the last month was $9\frac{1}{2}\%$. The average in the public sector (10 settlements covering 681,000 employees) was 9% .

2 The cumulative average level of settlements for the whole economy this round is 9% , the same as last month, and appears to be stabilising at about this level.

3 In the private sector the cumulative average is just over 9% (569 settlements covering 3,257,000 employees). In manufacturing, the average level is just over 9% . The average in non-manufacturing is 9% . There is a wide range of settlements (see Appendix 4). About $\frac{1}{2}$ of the settlements are in the 6% to 10% band, with recent settlements tending to be at the upper end of this range.

4 According to the CBI Data Bank survey there has been little change in the general pattern of manufacturing settlements since last October with pay settlements in that sector continuing to average between 8% and 9% .

5 In the public sector the cumulative average is about 9% (51 settlements covering 3,494,000 employees). The average for the trading sector (31 settlements covering 808,000 employees) is $9\frac{1}{2}\%$ and for the services sector (20 settlements covering 2,686,000 employees) is just over $8\frac{1}{2}\%$.

NEGOTIATIONS

6. In the PUBLIC SECTOR, Civil Service non-industrials (1 April - 562,000) have refused a 7% offer and are threatening to escalate industrial action. The possibility of a 5.25% offer either from 1 April, to last for 12 months, or from 1 July for 9 months for Industrial Civil Servants (1 July - 165,800) is being considered. Negotiations continue on behalf of National Health Service nurses and midwives (1 April - 492,000) where an offer of 6% has not been accepted as providing a basis for negotiation. NHS ambulancemen (1 January - 17,000) have been offered 7.75% on rates for 15 months plus an extra day's holiday for some staff - within the 6% pay factor. Next meeting arranged for 2 June.

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For NHS electricians and plumbers (1 January - 6,500) the EETPU are recommending acceptance of an offer of 6% which includes partial consolidation of bonus earnings. Talks have begun on a claim by Local Authority non-manuals (1 July - 595,000) for £7 plus 7% (costed by the unions at 13.1%), and a reduction in hours from 37 to 35. Gas Supply staff (1 June - 58,500) have been made an offer of between 7.5% and 9.25%. The claim is for increases in line with inflation (estimated by the unions at 14.8%), extra holidays, shorter hours and other improvements. Unions representing British Rail clerical and conciliation grades (20 April - 150,000) have rejected an offer of 7% and referred their claim for a substantial pay increase to the Railway Staff National Tribunal. The hearing will take place on 8 June. London Transport rail supervisory and conciliation grades (20 April - 15,550) have rejected an offer of 7% - 8% in response to their claim for 12.5%. At British Steel (1 January - 125,000) the proposal to defer a settlement for 6 months with a 7% increase from 1 July has been accepted by the craft and general unions but rejected by ISTC. The issue has been referred to the ISTC conference which starts on 16 June. The national executives of the PO Engineering Union and the Society of PO Executives have agreed to recommend to their annual conferences a settlement with British Telecoms (1 July - 146,000) adding about 9% to the pay bill.

7 In the PRIVATE SECTOR, Trustee Savings Bank staff (21 February - 11,000) have submitted a claim for a 23.5% increase. Building and Civil Engineering employees (28 June - 450,000) have rejected an offer worth about 5%. The employers propose to make an improved 'final' offer at a meeting on 21 May. The claim is for increases over 20%. Unions in the Building and Allied Trades JIC (25 June - 250,000) have been made a 'final' offer of 7.5%. An offer of 10% to Newspaper Publishers Association production workers (1 January - 33,000) is being put to a ballot of members. Union negotiators for Cement Manufacture workers (1 May - 10,800) are recommending a 8.5% offer to their delegate conferences. Textiles - Spinning and Weaving workers (5 May - 40,000) have been offered a 5% increase. The claim is for 15% plus other improvements. Unions on behalf of Chemical Industries Association process workers (1 May - 50,000) are recommending rejection of a 7.3% offer in reply to their claim for about 21% on rates. An offer of 9.6% to Milk Industry workers (3 April - 94,000) is being put to a ballot without a recommendation.

PRICES AND EARNINGS INDICES

PRICES

8 In March the year on year increase in retail prices was 12.6% compared with 12.5% in February.

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EARNINGS

9 For March the year on year increase in average earnings for the whole economy was 14.4% compared with 16.5% in February. Excluding temporary factors the March figure was about 15%. For the fifth successive month the underlying monthly average rate of change has been about $\frac{3}{4}\%$.

REAL DISPOSABLE INCOME

10 The real disposable income of a typical family (described in the mid-September pay brief) rose by about 3% in the year to February. The figures for January, delayed by industrial action by DE computer staff, showed a rise of $3\frac{3}{4}\%$ due mainly to the drop in the retail prices index.

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TRENDS IN EARNINGS AND PRICES

APPENDIX 1

% on year earlier

25

20

15

10

5

0

-5

-10

-15

-20

-25

-30

-35

-40

-45

-50

-55

-60

-65

-70

-75

-80

-85

-90

-95

-100

-105

-110

-115

-120

-125

-130

-135

-140

-145

-150

-155

-160

-165

-170

-175

-180

-185

-190

-195

-200

-205

-210

-215

-220

-225

-230

-235

-240

-245

-250

-255

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-265

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-935

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-945

-950

-955

-960

-965

-970

-975

-980

-985

-990

-995

-1000

-1005

-1010

-1015

-1020

-1025

-1030

-1035

-1040

-1045

-1050

-1055

-1060

-1065

-1070

-1075

-1080

-1085

-1090

-1095

-1100

-1105

-1110

-1115

-1120

-1125

-1130

-1135

-1140

-1145

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-1390

-1395

-1400

-1405

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-1430

-1435

-1440

-1445

-1450

-1455

-1460

-1465

-1470

-1475

-1480

-1485

-1490

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APPENDIX 2

DISTRIBUTION OF SETTLEMENTS IN THE PRIVATE SECTOR BY LEVEL OF SETTLEMENT FROM 1 AUGUST 1980

KEY
 ■ SETTLEMENTS UP TO THE LAST PAY BRIEF
 □ SETTLEMENTS SINCE THE LAST PAY BRIEF

Number of
Settlements

MANUFACTURING

NON-MANUFACTURING

65

60

55

50

45

40

35

30

25

20

15

10

5

1000

6000

143200

81500

218100

207800

192500

255000

215380

6300

26800

86300

59300

33800

7400

2700

1400

1000

2000

60,300

389500

5300

8900

96000

314100

237900

172000

172500

172100

43900

8000

34300

8900

3700

2900

2300

9000

11,500

LEVEL OF SETTLEMENT (ROUNDED TO THE NEAREST WHOLE NUMBER)

NOTE - THE NUMBERS OF WORKERS (ROUNDED TO THE NEAREST NUMBER) AFFECTED BY THE SETTLEMENT IS GIVEN ABOVE THE APPROPRIATE INDICATOR.