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*Prime Minister 2*

*To glance*

PRIME MINISTER

*✓* *W. Walker*

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PAY BRIEF

*26/6*

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

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J P

23 June 1981

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PAY BRIEF - POSITION IN MID-JUNE

SETTLEMENTS

1. Since the May pay brief 85 settlements covering 885,000 employees have been reported. The weighted average level of settlements over the last month in the private sector was just over 9 $\frac{1}{2}$ %. In the public sector the average was just over 10% (10 settlements covering 379,000 employees).
2. The cumulative average level of settlements for the whole economy this round has remained at about 9% since March.
3. In the private sector the cumulative average is just over 9% (644 settlements covering 3,763,000 employees). In manufacturing, the average level is 9%. The average in non-manufacturing is just under 9 $\frac{1}{2}$ %, but this is heavily influenced by the implementation of a 3% to 6% offer for Motor Vehicle Retail and Repair (370,000) exclusion of which would increase the average for this sector by about 1%. There is a wide range of settlements (see Appendix 4). About  $\frac{1}{2}$  of the settlements are below 10%. Recent settlements have tended to be in the 7% to 10% range.
4. In the public sector the cumulative average is 9% (60 settlements covering 3,784,000 employees). The average for the trading sector (40 settlements covering 1,178,000 employees) is just under 10% and for the services sector (20 settlements covering 2,605,000 employees) is just over 8 $\frac{1}{2}$ %. The 6% increase for NHS Doctors and Dentists (87,300) has not yet been accepted by junior hospital doctors and dentists and has been excluded from the statistics.

NEGOTIATIONS

5. In the PUBLIC SECTOR, Civil Service non-industrials (1 April - 562,000) have voted to continue selective industrial action. At a meeting on 5 June Lord Soames refused to improve on the 7% offer. Industrial Civil Servants (1 July - 165,800) were told at a meeting on 15 June that a settlement must be within the 6% pay factor. The claim is for increases in line with inflation plus improvements in holidays and hours. Talks continue on behalf of National Health Service nurses and midwives (1 April - 492,000). At a meeting with the Secretary of State on 10 June the Staff Side were told that there could be no increase in the 6% cash limit pay factor and are consulting members on whether they should negotiate a settlement within the 6%. Unions on behalf of NHS Ambulancemen (1 January - 17,000) have decided on a series of 24 hour periods of industrial action starting on 17 June.

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An offer, within the 6% pay factor, of 7.75% on basic rates to last for 15 months plus an extra day's holiday for some staff has been rejected. 6% offers have been rejected by NHS admin and clerical grades (1 April - 121,000) and NHS professions supplementary to medicine (1 April - 25,500). Negotiations for these groups are continuing. Unions are to recommend acceptance of a 7.5% offer for Local Authority non-manuals (1 July - 595,000). Unions representing British Rail clerical and conciliation grades (20 April - 150,000) have rejected an offer of 7% and referred the claim for a substantial increase to the Railway Staff National Tribunal. The findings are expected in early July. An offer of 8% plus a productivity package made in response to a claim for 12.5% increases by London Transport rail supervisory and conciliation grades (20 April - 15,550) is being referred by the unions to their executive committees for consideration. At British Steel (1 January - 140,000) the proposal to defer the 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 for a decision on future action, but BSC intend to implement the 7% from 1 July in the absence of a fully agreed settlement. Unions are considering an offer to Electricity Supply clericals (1 May - 50,000) of increases in salary ranging from 10.8% (top) to 9% (bottom) plus a 1 hour reduction in the working week.

6. In the PRIVATE SECTOR, Building and Civil Engineering employees (28 June - 450,000) have been made an offer worth 6%. UCATT, the largest union, is recommending acceptance, but the other 3 unions have rejected the offer and are planning industrial action. The claim is for increases over 20%. National negotiations have broken down for Chemical Industries Association process workers (1 May - 50,000) who have rejected an offer of 7.3% in reply to their claim for about 21% on rates. The largest union (GMWU) is to pursue local deals. ICI manuals (1 June - 47,000) are considering an 8.5% 'final' offer. The claim is for a substantial increase and extra holidays. Most of the unions representing Newspaper Publishers Association workers (1 January - 33,000) are recommending acceptance of a 10% offer. The results of ballots are expected by the end of June. Cement Manufacture workers (1 May - 10,800) have been made an offer of 19.4% increase in rates, to be paid in 2 stages, and 1 hour reduction in the working week - to last for 20 months. Process workers are to ballot on the offer and craft unions are to hold a delegate conference on 19 June. Selective industrial action continues. Registered dock workers at the Port of Southampton (1 January - 1,685) are taking industrial action in support of a claim for about 30% on rates following rejection of a 7% offer. RDW's at Liverpool (1 May - 4,051) have rejected a 7.6% offer on a 13%

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claim. Intermittent industrial action is being taken. Food Manufacture workers (2 June - 40,000) have submitted a claim for a £65 minimum rate plus an extra day's holiday, worth 11.5%. A meeting has been arranged for 19 June.

#### PRICES AND EARNINGS INDICES

##### PRICES

7. In May the year on year increase in retail prices was 11.7% compared with 12.0% in April.

##### EARNINGS

8. In April the year on year increase in average earnings for the whole economy was 14.0% compared with 14.5% in March.

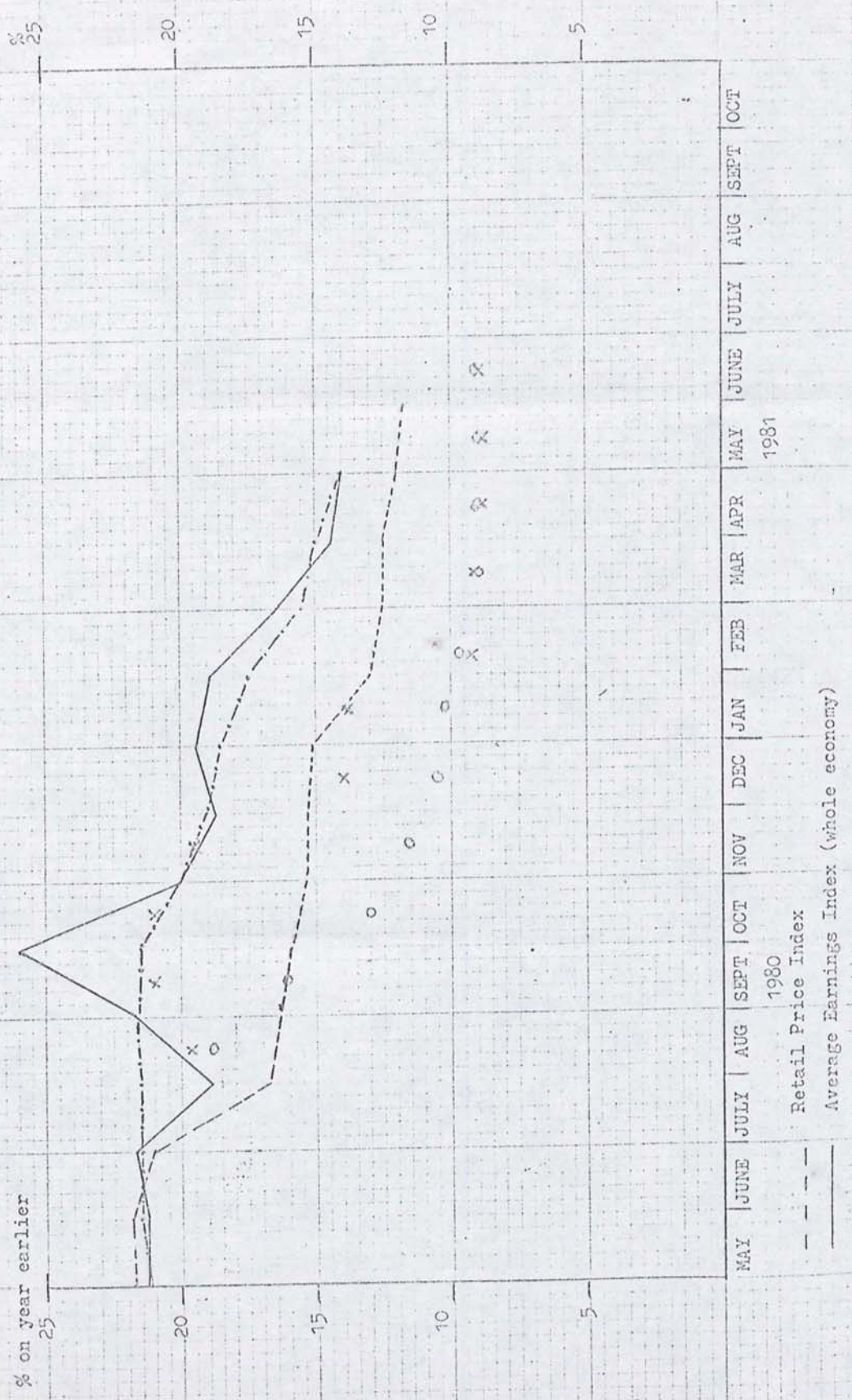
##### REAL DISPOSABLE INCOME

9. The real disposable income - taking account of the changes in earnings, prices and taxes - of a married man on average adult male earnings with a non-working wife and two children under 11 (with no other tax liabilities or allowances and not contracted out of the State Pension Scheme) rose by about 1½% in the year to March.

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TRENDS IN EARNINGS AND PRICES

APPENDIX 1



X Public Sector Settlements ) Cumulative Average Increase in Earnings (effective after 31 July 1980)  
 O Private Sector Settlements  
 --- Underlying rate of increase in earnings

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APPENDIX 2

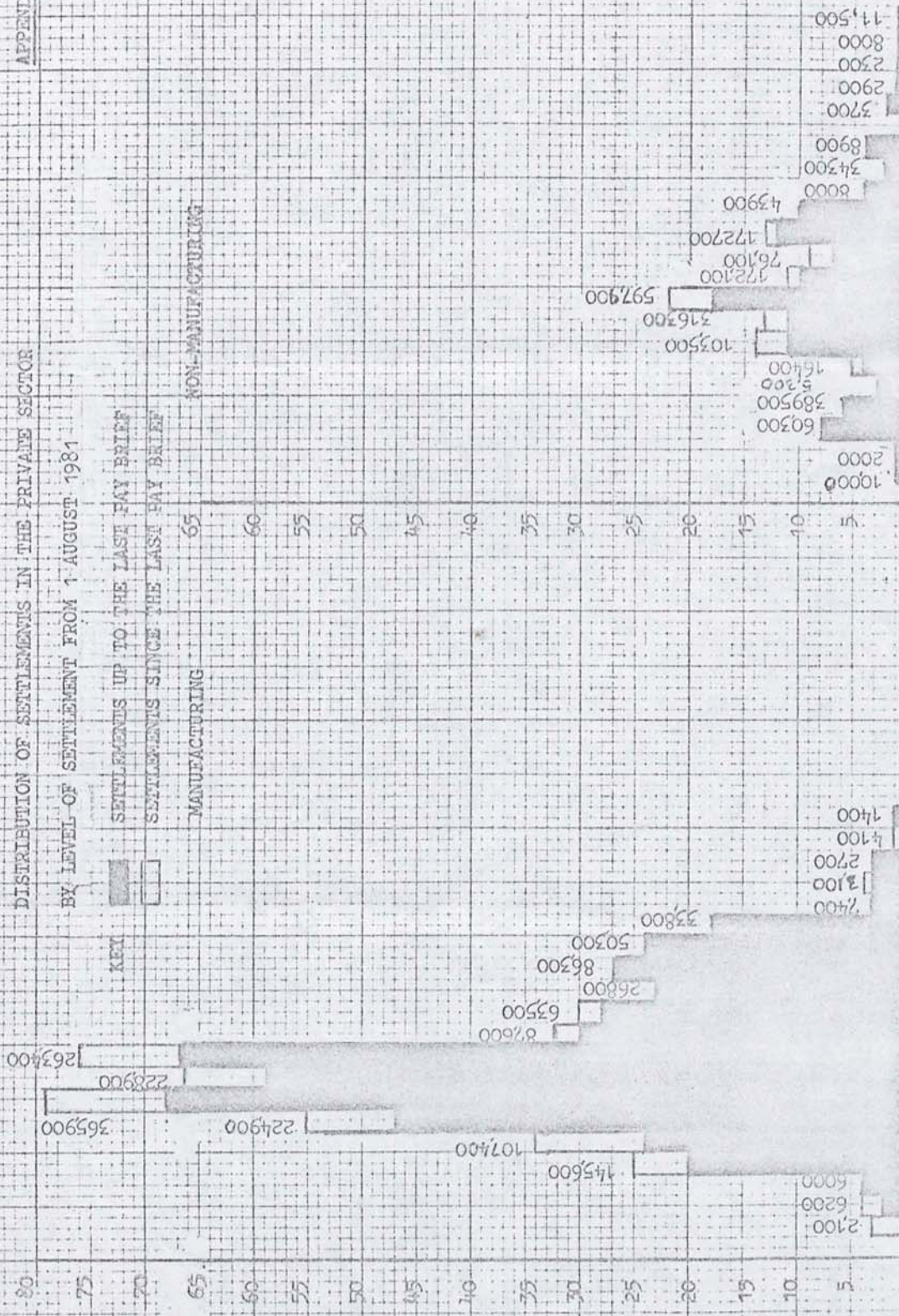
DISTRIBUTION OF SETTLEMENTS IN THE PRIVATE SECTOR

BY LEVEL OF SETTLEMENT FROM 1 AUGUST 1981

SETTLEMENTS UP TO THE LAST PAY BRIEF  
SETTLEMENTS SINCE THE LAST PAY BRIEF

MANUFACTURING NON-MANUFACTURING

KEY



LEVEL OF SETTLEMENT (ROUNDED TO THE NEAREST WHOLE NUMBER)  
Y-AXIS - THE NUMBER OF WORKERS (ROUNDED TO THE NEAREST FINDER) ATTACHED TO THE SETTLEMENT IS GIVEN ABOVE THE APPROPRIATE INDICATOR.

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