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*Leon Bell*

*J. V. ...*

*to Mr. ...*

PRIME MINISTER

PAY BRIEF

*R  
27/7*

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



J P

27 July 1981

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## PAY BRIEF - POSITION IN MID-JULY SETTLEMENTS

1 Since the June pay brief 151 settlements covering 2,334,000 employees have been reported. In the private sector the weighted average level of settlements over the last month was just over 7½%, but this was dominated by the Building and Civil Engineering agreement of 6.7% (450,000 employees). The average in the public sector (10 settlements covering 1,386,000 employees) was just over 6½%.

2 The cumulative average level of settlements for the whole economy this round has fallen from 9% last month to about 8½% (855 settlements covering 9,880,000 employees).

3 In the private sector the cumulative average is just under 9% (785 settlements covering 4,711,000 employees). There is little difference between the average level in manufacturing and in non-manufacturing, both are just under 9%. The average in non-manufacturing, however, is depressed by the Building and Civil Engineering settlement and the implementation of a 3% to 6% offer to Motor Vehicle Retail and Repair (370,000 employees). Exclusion of these settlements would increase the average for this sector by just over 1%. There is a wide range of settlements (see Appendix 4). About ½ of the settlements are below 10%, with recent settlements tending to be in the 6% to 10% 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 8½% (70 settlements covering 5,170,000 employees). The average for the trading sector (45 settlements covering 1,372,000 employees) is just over 9% and for the services sector (25 settlements covering 3,798,000 employees) is just over 8%.

## NEGOTIATIONS

6 In the PUBLIC SECTOR, Civil Service non-industrials (1 April - 562,000) are being consulted on an improved offer of 7% plus £30, worth about 7½% overall. Two unions - SCPS and CSU - are recommending rejection. Industrial Civil Servants (1 July - 148,000) are expected to be offered the alternative of 7½% for 12 months or 5½% for 9 months. If accepted the latter option would give a 1 April settlement date for 1982. National Health Service ambulancemen (1 January - 17,000) have called off their industrial action and a settlement within the 6% pay factor is likely to be reached on 3 August. An offer of 6% has been rejected by National Health Service admin and clerical grades (1 April - 121,000). The Staff Side have agreed to recommend acceptance of a 6% offer for NHS professions supplementary to medicine (1 April - 25,500). Negotiations for British Rail clerical and conciliation grades (20 April - 150,000) have resumed following the recommendation by the Railway Staffs National Tribunal for an increase of 8% from 20 April with a further 3% from

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1 August. Worth about 10.5% overall. After a ballot British Telecom executive grades (1 July - 7,000) have rejected an offer estimated to add 9% to the paybill. The union (SCPS) has called for a 24 hour stoppage on Friday, 24 July. The recent settlement for London Transport drivers and conductors (28 March - 19,800) giving an 8% increase in basic rates has been reviewed following the 11 $\frac{1}{2}$ % settlement for LTE rail staff and an additional 3% has been offered, plus £50 compensation for erosion of free travel benefits.

7 In the PRIVATE SECTOR, Food Manufacture workers (2 June - 40,000) are claiming 8.5% in response to a 7.7% offer. The parties have failed to agree and the dispute is being referred to arbitration. Registered dock workers at the Port of Liverpool (1 May - 4,051) have rejected a 7.6% offer in reply to their claim for 13%. Intermittent industrial action is being taken. A 'final' offer of 8.5% plus improved terms for consolidation of bonus to ICI manuals (1 June - 47,000) has been rejected by the unions, but members are being consulted. The claim is for substantial increases and extra holidays. Scottish Printing Industry workers (1 July - 20,000) are being balloted on an offer worth about 9.5% to 10%. The result is expected shortly.

## PRICES AND EARNINGS INDICES

### PRICES

8 In June the year on year increase in retail prices was 11.3% compared with 11.7% in May.

### EARNINGS

9 In May the year on year increase in average earnings for the whole economy was 13.2% compared with 13.9% in April. Since August the underlying rate of increase has averaged about  $\frac{7}{4}$ % per month.

### REAL DISPOSABLE INCOME

10 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) fell by about 1% in the year to April.

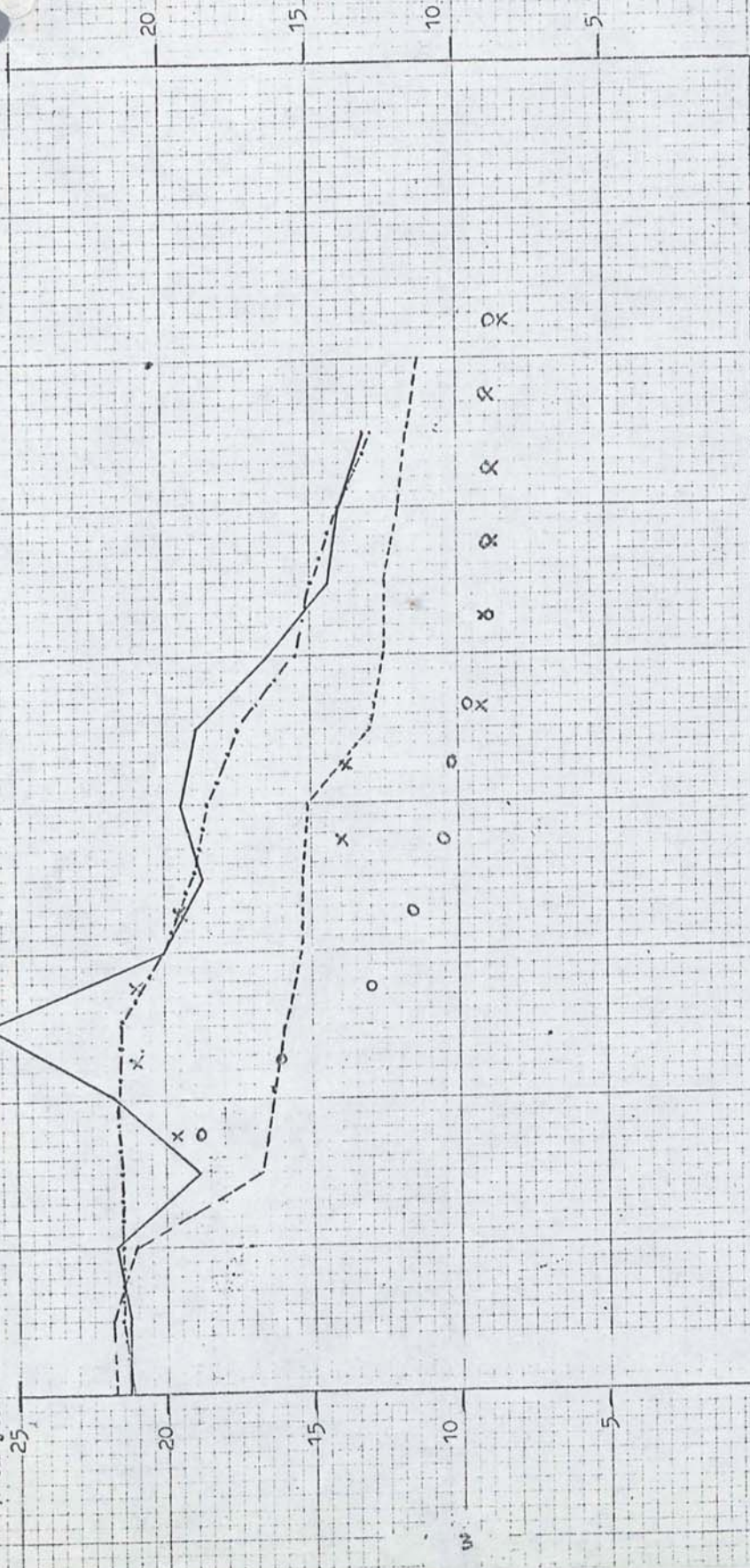
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TRENDS IN EARNINGS AND PRICES

APPENDIX I

% on year earlier



MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT

1980  
1981

--- Retail Price Index  
- - - Average Earnings Index (whole economy)  
..... Underlying rate of increase in earnings

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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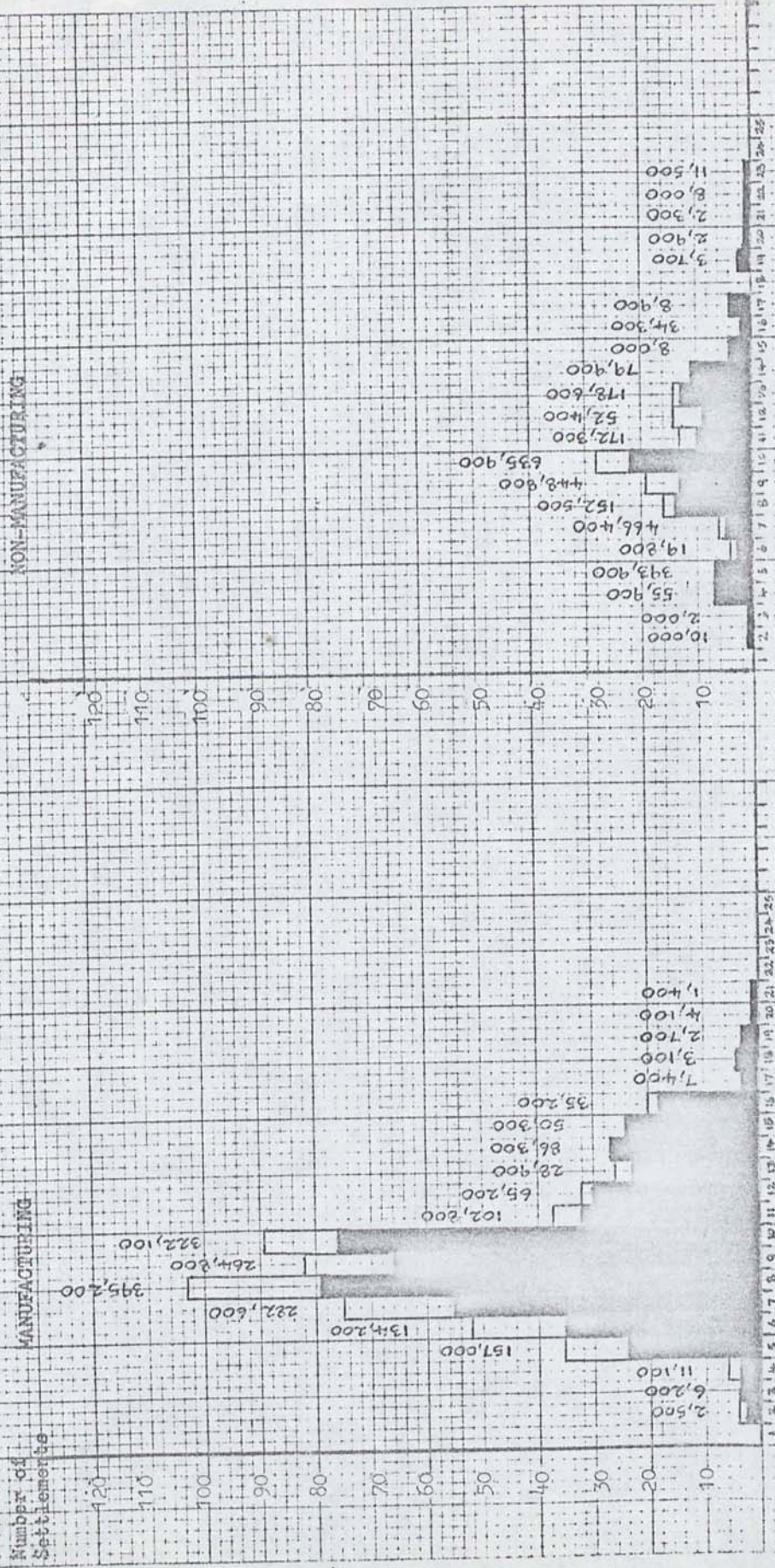


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APPENDIX 2

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

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



LEVEL OF SETTLEMENT (ROUNDED TO THE NEAREST WHOLE NUMBER)

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

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