

Ex. J. Venter  
for comments  
E. 11/9



Treasury Chambers, Parliament Street, SW1P 3AG  
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Prime Minister

As regards the

water industry (x),

you have already asked for a report

from CCU. But a

report from Michael

Heseltine on the prospects for the negotiations would

be helpful.

Amc?

PRIME MINISTER

MONITORING REPORT: PUBLIC TRADING SECTOR

...

I attach the latest report.

Yes not

2. Since we discussed nationalised industry pay on Monday, 7 September I need not go into detail now. But we shall need to keep a careful eye on two key sets of negotiations.

3. First, the miners. David Howell's proposals regarding the NCBs external financing limit in 1982-83 suggest that the NCB aims to achieve without conflict a settlement which will increase the wage bill by about 7 per cent. This may well be as good a result as we can hope for. But clearly the tactics will be very tricky; and I hope that Nigel Lawson will keep us fully in touch with the progress of negotiations.

P.L.  
27/9

4. Secondly, water. In view of the militancy the water workers have shown in the past few years, and the serious consequences of industrial action in the industry, I think it would be very helpful if Michael Heseltine could let us have an early assessment of the situation, including the implications of possible industrial action and its likelihood.

x ||

5. More generally, I should like to emphasise the need for colleagues to report the outcome of their discussions of pay prospects with nationalised industry chairmen as soon as possible - and certainly within the next month.

6. I am sending copies of this minute to the Home Secretary, the Leader of the House, the Secretaries of State for Industry, Employment, Environment, Energy, Trade and Transport, to Mr. Ibbs and to Sir Robert Armstrong.



PUBLIC TRADING SECTOR

## PART I CURRENT AND FORTHCOMING NEGOTIATIONS

## A. 1980/81 PAY ROUND

1. British Airways All Grades (50,000) settlement date 1 January 1981  
Pilots (3,500) settlement date 1 April 1981

Ramp workers and cabin crews have now accepted the offer of 8% from 1 April, with no increase from 1 January. All groups except pilots have now settled on that basis.

The pilots' negotiations continue, the main issue being scheduling agreements for long-haul pilots.

2. British Telecom

Settlement date: 1 July 1981

POW: Telephonists, Telegraphists etc (36,000)

CMA: Telephone, Telegraph, Radio Supervisors etc (6,000)

These groups have settled - in line with POEU, SPOE and CPSA grades - for a pay/productivity agreement worth 9% on BT's pay bill and 10% on earnings per head.

SCPS: HCO, EO, HEO grades (7,000)

SCPS members narrowly rejected the offer worth 10% on earnings which has been accepted by all other BT negotiating groups. SCPS continues to negotiate for pay parity with telephone engineers who, they say, still enjoy a 10% pay lead.

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3. BRITISH WATERWAYS BOARD - Manuals (2370)

Settlement date: 18 July 1981

Unions: TGWU, NUR, CSEU

The unions have been offered 8% and a reduction in the working week from 40 to 39 hours from November 1982. The offer will be considered by members in Birmingham later this month. Acceptance is likely..

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4. UNITED KINGDOM ATOMIC ENERGY AUTHORITY: Manuals (4,700)

Settlement date: 1 October 1981

Unions: AUEW, TGWU, GMWU, EETPU

The unions have submitted a substantial claim and are expected to press management hard in the forthcoming negotiations. The Authority is fully seized of the Government's concern to see a marked reduction in the levels of pay settlements in the new round and, with the approval of the Department of Energy, propose to open negotiations with an offer around 4½% aiming at a settlement within an overall cost of about 5½% (last year's increase was 8.97% on the wage bill).

The Authority are also considering the advantages of moving the manuals' annual settlement date from 1 October to 1 April, (AEA non-industrials' date) and aligning the pay and financial years. Such a change would mean a pro-rata reduction in the suggested increases.

The parties met for the first time on Tuesday 25 August when preliminary discussions took place. No formal offer was made on that occasion and it was agreed to meet again on Tuesday 15 September.

5. COALMINING - Manuals (224,850)

Settlement date: 1 November

Union: NUM

The NUM Annual Conference on 6 July adopted a resolution which seeks a £100 a week basic minimum for surface workers with appropriate differentials for all other grades, these rates to be paid as a salary. The National Executive Committee is instructed to call a special Conference to consider the final offer if it does not meet the full demands of the Resolution.

A £100 basic minimum would mean a 23.7% increase on the 1 January 1981 minimum of £80.85. Because of the many variable components of the wage system there is no simple arithmetical relationship between basic rates and total earnings. However, assuming constant shifts worked and no change in the other elements of pay, 23.7% on rates would produce a somewhat smaller percentage rise in earnings.

The NUM has not yet submitted a pay claim and no developments are expected before mid-September.



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## Comment

The miners' settlement (now two months earlier in the round) can be expected to influence the general shape of the round despite the fact that most other unions recognise that they may not be able to settle as high as the miners. In particular the settlement will be taken as a benchmark for other major groups in the public utilities; and may be expected to have an immediate impact on the negotiations with the water workers in England and Wales.

## 6. WATER SERVICE: Manuals (33,000)

Settlement date: 7 December 1981

Unions: : GMWU, TGWU, NUPE, NUAAW

The unions are expected to submit a pay claim at an NJIC meeting arranged for 23 September. The employers expect to respond on 5 November. GMWU, the leading union, are understood to be anxious for an early settlement this year after last year's protracted negotiations which, in late March 1981, produced an increase of 12.3% on average earnings.

## Comment

Water service manuals' settlements are strongly influenced by the coal miners, and interact with the other utilities' settlements (Gas 1 January; Electricity February/March). They may also interact with the negotiations with the Local Authority manual workers. The Scottish local authority water service have for the last two years directly followed the settlement for English and Welsh water workers.

The dominating influence in negotiations will be the willingness of the unions and their members to use their industrial strength. They regard the last settlement as a "climbdown" by the employers and the Government, and union officials will be unwilling to risk rejection of a negotiated settlement (for a third year) by an increasingly militant workforce. The employers therefore recognise that official industrial action is likely if attempts are made to achieve a settlement which is more than marginally below the miners.

Proposed changes in the organisation and management structure of the water industry, which have been discussed in E Committee, will need legislation, and will not affect negotiations in this pay round.

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PART II - SETTLEMENTS CONCLUDED SINCE THE LAST REPORT

Uncompleted negotiations in the previous round which were recorded in the last report on 24 July, have progressed as shown below.

1. United Kingdom Atomic Energy Authority: Staff (8,700)

Settlement date: 1 April 1981.

The revised Civil Service offer of 7% plus £30 has been accepted.

2. Civil Aviation Authority. All Grades (8,000)

Settlement date: 1 April 1981.

The revised Civil Service offer of 7% plus £30 has been accepted.

3. London Transport Executive. Rail W/S Wages grades (3,000)

Road W/S Wages grades (3,540)

Settlement dates 20/22 April 1981.

The settlement agreed for LT Underground Staff and bus crews - estimated at about 11.5% - has been applied to the Workshops Wages grades. All LT negotiating groups have now settled on this basis.

4. British Transport Docks Board

Non-registered manuals (3,300) settlement date 22 April 1981

Non-manuals (1,740) settlement date 20 May 1981

Both groups have settled for an increase of 8.1% on rates, a reduction in weekly hours from 40 to 39 with effect 4 January 1982 and the introduction of an improved overtime calculator with effect from April 1982.



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## BRITISH RAIL (Clerical and Conciliation grades- 150,000)

Settlement date: 20 April 1981

Unions: ASLEF, NUR, TSSA

On 16 July 1981 the Railway Staff National Tribunal recommended (Decision No 75) pay increases for the above grades of 8% from 20 April 1981, a further 3% from 1 August 1981, and revised London allowance, costed overall at 10.5% p.a. The award was accepted by the unions, but BR insisted that the cost of the second stage 3% must be met from improved productivity. Talks between the two sides broke down and NUR and ASLEF decided to call an all-out strike of their members from 31 August. TSSA decided not to participate.

Discussions were held under the auspices of ACAS on 18, 19 and 20 August and understandings were reached, on pay - to increase rates by 8% from 20 April 81, and by a further 3% from 3 August 81, the second stage payment to be made in January 82. Minimum earnings levels and London allowance were also to be revised; and on productivity - to resume urgently discussions and negotiations on open stations; manning of passenger and freight trains and traction units; variable rostering hours; and the trainman concept, with specific requirements for conclusions to be reached on all issues between 31 October 81 and 1 January 82.

On 21 August the three unions reported their Executives' acceptance of both understandings and ASLEF and NUR countermanded their strike decisions. The two sides met on 27 August to ratify their agreement and to programme the productivity discussions.

## 6. BRITISH WATERWAYS BOARD - Staff (830)

Settlement date: 21 July 1981

Unions: NALGO, TSSA, ACTSS

The unions settled in August for increases of 8%, a reduction in the working week of 1 hour from 7 September, and marginal holiday improvements. Overall cost is expected to be slightly above 8%.

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KEY TO ABBREVIATIONS

ABS	Assoc. of Broadcasting Staff
ACTSS	Assoc. of Clerical, Technical and Scientific Staff
AGSRO	Assoc. of Government Supervisors and Radio Officers
AMEE	Assoc. of Managerial Electrical Executives
APEX	Assoc. of Professional, Executive, Clerical and Computer Staff
ASBSBSW	Amal. Socty. of Boilermakers, Shipwrights, Blacksmiths and Structural Workers
ASLEF	Assoc. Socty. of Locomotive Engineers and Firemen
ASTMS	Assoc. of Supervisory, Technical and Managerial Staff
BALPA	British Airline Pilots' Assoc.
CPSA	Civil and Public Services Assoc.
CSU	Civil Service Union
EETPU	Electrical, Electronic, Telecommunication and Plumbing Union
EMA	Engineers and Managers Assoc.
EPEA	Electrical Power Engineers Assoc.
FTATU	Furniture, Timber and Allied Trades Union
GLCSA	Greater London Council Staff Assoc.
GMWU	General and Municipal Workers' Union
IPCS	Institute of Professional Civil Servants
ISTC	Iron and Steel Trades Confederation
MATSA	Managerial, Admin., Technical and Supervisory Assoc.
NALGO	Nat. Assoc. of Local Government Officers
NCCC	Nat. Craftsmen's Co-ordinating Committee
NSMM	Nat. Socty. of Metal Mechanics
NUB	Nat. Union of Blastfurnacemen
NUPE	Nat. Union of Public Employees
NUR	Nat. Union of Railwaymen
NUSMWCNDS	Nat. Union of Sheet Metal Workers, Copper-smiths, Heating and Domestic Engineers
POEU	Post Office Engineering Union
SCPS	Socty. of Civil and Public Servants
SIMA	Steel Industry Management Assoc.
SPOE	Socty. of Post Office Executives
TGWU	Transport and General Workers' Union
TSSA	Transport Salaried Staff's Assoc.
TWSA	Thames Water Staff Assoc.
UCATT	Union of Construction, Allied Trades and Technicians

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