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Prime Minister

(Shirley)

MCS 6/10

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PRIME MINISTER

... I attach the latest monitoring report on the Public Trading Sector

2. The main issues to note are broadly those highlighted in the previous report, in particular the key negotiations in the mining and water industries. Nigel Lawson and Michael Heseltine will be keeping us in touch with developments in these negotiations; no doubt Michael will also keep an eye on the relationship between the waterworkers' and local authority manuals' negotiations (settlement date: 4 November) in view of recent press reports which suggest that unions common to both groups (particularly NUPE and GMWU) may be considering joint action in these negotiations.

3. I would also draw your attention to an unsatisfactory feature of the Postal Supervisors' 1980/81 negotiations where, it seems, the unions have unilateral access to arbitration. I understand that Patrick Jenkin is raising this point with Mr Dearing.

4. I am sending copies of this minute 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 Sir Robert Armstrong.

(G.H.)

6 October 1981

PUBLIC TRADING SECTOR

A 1980/81 PAY ROUND

1 British Airways: Pilots (3,500)

Settlement date: 1 April 1981

Union: BALPA

An offer to increase pay rates by 8% from 1 July 1981 remains on the table awaiting a response from the pilots. All other BA negotiating groups have accepted a comparable offer.

The pilots continue negotiations; they hope to link scheduling agreements to pay, but Management insist on keeping the issues separate.

In the light of Management's announced intention in the next pay round to freeze increases until September 1982, it seems unlikely that the pilots will get an improved offer.

2 British Telecom: HCO, EO and HEO grades (7,000)

Settlement date: 1 July 1981

Union: SCPS

SCPS members voted by a narrow margin to reject the offer worth 9% on the pay bill and 10% on earnings, which all other BT negotiating groups have accepted.

SCPS continues to press for pay parity with telephone engineers who, they say, still enjoy a 10% pay lead.

3 Post Office: Postal Supervisors etc (14,800)

Settlement date: 1 July 1981

Union: CMA

The union has rejected an offer of 11% increase on paybill, which includes a 7% forward commitment, payable from 1 July 1981, entered into as part of the 1980 pay and efficiency agreement. The CMA contend that the 7% should not be part of the current offer, and is preparing a unilateral reference of the case to the Post Office Arbitration Tribunal.

The Department of Industry understands that terms of reference are not yet formulated; the hearing is likely to be in mid or late November, with a decision towards the end of the year.

The PO unions (with the exception of the Union of Communication Workers) have unilateral rights of access to arbitration. Both parties have agreed to accept the findings of the tribunal; the PO subject to any statutory obligations. However, neither the agreement nor any arbitration award under it is legally binding on the parties.

B 1981/82 PAY ROUND

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; the Authority, however, aims to settle within an overall cost of about 5½%.

The parties met for the first time on 25 August and again on 15 September when an opening offer of 4½% increase on rates was made. The unions rejected the offer as unrealistic. No date was arranged for the next meeting.

5 Coalmining - Manuals (198,000)

Settlement date: 1 November

Union: NUM

The NUM Annual Conference on 6 July adopted a resolution which seeks £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 fully meet the resolution.

A £100 basic minimum would mean 25.7% increase on the current minimum of £80.85. Because of the variable elements of miners' wages there is no direct relationship between basic rates and earnings. However, assuming no change in work patterns, a given percentage on rates would produce a somewhat lower percentage on earnings.

It is understood that the NUM will formulate the claim by 25 September and present it to the NCB at a meeting on 6 October 1981.

Comment

The miner's 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 at the same level. 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.

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6 Water Service : Manuals (30,600)
Settlement date: 7 December 1981
Unions: GMWU, TGWU, NUPE, NUAAW

At an NJIC meeting on 23 September the unions were reported to have submitted a claim for pay increases of 11-12%, reductions in working time towards an eventual 35 hour week, and increased annual holiday entitlements. The employers made no response. They intend to hold back their initial offer until the next NJIC meeting on 5 November 1981.

Comment

Water service manuals' settlements are influenced by the coal miners and interact with the other utilities' settlements (Gas 1 January: Electricity February/March). They may also influence the negotiations with the Local Authority manualworkers. The Scottish local authority water service have for the last two years directly followed the settlement for English and Welsh water workers. It is understood that the combined employers, who are to meet on 22 October, have not yet decided what their opening offer will be. But the Chairman of the NWC has indicated that the best that can be hoped for in the industry as a whole are average settlements of 8-9 per cent. 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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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.
FPATU	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
NUSMWCDE	Nat. Union of Sheet Metal Workers, Coppersmiths, 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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