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✓ S. Vereker
Prime Minister

To note.

Mus 15/12

PRIME MINISTER

MONITORING REPORT: PUBLIC TRADING SECTOR
MUNICIPAL BUS PAY

tpm
The minute to you from the Chancellor of the Exchequer of 8 December invited me to inform colleagues of the latest developments on the municipal bus negotiations.

In the last Pay Round, several of the Passenger Transport Executives (PTEs) concluded pay agreements which involved changes in their annual settlement dates. As a result, the settlement dates for most PTE's now fall after 1 January, as also do those for the National Bus Company, the Scottish Bus Group and London Transport. So the settlement date for the Municipals is now much more significant for the bus industry as a whole, and I understand that the Transport and General Worker's Union (TGWU) is taking an unusually tough line. I am not of course in any position to intervene directly myself; the employers are the local authorities. It is also highly relevant - and unfortunate - that the employers' organisation (the Federation of Public Passenger Transport Employers - FPPTE) has, following the last elections become much more left-wing. The Conservative Chairman of the FPPTE (Councillor Norman Harris), who has in the past been very successful in keeping wage offers down, only very narrowly maintained his position as Chairman, and will almost certainly lose that office next year.

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At the first negotiating meeting on 4 December the employers offered increases of 4% against a claim from the unions (TGWU and GMWU) of around 30%. This offer was immediately rejected. It was agreed that the meeting scheduled for 12 December, to which the Chancellor referred in his minute of 8 December, would be cancelled and arrangements made for further meetings after Christmas. I understand the meeting ended reasonably amicably. It therefore came as a surprise to the employers when the TGWU subsequently issued a Press Release which talked in terms of industrial action on a national scale by 27,000 municipal busmen unless the employers made a much improved offer. The present offer is described as a "diabolical insult".

There is no suggestion that negotiations have broken down and at this stage there is no immediate prospect of an all out strike on Municipal Buses. I expect a further meeting between both sides to be held early in the New Year and that the employers will then make some marginal increase in their offer. But it is difficult to know how the Unions will play this one; I think it highly likely that they will at least attempt to use these negotiations as the place to try to achieve the victory which has eluded them over the last few months at BL and with oil tanker drivers.

I will of course keep you and colleagues in touch with developments.

I am sending copies of this minute to the Home Secretary, the Chancellor of the Duchy of Lancaster, the Secretaries of State for the Environment, Industry, Trade, Energy and Employment, Mr Ibbs and to Sir Robert Armstrong.

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DAVID HOWELL

14 December 1981