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Prime Minister (2)

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PRIME MINISTER

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PAY BRIEF

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

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25 January 1982

25 JAN 1982



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## PAY BRIEF: POSITION AT MID-JANUARY

### SETTLEMENTS

1 Since the December pay brief 100 settlements covering 741,000 employees have been recorded. Only 2 settlements covering 35,000 employees are in the public sector; the weighted average of 8½% is dominated by the 8.8% increase for Water Supply manuals (30,600). In the private sector (98 settlements covering 706,000 employees) the weighted average level of these settlements is just over 5½%, due mainly to a 4½% settlement for Motor Vehicle Retail and Repair (370,000).

2 The cumulative weighted average level for the whole economy this pay round - 289 settlements covering 1,727,000 employees is just under 7½% compared with 8½% last month. Just under 15% of employees about whom the Department expects to receive information have reached settlements.

3 In the private sector the cumulative average has fallen from about 8½% at the start of the round to just over 6½% (283 settlements covering 1,508,000 employees). For manufacturing the average level is about 6% and in non-manufacturing is about 7%. About ¾ of settlements and employees are covered by settlements in a 5% to 8% range. Few settlements are above 10%. About ¼ of employees secured a reduction in hours and about ¼ benefit from holiday improvements.

4 In the public sector (6 settlements covering 219,000 employees) the cumulative average of just over 11½% is still dominated by the 13.2% increase for Police (138,000).

### NEGOTIATIONS

5 In the PUBLIC SECTOR, Coalmining manuals (1 November - 198,000) have voted against strike action on an offer of £102m worth, on average, 9.3% on basic rates (7.4% on earnings). Formal acceptance of the offer by the NUM is expected at a meeting arranged for 26 January. Union negotiators on behalf of UKAEA manuals (1 October - 4,750) have not yet responded to an improved offer of 5% on rates made in reply to a claim for a substantial pay increase. A meeting has been arranged for 26 January. Gas Supply manuals (17 January - 41,300) have submitted a claim for an increase in rates in line with the cost of living and other benefits. Offer of 7% on basic rates and other benefits (about 5.6% on the current paybill) is being considered.

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Electricity Supply manuals (17 March - 94,000) have opened negotiations with a claim for a substantial increase in pay, reduction in the working week, longer holidays and other benefits. A reply is expected on 4 February. An improved offer to Municipal Buses platform and non-craft maintenance workers (4 January - 15,200) of 6.6% plus 1 hour's reduction in the working week from November 82 to be partly offset against productivity and two day's extra holiday is being considered. An offer to Local Authority manuals (4 November - 1,077,000) of £4.60 increase on basic rates (6.9% on current paybill) plus a commitment to a 1 hour reduction in the working week from 1 November 82 has been put to members. The GMWU and TGWU have voted to accept. A formal decision is expected on 25 January. A claim by NHS Ancillary workers (1 April - 210,000) for a substantial increase, reduction in the working week and improved holidays is being considered by management and a meeting with the unions is to be arranged soon. The Non-Industrial Civil Service unions (1 April - 508,000) have submitted a joint claim for an increase of 13% with an underpinning minimum increase for adults of £12.50 per week plus improvements in annual leave - estimated to add about 14% on average to basic pay rates. A meeting to discuss the claim is being arranged. Primary and Secondary Teachers E & W (1 April - 460,000) have submitted a claim for increases in line with inflation. A meeting has been arranged for 16 February. The British Steel Corporation (1 January - 108,000) is not prepared to negotiate a national pay award for 1982 and has stated that any pay increases must be linked to productivity deals negotiated at local level. All the unions apart from the ISTC (some 60,000 members), have agreed to accept the proposal but the ISTC are seeking further concessions on hours and consolidation and are calling for an overtime ban from 7 February.

6 In the PRIVATE SECTOR, seventeen of the 21 areas of the Road Haulage Industry (Nov/March - 97,000) have presented claims for increases in pay, holidays and other benefits, estimated to be worth about 50% overall. Five areas have accepted an offer of 6.2% - 7%. Eight areas have rejected offers in the range of 2.5% to 8.6% and there are threats of industrial action in Wales, Tyneside and the London area. Multiple Baking production workers (30 November - 20,000) are to ballot on an 8% offer. The result is expected by the end of January. Unions representing Newspaper Publishers Association production workers (1 January - 33,000) are balloting members on a 5% 'final' offer. The result is expected by the end of January. SOGAT have rejected the offer. The claim is worth about 15%.

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Guardian Royal Exchange staff (1 January - 8,700 ) are considering an offer of 6% plus 1.5% bonus in response to a claim for 12% plus other benefits. Unions representing Talbot Motor Co manuals (1 January - 5,000) are recommending an offer of 2½% on basic rates plus partial consolidation of bonus and 1 extra day's holiday - worth about 5%, also a 1 hour's reduction in the working week from 7 Aug 82. The Engineering Construction Industry (1 January - 20,000) has submitted a claim for 23p per hour increase (8.3%) to give a skilled hourly rate of £3. An offer of 13p new money and 10p consolidation has been made. Negotiations continue over the composition of the increase. Vauxhall Motors Ltd staff (1 October - 5,790) are considering an offer of 5% plus an hour's reduction for staff working 40 hours and 1% for the remainder as compensation. The two unions representing London Clearing Bank clericals (1 April - 146,000) have opened negotiations with claims for 15% increases. The Employers Federation will respond on 28 January.

## PRICES AND EARNINGS INDICES

### PRICES

7 In December the year on year increase in retail prices was 12.0% the same as in November.

### EARNINGS

8 In November the year on year increase in average earnings for the whole economy was 11.3% compared with 11.9% in October.

### 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) fell by about 3% in the year to October.

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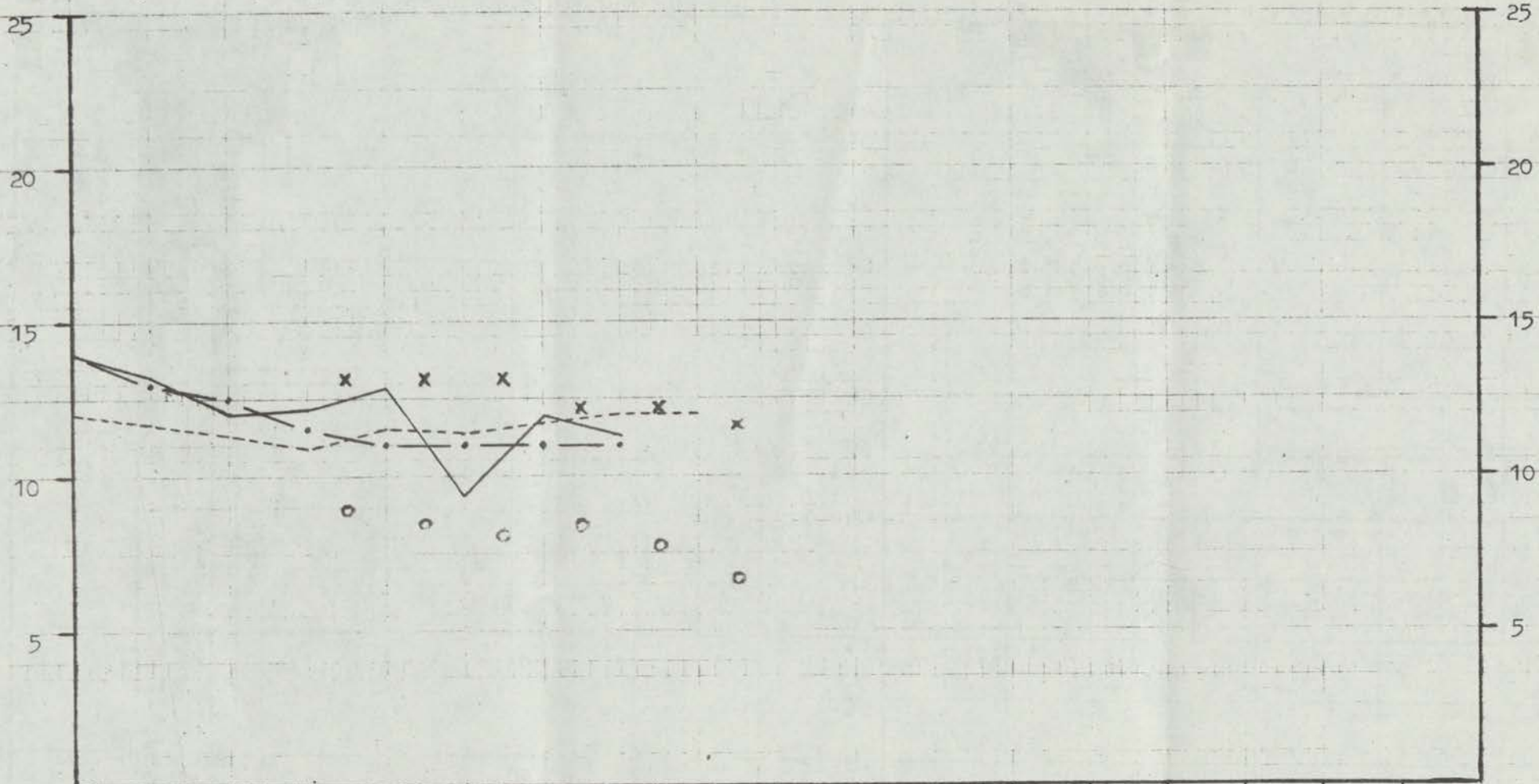
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APPENDIX I

TRENDS IN EARNINGS AND PRICES

% increase on year earlier

%



MAY | JUNE | JULY | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEP | OCT  
1981 | 1982

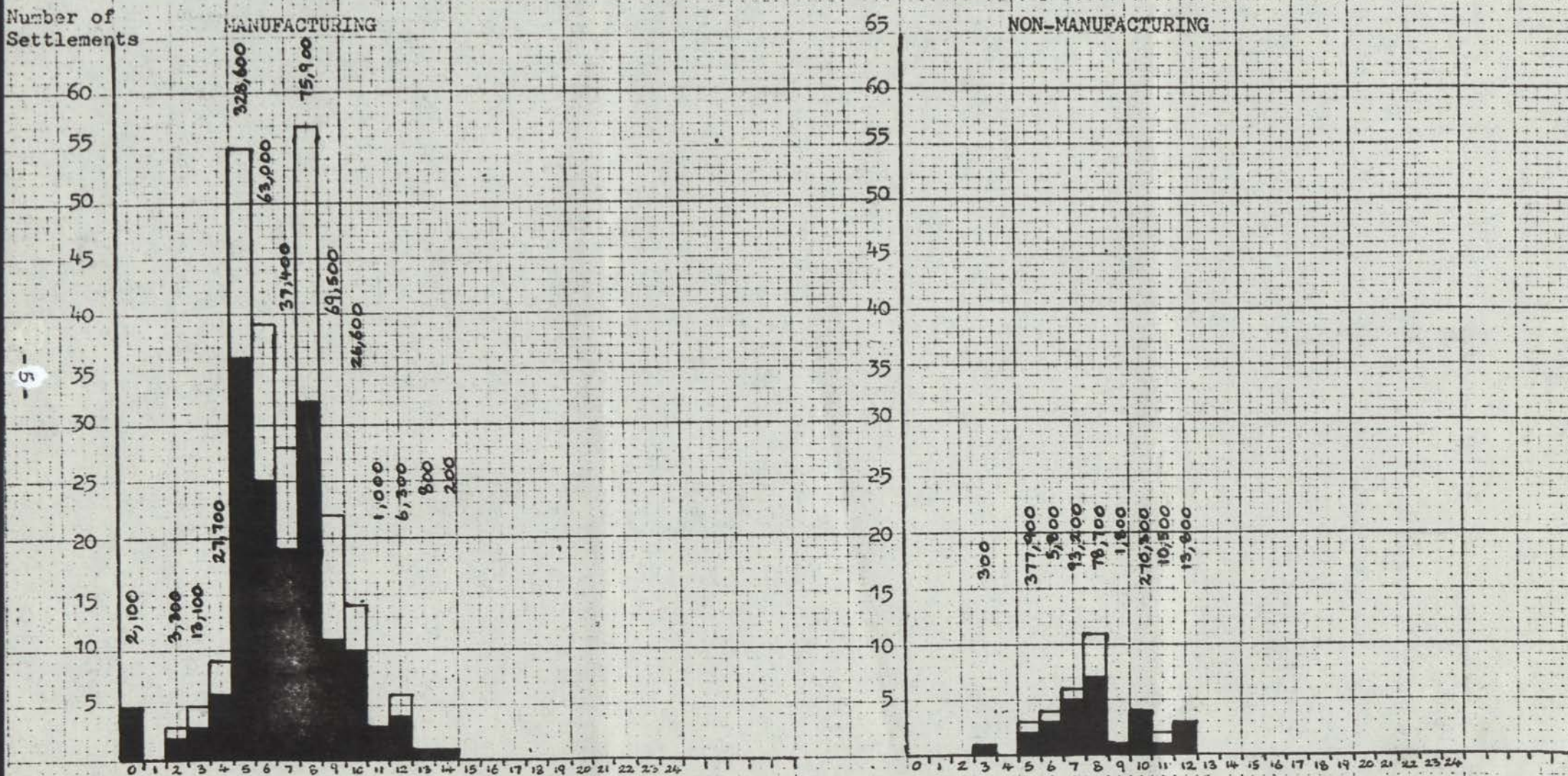
- Retail Price Index
- Average Earnings Index (whole economy)
- ..... Underlying rate of increase in earnings
- x Public Sector Settlements )
- o Private Sector Settlements )

Cumulative Average Increase in Earnings

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DISTRIBUTION OF SETTLEMENTS IN THE PRIVATE SECTOR BY LEVEL OF SETTLEMENT FROM 1 AUGUST 1981

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.