

Econ Pol  
Public Sector Pay

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Prime Minister

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To note.

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Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

PRIME MINISTER

MS

MONITORING REPORT : PUBLIC TRADING SECTOR

... I attach the latest monitoring report on the public trading sector.

2. There are no specific issues to which I need draw attention. But I would reiterate what I said in my minute of 25 January about the importance of the agreed 7 days' notice of pay offers in the sector. In view of the involvement of the civil service unions, this would have been particularly useful in the case of the 6 per cent offer by the British Airports Authority on which we await an assessment. At the present critical stage in relation to the main group of public service pay negotiations, I would ask colleagues to make a special effort to see that the agreed arrangements for prior consultation are observed.

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

(G.H.)

15 February 1982

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PUBLIC TRADING SECTOR

PART 1. CURRENT AND FORTHCOMING NEGOTIATIONS

A: 1980/81 PAY ROUND

- 1 British Rail: Clerical and conciliation grades (150,000)  
Settlement date: 20 April  
Unions: NUR, ASLEF, TSSA

Following a recommendation of the Railway Staff National Tribunal on 16 July 1981 a pay increase of 8% from 20 April 1981 and a further increase of 3% from 1 August 1981 (payable from 4 January 1982) was agreed.

A parallel agreement on productivity provided for negotiations on a range of issues to be completed according to an agreed timetable by the end of 1981.

Satisfactory progress has been made in productivity talks with TSSA and NUR but not with ASLEF. ASLEF claim that payment of the 3% was not dependent upon completion of negotiations on the productivity issues. But BR claim, on the contrary, that this conditional nature was clearly understood by both parties and that therefore the union has failed to honour its commitment. BR have refused to pay the second stage increase to <sup>ASLEF</sup> footplate staff. Talks between BR and ASLEF and ACAS failed on 30 December. ASLEF began an overtime ban on 4 January, a strike every Sunday and 2 day strikes on selected days each week until the 3% is paid. Meanwhile BR are to pay the 3% to members of the NUR (including drivers) and TSSA.

Efforts by ACAS to resolve the dispute have been continuing. ACAS have announced on 2 February that as a way of ending the deadlock between the two sides, they (ACAS) have appointed a Committee of Inquiry to consider the pay and productivity understandings of the 1981 agreement and, taking account of the agreement to introduce a 39 hour week, to make recommendations to resolve the differences over payment of the 3% increase and of the productivity understanding on flexible rostering and related matters.

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ASLEF has announced that it will not cooperate with the inquiry and rejects the terms of reference. In addition the union disapproves of the membership of the Committee which is drawn from the Railway Staff National Tribunal under whose recommendation the 1981 agreement was devised.

The Committee began taking evidence from BR, NUR and TSSA on 3 February, adjourned almost immediately, but reconvened on 9 February notwithstanding continuing non-cooperation from ASLEF. Against the background of further strike announcements from ASLEF, the Inquiry resumed its hearings on 10 February with further cross-questioning of BR, NUR and TSSA representatives. In earlier evidence the NUR emphasised that although the 2 August agreements were freestanding, their union Executive had clearly understood that the payment of the 3% was dependent upon agreement being reached on productivity. The ASLEF Secretary (who has been forbidden by his Executive to attend the Inquiry) has provided a number of documents and is understood to be prepared to answer questions from the Chairman outside the Inquiry, providing that the answers are not communicated to the other parties. The latter regard this as unsatisfactory. Lord McCarthy is likely to report early next week but in the light of ASLEF's boycott he may not be able to produce recommendations.

Some NUR guards in isolated areas have taken unofficial industrial action in the form of lightning strikes in protest over flexible rostering proposals which have already been agreed with the NUR executive. Some NUR guards in Southern Region have also taken unofficial action in protest at being laid off on Sundays because of the ASLEF dispute. The Board have reacted firmly by suspending guards who take part in unofficial action on all days on which ASLEF strikes.

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B: 1981/82 PAY ROUND

2 United Kingdom Atomic Energy Authority: Manuals (4,700)

Settlement date: 1 October

Unions: AUEW, TGWU, GMWU, EEPTU

The Authority's opening offer of a 4.5% increase on rates was rejected on 15 September. On 25 November management made a revised offer of 5% on rates (4.75% on the paybill) and agreed to consider a 1 hour reduction on the working week. The parties met again on 26 January when management made a slightly improved offer of just under 6% on rates (5.5% on pay bill) and agreed to the 1 hour reduction in return for the abolition of paid tea breaks which has

a nil effect on the pay bill. The unions are to consult their members about the offer without recommendation and will meet with management on 12 February.

3 British Steel Corporation: All grades (108,600)

Settlement date: 1 January

Unions: ISTC, GMWU, TGWU, NUB, NCCC, MATSA, SIMA

The BSC corporate plan announced in December 1980 involved 20,000 redundancies by March 1982. The corporation are now reported to require a further 15,000 redundancies by July 1982.

The plan envisaged no national pay award in 1982: any pay increases to be geared to local productivity deals. In their present situation BSC have also decided not to introduce a 39-hour week from 1 January 1982, as was conditionally agreed after the Lever Committee of Enquiry ended the 1980 strike. In addition, without prior union consultation, BSC recently issued nearly 500 redundancy notices to workers at the ~~East~~ Talbot plant.

Discussions between ISTC (with some 65,000 members) and BSC on this plan in November and December failed to produce an accommodation. ISTC were primarily concerned over the further planned redundancies and also the delay over the introduction of the 39-hour week and because the local productivity increases were not to be consolidated into basic rates. They subsequently instructed members to take no part in local productivity talks and on 8 January the ISTC executive ordered an overtime ban from 7 February.

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A meeting of management and several members of the ISTC on 26 January failed to produce any agreement.

Following further talks with management the ISTC signed an agreement with BSC on 3 February to pursue local productivity deals for 1982 increases and called off their proposed overtime ban from 7 February. Productivity gains will be achieved by negotiation on cuts in manning levels. A percentage of productivity payments may be consolidated into basic earnings over <sup>the</sup> previous six months of the year if the gains are judged to be permanent. The craft and service unions (NUB) and the management association (SIMA) (altogether some 48,000) have agreed for 1982 to negotiate local productivity deals. In return BSC agreed to consolidate some productivity payments into basic rates, to improve certain pension conditions from April 1982, and to introduce a 39-hour week from 1 January 1983.

BSC's Head Office staff increases for 1982 will be based on the average increase paid from local productivity deals in BSC's main businesses; there will be no guaranteed minimum payment.

- 4 British Airways: (a) All grades (excluding pilots) 50,000  
(b) Pilots (3,500)

Settlement dates (a) 1 January (b) 1 April

Unions: TGWU, AUEW, EEPTU, NUSMWC, ACTSS, APEX, GMWU, FTATU, UCATT

On 10 September British Airways announced a "rescue plan" aimed at stemming losses of some £100 millions in the current year and £250 millions in the two years period to April 1982. So far as staff and pay are concerned, the plan involves a reduction of 9,000 jobs by June 1982 by early retirement, voluntary severance and natural wastage and a pay freeze at least until September 1982 when the situation will be reviewed. Other features of the plan include the renegotiation of many working practices, cuts in routes, closure of some depots and offices and the sale of aircraft and property. An unexpectedly high response to the severance scheme has been reported.

For the purpose of negotiation on pay and conditions of employment staff are divided into 11 functional groups called National Sectional Panels on which all unions are represented. Although the delay of the annual settlement has been

generally accepted, 3 panels have submitted claims/ for substantial increases (Engineering and Maintenance, Ramp, Ground Service staff). These claims are thought to be aimed at keeping options open rather than to be a serious attempt to open negotiations in the immediate future.

The panel covering ramp staff (eg baggage handlers, cargo handlers and towing staff) have objected to the company's reorganisation of working practices for increased productivity. The company say that this will enable 300 staff who have opted for the voluntary severance scheme to go.

This caused some disruption on 27 January to European flights and again on 9 February onwards as management attempted to implement the new working practices.

Comment: Refusal by the group to implement the revised working arrangements could jeopardise those agreements already reached with other groups. Management are taking a firm line.

5 British Airports Authority: All grades (7,500)

Settlement date: 1 January

Unions: Staff - IPCS, SCPS, CPSA, CSU

Industrial grades - TGWU, AUEW, GMWU, EEPTU, NUSMWCH, UC

The unions have submitted a claim for an overall increase of 15% on average earnings slanted toward a larger proportional increase for the lower paid. The Authority have offered 6% on all elements of basic pay except London Weighting. The average earnings increase has not been costed but the effect on the paybill is thought to be between 5 and 6%. The offer has been rejected and there will be a full meeting of the Joint National Consultative Committee on 9 February.

Comment: Any settlement is usually influenced by that of British Airways. This year, however, BA have delayed all settlements until September 1982 (see item 4).

Municipal Buses: Platform and non craft maintenance staff (15,200)

Settlement date: 1st full pay week in January

Unions: TGWU, GMWU

An increased offer was made on 8 January worth 6.6% on basic rates and an extra £1 per shift to crew drivers and conductors (giving a 7.8% increase on average earnings), 2 additional days holiday and a one hour reduction in the working week from November 1982 (these additional benefits will have only a marginal effect on average earnings). The offer was referred to a regional delegate conference on 2 February and was accepted.

Comment: The settlement will inevitably influence the negotiations for the National Bus Company (SD: 1 March see item 7) and the Passenger Transport Executives (see item 8).

7. National Bus Company - Platform and non craft maintenance (34,328)

Settlement date: 1 March

Unions: TGWU, NUR, GMWU, AUEW(E), NCOI

The unions have submitted a claim for an 18% increase on rates, 1 week's extra holiday and progress toward a 35 hour week. The effect of the claim on average earnings has not been estimated. A management offer of 4.25% on rates has been rejected, but negotiators are due to meet again on 15 February.

8. Passenger Transport Executives - Platform staff

Settlement Dates: various

Unions: TGWU, GMWU

Three authorities have reached agreements as follows:

Greater Manchester (SD: 1 November)	7.8%	
West Midlands (SD: 6 November)	6.5%	increases on average earnings
Merseyside (SD: 1 January)	7.8%	

Comment: These settlements and that of the municipal undertakings will influence the remaining PTE's; Tyne and Wear (SD: 1 March), Strathclyde (SD: 27 April), West Yorkshire (SD: 1 May), South Yorkshire (SD: 1 April).

9. Gas Supply Manuals (41,200)

Settlement date: 17 January

Unions: GMSU, TGWU

The unions have submitted a claim to Management covering

- (1) An increase in rates to maintain the value of the pay packet - taking account of both inflation and taxation levels
- (2) A reduction in working hours (from 38 $\frac{3}{4}$  to 37 hours a week)
- (3) Consolidation into basic pay of bonus earnings and "general obligations payment", (the key issue)
- (4) Payment of average earnings during holidays
- (5) Improvements in shift and stagger pay
- (6) A change in the basis of awarding local holidays

At the meeting on 9 February BGC while continuing to refuse to consolidate bonus pay into basic pay offered further minor restructuring of the package: they increased their offer on basic rates to between 7.8% to 9.1% (average increase 8.5%). A further 50p per week was offered on the General Obligation Payment (for flexible work procedures). Together with the increase in holiday and "stagger" pay this represents an average earnings increase of about 6.8% during the settlement year (or 7% if the holiday pay applied throughout the year instead of from 1 June).

The unions still pressed for consolidation of bonus pay, drawing attention to the water manuals' settlement. They have not rejected the offer but they are not commending it to their membership who are now being consulted. When this consultation is complete a further meeting with BGC will be arranged.

Comment: The Gas, Water and Electricity industries closely watch each other's negotiations and are influenced by the miner's settlement. An agreement reached in the Gas industry will have repercussions for the Electricity supply manuals (SD: March).

10. Electricity Supply: Manuals (94,000)

Settlement date: 17 March

Unions EETPU, GMWU, AUEW, TGWU

The unions made the following 5 point claim at the NJIC meeting on 7 January:-

- (1) A substantial increase on basic rates
- (2) An additional increase on each pay band of the scale
- (3) Increased holidays
- (4) A shift and staggered hours pay increase (in line with the increase in basic)
- (5) A reduction in working hours

Comment: These settlements and that of the municipal undertakings will influence the remaining PTE's; Tyne and Wear (SD: 1 March), Strathclyde (SD: 27 April), West Yorkshire (SD: 1 May), South Yorkshire (SD: 1 April).



The total paybill increase of the claim has not been estimated.

The Electricity Council made a formal offer on 4 February of a cash increase on a scale basis ranging from £5 for a labourer to £6 for a craftsman at the top of the salary range. A willingness to agree to enhancement of shift payments was also indicated, but no offer was made on the claim for harmonization of holiday entitlement between manual, clerical and junior engineering staff.

The total package will represent a 5-7% increase in average earnings, depending on grade, overtime and shift pattern; and 5-6% on the salary bill. The next scheduled meeting is on 4 March.

Comment: Acceptance by the miners of an increase presented as 9.3% and water service manuals presented as 9.1% and any settlement in the gas industry will influence negotiations. The manual's settlement will influence the power engineers (SD: 1 February see item 11).

11. Electricity Supply: Power Engineers (29,300)

Settlement date: 1 February

Unions EPEA/EMA

At a National Joint Board meeting on 19 January, the EPEA submitted a 5 point claim as follows:

- (1) Preservation of links with NJIC scale
- (2) Even progression through NJB scales
- (3) Restoration of 1975 differentials at maxima of scales
- (4) Improvement in out-of-hours payments
- (5) 35 hour week as a long term objective

The total paybill increase of the claim has not been estimated.

The next NJB meeting is 16 February and the Electricity Council have said that they are unlikely to be able to make an offer at that time.

Comment: The power engineers settlement will be influenced by the outcome of the manual's claim (see item 10).

12. British Shipbuilders: Staff and manuals (67,000)

Settlement date: 1 April

Unions CSEU, SAIMA

Management have received an uncosted claim from the CSEU which comprises:

- (1) A substantial increase in basic rates not less than the rate of inflation
- (2) Consolidation of certain items from the previous pay agreement

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- (3) A substantial increase in overtime rates
  - (4) An increase in the Minimum Earnings level
  - (5) A phased reduction to a 35 hour week
  - (6) Increased holidays and holiday pay
- plus other minor benefits.

A formal meeting between management and the CSEU to discuss the precise details of the claim will take place during week commencing 15 February.

Management expect to receive a claim from SAIMA during week commencing 8 February.

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SETTLEMENTS CONCLUDED SINCE LAST REPORT

A 1981/82 PAY ROUND

- 1 Coalmining: Manuals (198,000)  
Settlement date: 1 November  
Union NUM

Following a pithead ballot, the NUM met the NCB on 26 January and accepted the offer of 8.57% on basic rates (£93.86 million on the paybill) and the introduction of a Service Bonus Scheme to be paid as a lump sum on the last pay day prior to Christmas each year (a further £8.29 million on the paybill). The settlement has been presented as 9.3% but the average earnings increase will be 7.44%.

- 2 Water Services: Manuals (30,000)  
Settlement date: 7 December  
Unions GMWU, TGWU, NUPE, NUAWW

The unions have accepted the offer of 9.1% increase on basic rates, worth 8.8% on average earnings and 1 additional day's holiday from April 1982 (the effect of this additional holiday on average earnings is minimal). There is a forward commitment for both sides to consider the position of the group in relation to the earnings of manual workers in the economy generally.

- 3 Water Services: Craftsmen (5,700)  
Settlement date: 7 December  
Unions CSEU

Following acceptance by water service manuals, the CSEU has accepted an identical offer of 9.1% on basic rates worth 8.8% on average earnings and one extra day's holiday for those not already on maximum holiday entitlement from 1 April 1982, (the effect of the additional holiday on average earnings is minimal).

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