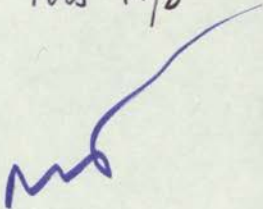


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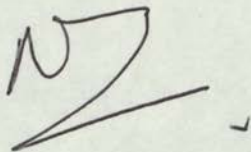
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Prime Minister (2)

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PRIME MINISTER

PAY BRIEF

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



N T

19 February 1982

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PAY BRIEF: POSITION AT MID-FEBRUARY

SETTLEMENTS

1. Since the January pay brief 92 settlements covering 1,493,000 employees have been recorded. In the private sector (86 settlements covering 193,000 employees) the weighted average level of settlements in the last month was just over 7%. The average in the public sector (6 settlements covering 1,300,000 employees) was 7%. The principal settlements were Coalmining (198,000) at 7.44%, Local Authority manuals (1,077,000) at 6.9% and a 2 year staged agreement for Plumbing E&W (30,000) giving increases of 9%-9½% in the first year and about 22% overall.
2. The cumulative average level for the whole economy this pay round - 381 settlements covering 3,220,000 employees - is just over 7%, similar to last month. Just over ¼ of employees about whom the Department expects to receive information have reached settlements.
3. In the private sector the cumulative average remains unchanged at just over 6½% (369 settlements covering 1,701,000) employees). For manufacturing the average level is just over 6% and in non-manufacturing is just over 7%. The bulk of recent settlements are in a 5% to 8% range which covers about ¾ of settlements and employees.
4. In the public sector (12 settlements covering 1,520,000 employees) the settlements for Coalmining and LA manuals have reduced the cumulative average to just over 7½% from about 11½% in January.

NEGOTIATIONS

5. In the PUBLIC SECTOR, unions representing Gas Supply manuals (17 January - 41,300) have been made an offer of 8.5% on basic rates with some improvement in the flexibility allowance, worth 6.8% overall on average earnings, and are to consult their members on the offer. The claim is for an increase in rates in line with inflation, consolidation of bonus, shorter working week and other benefits. Electricity Supply manuals (17 March - 94,000) have rejected an offer of £5 to £8 on basic rates, improved shift pay and holiday entitlement - estimated at about 5% to 7% on average earnings. The claim is for a substantial increase in pay, shorter working week, longer holidays and other benefits. Meeting arranged for 4 March. The unions representing UKAEA manuals (1 October - 4,750) are consulting members on an offer of 5% on rates and 1 hour reduction in the working week - worth 5.5% on the paybill.

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Four of the 5 sites have accepted. The Non-Industrial Civil Service unions (1 April - 520,000) have submitted a joint claim estimated to add about 14% on average to basic pay rates plus 1% for leave improvements. The Government's offer reflecting market forces (including recruitment and retention) and management needs was put to the unions on 16 February- it would provide for no increase in pay for some staff and increases ranging from 1% to 5½% for others, together with improvements in skill and responsibility allowances and the introduction of certain other benefits including season ticket loans. The cost is estimated at £170m or about 4% on the paybill. The unions' response was that the offer provided no basis for further negotiation and they would be seeking an early reference to arbitration. Further exchanges on this are expected shortly. Primary and Secondary Teachers E&W (1 April - 460,000) have submitted a claim for increases in line with inflation. An offer worth 3.4% on the paybill was rejected without detailed discussion. A further meeting has been arranged for 3 March. Local Authority building trade operatives (6 November - 76,000) have rejected a cash offer of £4.60 (5.5%) on basic rates - estimated at about 4% on earnings - and are seeking increases of up to 7.8%, the same as the LA manuals. Negotiations are continuing. A claim by NHS Ancillaries (1 April - 210,000) for a substantial increase, reduction in the working week and improved holidays is being considered. Meeting arranged for 26 February. NHS Nurses and Midwives (1 April - 492,000) have submitted a similar claim and will expect an offer to be made at a meeting on 23 February. The Review Body for NHS Doctors and Dentists (1 April - 85,000) is expected to report in April. The doctors and dentists are claiming 12½% and 13%, respectively, which includes 3% due from the previous award. British Airways employees (1 January - 50,000) have generally accepted the management proposal for a pay freeze until September 82 when the situation will be reviewed. All the unions representing British Steel Corporation employees (1 January - 108,000) have now accepted the proposal that any pay increases in 1981/82 must be linked to productivity deals negotiated at local level. In return BSC has agreed to consolidate some productivity payments, improve certain pension conditions and introduce a 39 hour week from 1 January 1983.

6. In the PRIVATE SECTOR, offers in the range of 5.0% to 8.6% on basic rates, have been made in all 21 areas of the Road Haulage Industry (Nov/March - 97,000). Twelve areas have accepted offers of 5.6% to 8.6%. Talks are continuing in other areas. Unions on behalf of Newspaper Publishers Association production workers (1 January - 33,000) have balloted on a 5% 'final' offer. Members of NATSOPA and SLADE have accepted, but SOGAT has rejected. The result of the NGA ballot is expected soon. The claim is worth about 15%. The two unions representing London Clearing Banks clericals (1 April - 146,000) have presented claims for 15% and 23% increases.

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An offer of 7.5% has been rejected. Next meeting is on 23 February. A revised offer of 7% plus 2½% cash bonus for Guardian Royal Exchange staff (1 January - 8,700) is being recommended by the union for acceptance. A revised offer for Multiple Baking production workers (30 November - 20,000) worth 8½% is to be put to a ballot of union members. Talks have resumed in Furniture Manufacture (1 January - 70,000) following a breakdown in negotiations after rejection of a 5.3% offer. The claim is for substantial increases in line with the cost of living. Biscuit Manufacture workers (1 January - 39,000) have rejected a 6.5% offer. The claim is for 11.5%. Next meeting arranged for 19 February.

PRICES AND EARNINGS INDICES

PRICES

7. In January the year on year increase in retail prices was 12.0%, the same as in the two previous months.

EARNINGS

8. In December the year on year increase in average earnings for the whole economy was 9.9% compared with 11.3% in November. However, back-pay to Local Authority manuals in December 80 substantially depressed the 12 month change; the underlying increase was about 11%, broadly the same as in the previous four months.

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 November.

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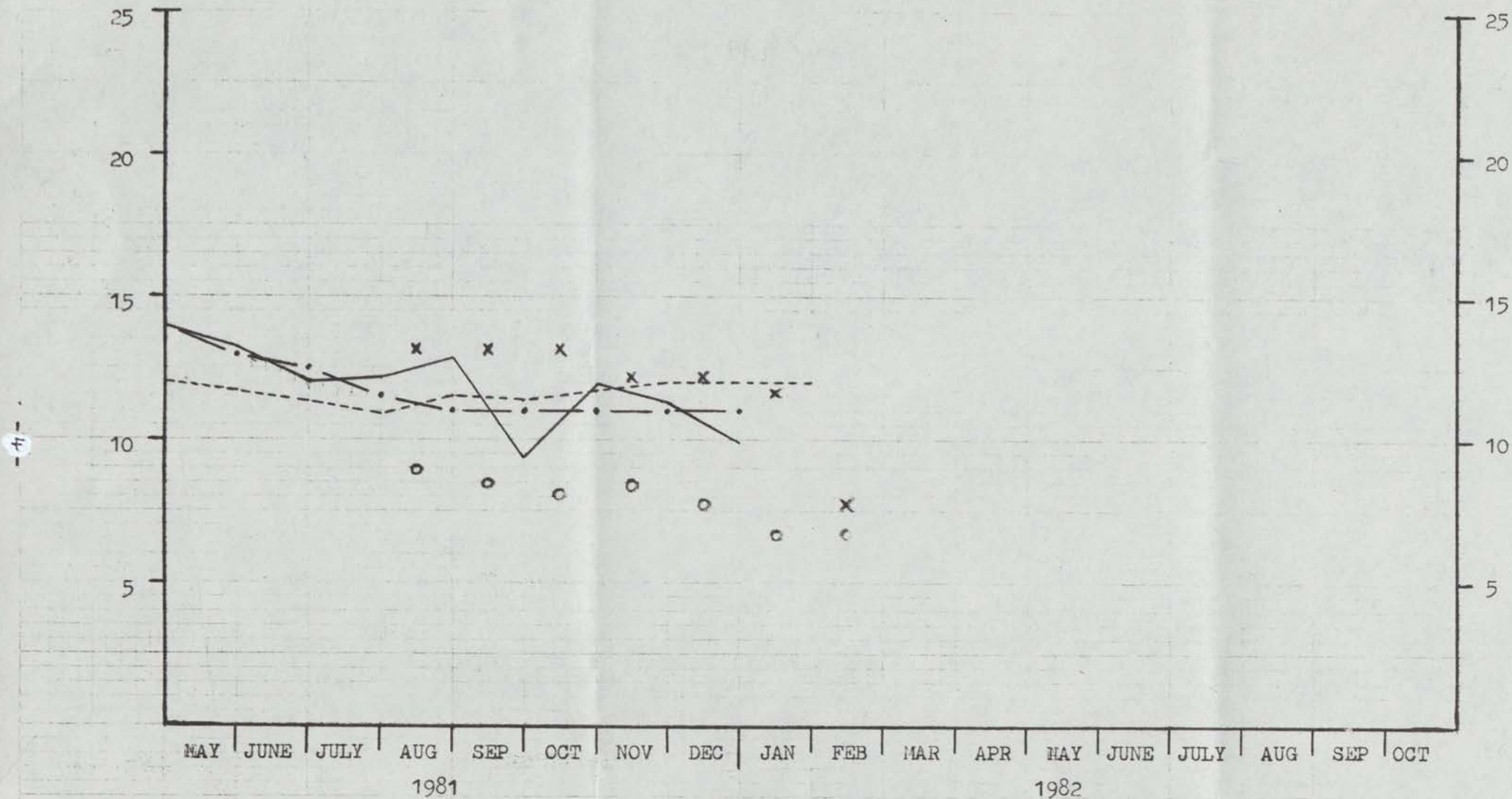
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APPENDIX I

TRENDS IN EARNINGS AND PRICES

% increase on year earlier



%



- Retail Price Index
- Average Earnings Index (whole economy)
- ———· Underlying rate of increase in earnings
- × Public Sector Settlements)
- 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

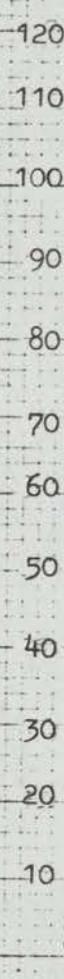
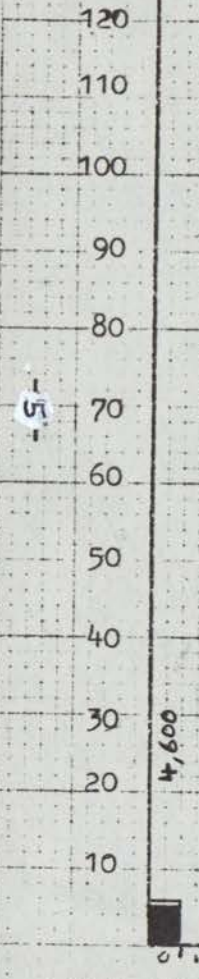
KEY  SETTLEMENTS UP TO THE LAST PAY BRIEF
 SETTLEMENTS SINCE THE LAST PAY BRIEF

Number of Settlements

MANUFACTURING

130

NON-MANUFACTURING



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.