

Prime Minister

(2)



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It is disturbing that
the notification of some of these
settlements in advance
is haphazard.

MS 20/3

PRIME MINISTER

Agree I make the point at

Yes no

X in John Verker's note at flag A?

MS 30/3

MOTORING REPORT : PUBLIC TRADING SECTOR

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

Was
intended by
see on the
Chairman?

2. A settlement is in the process of being reached at British Shipbuilders for a 6½ per cent increase in average earnings together with a 1 hour reduction in the working week. The unions are apparently presenting the settlement as worth 7 per cent in total. Depending on the view taken of the cost of the reduction in hours, the real value of the settlement could be even higher.

3. There must be a real question whether it is appropriate for a manufacturing industry which needs to compete internationally, and which is already heavily supported by subsidies, to settle as high as this. A further point of concern is the late stage at which this settlement has been brought to our attention.

4. Separate correspondence is taking place about the Post Office, where there is also a clear risk of an excessive settlement.

5. The British Airports Authority have now reached a settlement which is being publicised at 6 per cent. The effect on earnings may, however, be rather different. It would be helpful if John Biffen could now let us have the assessment which I mentioned in my minute of 15 February.

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6. 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.

26 March 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

A Committee of Inquiry was appointed by ACAS on 2 February to consider the pay and productivity understandings of the 1981 agreement which have been the subject to dispute between BR and ASLEF. ASLEF refused to co-operate with the Inquiry; evidence was taken from BR, NUR and TSSA.

The Committee reported on 16 February and recommended that both sides return to the established negotiating machinery within 7 days, that ASLEF re-assert its commitment to the understandings of August 1981 and call off industrial action and that BR pay ASLEF members the 3% increase at the centre of the dispute.

Both sides accepted the Committee's recommendations. BR authorised immediate payment of the 3% increase and ASLEF called off further industrial action from 19 February. Negotiations on productivity issues took place at National Council level but agreement could not be reached. The issues were referred to the Railway Staffs National Tribunal (the highest level of the industry's negotiating machinery) and the hearing commenced on 15 March. The terms of reference were those set out in the findings of the Committee of Inquiry. The Tribunal finished taking evidence on 17 March; the Chairman concluded, however, that he was unable to give any indication of a recommendation as the Tribunal had found difficulty in reconciling the evidence of the two sides. The Tribunal are considering other means of arriving at their recommendations, possibly involving visits to drivers' (NUR and ASLEF) and guards' (NUR) depots. It is hoped that a report of their findings may be available by mid-April. The Tribunal's decision will not be binding on either side.

Agreement on flexible rostering at national level was reached with the NUR before Christmas, and in local negotiations on the new arrangements 70% of NUR depots have agreed to the changes. 50 per cent of NUR depots are now actually working to the new arrangements. However a small number of NUR depots remain opposed, and some isolated industrial action has occurred.

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B: 1981/82 PAY ROUND

2 British Rail: Clerical and conciliation grades (150,000)

Settlement date: 20 April

Unions: NUR, ASLEF, TSSA

A meeting took place on 11 March at which NUR, ASLEF and TSSA presented their claims for minimum pay increases in line with the increase in the RPI. BR responded that any increase in pay would be linked to increased productivity, the Unions indicated firmly that pay increases could not be linked to productivity in the current round.

Comment : Detailed negotiations are unlikely to commence before the current productivity issues between BR and ASLEF have been resolved. Any offer by BR will need to reflect the heavy financial losses incurred during the current dispute.

3. London Transport: Underground Staff (18,000)

Settlement date: 19 April

Unions: NUR, ASLEF, TSSA

Pay claims were submitted on Monday 22 March of 12% increases and shorter hours, similar to that before British Rail. LT plan to respond with an offer on 7 April: their current budget allows for a 5 per cent increase on paybill.

Comment: The negotiations will be influenced by the BR situation.

4 British Airways: All grades (excluding pilots) 50,000

Settlement date: 1 January

Unions: TGWU, AUEW, EEPFU, NUMSINCH, ACTSS, APEX, GAWU, 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 year 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 reorganisation 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.

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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 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 2000 TGWU ramp staff (eg baggage and cargo handlers, cleaners and towing staff) at the terminals for European and domestic flights have objected to the company's reorganisation of working practices for increased productivity which, the company say, will enable 300 staff who have opted for the voluntary severance scheme to leave. A strike began on 9 February when management attempted to implement the new working arrangements. A suggestion by TGWU officials that members return to work under the old arrangements while continuing discussions was rejected by BA who are taking a firm line. The strike continues to cause some cancellations of European flights but the effect is limited as other groups of employees have undertaken the work of those on strike. Efforts to involve other BA employees and other TGWU members outside BA in sympathetic stoppages have had little success; although there have been intermittent brief stoppages caused by TGWU staff elsewhere on the airport which are likely to continue. TGWU picketing on the airport has lately succeeded in stopping supplies of oil fuel for water and space heating at the airport. This is primarily the concern of the British Airports Authority but the intended effect is to interfere with the working of the BA maintenance base.

Comment: failure to reach a settlement on revised working arrangements could jeopardise those agreements already reached with other groups.

4A Gas Supply: Manuals (41,300)

Settlement date: 17 January

Unions GMWU, TGWU

The unions 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 $\frac{1}{2}$ 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

Management's latest offer, made on 10 March, comprises basic rate increases of between 7.5% and 8% (depending on grade) with full flow through into bonus payments. This offer differs from those made previously which proposed basic rate increases having no flow through into bonus. Management have consistently refused consolidation of bonus into basic pay which the unions regard as the key issue in negotiations. The current offer also includes improvements to the General Obligations Payment (for flexible working procedures), holiday pay, staggered working pay and local holiday entitlement. The increase in earnings has been costed at 7.6% in the settlement year, 7.9% in a full year.

The unions indicated that they would recommend acceptance of the offer if BGC agreed to the payment of a £2.50 per week supplement for non bonus workers. Management refused.

The GMWU - the largest union in the industry - presented the offer to members as 9% on earnings but nevertheless recommended rejection. A GMWU delegate conference on 17 March rejected the offer and has instructed negotiators to arrange an emergency meeting with BGC and to organise industrial action if agreement cannot be reached. A meeting of TGWU members was to take place on 23 March. BGC have received a verbal request for a meeting; the request must be made in writing in accordance with procedure and is likely to take place within 14 days.

Comment: The Gas, Water and Electricity industries closely watch each other's settlements and the union's have drawn attention to the water service settlement of 9.1% on basic rates. In addition the miner's settlement presented as 9.3% will influence negotiations. The final settlement for manuals will have repercussions for the BGC staff negotiations (58,900 SD: 1 June).

5 Electricity Supply: Manuals (94,000)

Settlement date: 17 March
 Unions: EETPU, GMWU, AUEW, TGWU

The unions made the following 5 point claim at a meeting of the National Joint Industrial Council on 7 January:-

- (1) A substantial increase on basic rates
- (2) An additional increase on each 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

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

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At a meeting on 4 March, management improved their offer to 5.1% (£4.97) on the minimum of the labourer's scale, and 6.4% (£10.62) for a craftsman on his maximum. In addition the Council offered a further 75p per week on shift allowances making a total enhancement to shift pay of £3.73 per week. The effect of the offer will be to increase average earnings by about 6.1%; 6% on the salary bill.

This offer was also rejected by the unions who pressed hard for an 8% increase on salaries. The next formal meeting will be on 8 April.

Comment: Acceptance by the miners of an increase presented as 9.3%, water service manuals at 9.1% and a settlement in the gas industry will influence negotiations. The manual's settlement will influence the power engineers (SD: 1 February, see item 6).

6 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) Preservations of existing links with industrial scales
- (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 long term objective

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

There has been no offer or discussion about the claim at either of the last two National Joint Board meetings on 16 February and 16 March. The power engineers settlement traditionally awaits the outcome of the manuals' settlement.

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7 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%	Increase on average earnings
Merseyside	(SD: 1 January)	7.8%	

The following have yet to reach a settlement:

- a) Tyne and Wear (SD: 1 March) - The local metro service includes ASLEF membership. Negotiations have been delayed pending the outcome of the national dispute between BR and ASLEF.
- b) South Yorkshire (SD: 1 April) - No claims submitted
- c) Strathclyde (SD: 27 April) - In response to ^acost of living claim a 5½ per cent offer have been made.
- d) West Yorkshire (SD: 1 May) - Management have received a claim costed at over 30% on earnings. Negotiations commenced 16 March when management offered £4.60 on basic rates across the board (estimated to be about 6.9% on earnings). The unions gave a cool response to the offer on the ground that it distorted differentials. A further meeting has been fixed for 26 March.

8 Passenger Transport Executives: Non Manual Staff (6,000)

Settlement date: 1 April

There is a Joint Negotiating Committee representing non-manual staff in all 6 English PTEs. In response to a claim for "cost of living" increases, management responded at a meeting on 4 March with an offer worth 6% on earnings of which 2% is linked to increased productivity. A special joint sub-committee was established to look at the productivity issues - mainly the introduction of new technology. Following agreement in the sub-committee to the principle of increased productivity, the overall offer was increased on 18 March to 6.6 per cent, of which 2.6% was for productivity linked elements. The union side rejected this as insufficient and after lengthy discussions management further increased their offer to 6.8% in the hope of achieving a full and final settlement. However this was also rejected, and negotiations have effectively broken down. The union side are now expected to consult with their members before communicating further meeting has already pay issue is not on

CONFIDENTIAL with management. A routine NJC been set for 7 April, but the the agenda.

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British Shipbuilders: Staff and manuals (67,000)

Settlement date: 1 April

Unions: CSEU, SAIMA

On 17 February Management received an uncosted claim from the CSEU which comprised:

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

At a meeting on 10 March, the CSEU provisionally accepted management's offer of increases to basic rates which, with the subsequent effect on overtime, represented an increase in earnings of 5½%. In addition, a further 1% increase will arise from consolidation of supplements from a previous round and an increase in minimum earnings level; in total a 6½% increase in average earnings. There will also be a 1 hour reduction in the working week, which was agreed in the previous pay round, to be implemented from 1 April 1982. Management say that the reduction will be met from improved productivity (ie prompt starting times etc) and will not add to unit costs. The unions are reported to be presenting the offer to members as 7% on earnings. The provisional agreement will need to be ratified by individual yards. A delegates meeting in Newcastle on 17 March was reported to have overwhelmingly endorsed the offer. SAIMA (staff union) submitted a similar uncosted claim for substantial increases at a meeting on 18 February. Negotiations for this group traditionally follow those of the CSEU.

10 Post Office: Postal Officers, Assistants, Postmen, Cleaners & Doorkeepers
(156,500)

Settlement Date: 1 April

Union: UCW

At a meeting on 24 March an offer of 5 per cent on basic rates (earnings effect not yet known) was rejected. There is to be a further meeting on 30 March.

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11 British Nuclear Fuels Ltd: Non industrials (7,000)

Settlement Date: 1 April

Unions: IPCS, CPSA, SCPS, AGSRO, CSU

Management has received a claim for an increase of 15% on earnings, No offer has yet been made.

C) SETTLEMENTS CONCLUDED SINCE LAST REPORT

1981/82 PAY ROUND

12 Coalmining: Clericals (13,600)

Unions: NUM(COSA), APEX

Managerial grades (16,900)

Unions: BACM

Settlement Date: 1 November 1981

Both groups have accepted increases in line with the manuals' settlement of 7.4% on earnings.

13 British Airports Authority: All grades (7,150)

Settlement date 1 January

Unions: Staff - IPCS, SCPS, CPSA, CSU

Industrial - TGWU, AUEW, BEEPU, NUSMWCH,

On 4 March all unions (with the exception of TGWU who abstained) accepted the Authority's offer of 6% on all elements of pay except London Weighting. In addition the Authority have agreed to a £14 per month increase across the board as a productivity payment, a variation in annual leave entitlement (to bring manuals in line with staff) and have bought out 2½ days annual leave which had applied to some employees who were previously Civil Servants by paying an additional ½% on holiday bonus. Only the award of 6% will be publicised. The effect of the total offer will be 5.6% on the pay bill in the first year; the effect on average earnings is not known.

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14 Municipal Buses: Craftmen (2,500)

Settlement date: 4 January

Unions: AUEW(E), RLTPU, TGWU

The group has accepted an increase in line with platform staff of 6.6% on basic rates, an increase in the bonus calculator, 2 days additional holiday and a 1 hour reduction in the working week (40 to 39) from 1 November. The effect of the total offer on average earnings will be 6.9%.

15 National Bus Company: Platform and non craft maintenance (34,323)

Settlement date: 1 March

Unions: TGWU, NUR, GMWU, AUEW, NCOI

Following a regional delegate conference on 5 March, the unions have accepted management's offer of a 6.6% increase on basic rates from 1 March, 2 days additional holiday and a £1 per week unconsolidated supplement for crew drivers and conductors. The total package represents a 7.5% increase on average earnings.

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