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(1)



PA

Prime Minister

The Post Office have

Treasury Chambers, Parliament Street, SW1P 3AG now, as you know,
01-233 3000

PRIME MINISTER

*No - I don't think a further
complaint will reduce the
settlement you will
get with
the Chancellor.*

settled at 7% (= 7.7% on
earnings). The Chancellor (attached)

has complained to Patrick Jenkin.

MONITORING REPORT: PUBLIC TRADING SECTOR

Do you wish me to underline

and say how unsatisfactory

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

you consider this

2. The gas industry manuals have gone to arbitration following an offer worth 7.9 per cent on earnings. As reported in David Mellor's letter of 15 April, the unions are balloting the electricity industry manuals (without a recommendation) on the Electricity Council's offer, which is worth 7.1 per cent on earnings.

settlement?

MS 29/4

3. In spite of the representations which Patrick Jenkin has made to the Post Office Board, they now seem to be well advanced in exploring with the union side an offer worth 7.7 per cent (comprising a basic 7 per cent increase plus a bonus linked with the better-than-expected financial performance in the last financial year). The details are set out in Patrick's letter of 20 April, and evidently include some commitment to share the benefit of improved performance in the current year also. This would clearly be an excessive settlement, and I hope that we will continue to make our dissatisfaction plain to the Chairman.

4. Finally, I understand that the results of the arbitration on flexible rostering at British Rail will not now be available before the end of this month at the earliest.

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5. 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 Sparrow.

(G.H.)

27 April 1982

CONQUEROR



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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

In accordance with the Committee of Enquiry's recommendations, the unresolved productivity issues at the centre of the dispute between BR and ASLEF were referred to the Railway Staffs National Tribunal on 15 March. In concluding the hearing, however, the Chairman said that the Tribunal had found it difficult to reconcile the evidence of the two sides, and would need to consider other means of arriving at a decision. The Chairman and assessors have since visited guards' and drivers' depots around the country and the report of their findings is not expected before the end of April at the earliest. The Tribunal's decision will not be binding on either side.

B 1981/82 PAY ROUND

2 British Rail - Clerical and Conciliation grades (150,000)

Settlement date: 20 April

Unions: NUR, ASLEF, TSSA

At a meeting on 11 March the unions presented a claim for increases in line with the rise in the RPI, plus other benefits. BR responded that any increase in pay would be linked to improved productivity but the unions indicated firmly that this was unacceptable.

Comment: Detailed negotiations are unlikely to commence before the current dispute about productivity has been resolved. Any offer by BR will need to reflect the heavy financial losses incurred during the recent dispute.

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Gas Supply - Manuals (41,300)

Settlement date: 17 January

Unions: GMWU, TGWU

The unions have submitted a claim covering:-

- (a) An increase in rates to maintain the value of the pay packet - taking account of both inflation and taxation levels;
- (b) A reduction in working hours (from 38½ to 37 hours a week);
- (c) Consolidation into basic pay of bonus earnings and the "general obligations payment" - the key issue;
- (d) Payment of average earnings during holidays;
- (e) Improvements in shift and stagger pay.
- (f) A change in the basis of awarding local holidays.

On 10 March, Management made a revised offer of basic rate increases of between 7.5% and 8% (depending on grade), with full flow through into bonus payments. This differed from previous offers, which proposed basic rates increases having no flow through into bonus. It also included improvements to the 'General Obligations Payment' (for flexible working procedures), holiday pay, staggered working pay and local holiday entitlement. The increase in average earnings was costed at 7.6% in the settlement year, 7.9% in a full year.

The unions rejected this offer. They regard the consolidation of bonus into basic pay as the key issue in negotiations, but Management have resisted this.

At a meeting on 30 March, BGC reverted to a revised form of a previous offer: an increase of between 7.8% and 9.1% in basic rates (not flowing through to bonus) and a maximum increase of 80 pence per week in the 'General Obligations Payment', plus increases to holiday and staggered working pay and local holiday entitlement. This offer too would have led to an increase of 7.6% in average earnings in the settlement year, and 7.9% in a full year. Compared with the 10 March offer, it would have meant slightly less for bonus workers, but more for non-bonus workers.

The unions rejected this offer, and said that since there was such a gap between the two sides they wished to seek arbitration. Management did not agree that

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arbitration was the best way forward. However, the constitution of the National Joint Industrial Council allows unilateral access to arbitration, and the unions are seeking arbitration on their own. BGC have however been consulted on the terms of reference and will be giving evidence to the arbitration. The hearing is likely to be in early May, and any award arising out of arbitration is binding on both sides.

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). Ministers considered union rights to unilateral arbitration in the public sector in E(81) Committee on 30 November 1981 and agreed that it was then inopportune to invite the BGC to consider seeking to change the arrangements for arbitration in the industry.

4 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.

Following rejection of the Council's offer of basic rate increases ranging from 5.1% on the minimum of the labourer's scale to 6.4% for a craftsman on his maximum and enhancements to shift pay of £3.73 per week (worth in total about 6.1% on average earnings), a further negotiating meeting was held on 8 April. At the meeting, the Council improved their offer to increases ranging from 5.1% (£5 per week) on the minimum of the labourer's scale to 6.6% at the top of the foreman's scale. In addition, increases in shift payments (which affect about 25% of industrial staff) are expected to increase these figures to 6.6% and 8.0% respectively. The effect of the offer on average earnings (including shift earnings) will be 7.1%.

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The Council have said that this is a final offer and the unions have decided to put it to a ballot of the membership without recommendation. The result is expected to be known in about 5 weeks.

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 5).

5 Electricity Supply: Power Engineers (20,300)
Settlement date: 1 February
Unions: EPEA/BMA

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

- (1) Preservation 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 a long term objective

Neither average earnings, or the total paybill increase of the claim has been estimated.

No detailed negotiations have so far taken place on the claim and the next National Joint Board meeting will be held on 20 April. The power engineers settlement traditionally awaits the outcome of the manuals' settlement.

Recent press reports (Financial Times, 7 April) of the EPEA annual conference indicate that the Association will seek the same percentage increases as are eventually agreed for the manuals and in addition press for the existing linking arrangements with the pay of manual groups, to be changed to take account of developments which have occurred since the link was established. The General Secretary of the EPEA is reported as saying that the Electricity Boards "are on a collision course" with the engineers over pay.

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6 Passenger Transport Executives: Platform Staff

Settlement dates: Various

Unions: TGWU, GMWU

The following have yet to reach a settlement:-

- (a) Tyne and Wear (SD: 1 March). An offer of 4% on basic rates has been made to bus staff, and ^{plus 2 days extra holidays} 4.1% to engineering staff. The latter are being balloted and management are optimistic of a settlement, particularly as this group are covered by a 're-opener' clause should other groups achieve higher settlements. The local metro service staff were made an opening offer worth around 4% on 16 April. The effect of the offers on average earnings is not known.
- (b) South Yorkshire (SD: 1 April). The unions submitted an uncosted claim for increases in line with inflation, and other improvements. At a meeting on 30 March, management responded with an offer of 4% on basic rates, plus a further 2-3% for improvements in productivity. The effect of the offer on average earnings is not known. It was overwhelmingly rejected (9 to 1) in a ballot.
- (c) Strathclyde (SD: 27 April). The unions representing traffic, inspectorate, and manual staff have all rejected offers of 6.5% increases in basic rates. The engineering staff are expected to vote to reject a similar offer in a ballot taking place in the week of 19 April.
- (d) West Yorkshire (SD: 1 May). In response to a claim estimated to be worth over 30% on earnings, management have offered an increase of 6.6% on basic rates, plus two extra days holiday per year (worth in total about 6.9% on average earnings). They are optimistic about settling at this level, or slightly higher with any extra cost being covered by productivity improvements.

7 Passenger Transport Executives: Non Manual Staff (6000)

Settlement date: 1 April

There is a Joint Negotiation Committee representing non-manual staff in all 6 English PTEs. The unions submitted a claim for "cost of living" increases and at a JNC meeting on 18 March, management offered a 4.0% increase in rates, plus

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an additional 2.8% linked to increased productivity. The offer was rejected. On 7 April an increased offer of 4% plus 3% for increased productivity and efficiency was accepted and is worth 7% on earnings.

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

Settlement date: 1 April

Unions: CSEU, SAIMA

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, represents an increase in average earnings of 5¹/₂%. In addition, a further 1% increase will arise from consolidation of supplements from a previous round and an increase in the minimum earnings level; in total a 6¹/₂% 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 were reported to be presenting the offer to members as 7% on earnings.

The CSEU put the offer to individual yards, and the staff union, SAIMA, consulted their membership on a similar offer. Support has not been universal, but leaders of both unions have received sufficient backing for them to accept. A formal agreement will be signed in the next few days, and management have begun arranging for implementation.

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

Settlement Date: 1 April

Union: UCW

Management has received an indication from the UCW that increases of around 20% are sought. There is an outstanding claim from a previous pay round for a 3 hour reduction in the working week which has yet to be agreed.

On 24 March, management offered an increase of 5% on rates (management estimate that the effect of the offer on average earnings will be around the same figure). The union

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rejected the offer. Further informal meetings between both sides have taken place with the Post Office management, while not improving their formal offer of 5% on rates, indicating willingness to consider a settlement in the region of 7% on rates and earnings. A settlement or breakdown of the negotiations (the latter most probably accompanied by selective industrial action) is expected shortly.

10. British Nuclear Fuels Ltd: Non industrials (7000)

Settlement date: 1 April

Unions; IPCS, CPSA, SCPS, AGSRO, GSU

In response to a claim for a 15% increase on average earnings, management offered, on 31 March, an increase worth 7½% on average earnings. The unions are to ballot their membership to see if this is acceptable.

11. London Transport: Railway Supervisory, Booking Office and Conciliation Grades (18,000)

Settlement date: 19 April

Unions; ASLEF, NUR, TSSA

The unions have submitted an uncosted claim for a substantial pay increase and shorter hours, in line with the main British Rail claim. At a meeting on 20 April management offered an increase of 5% on basic rates (expected to be worth about 5% on average earnings also). If the unions accept this offer, management would additionally undertake:-

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- (a) to review relativities
- (b) to consider the case for an extra day's holiday (giving parity with bus staff)
- (c) to reduce working hours to 38 per week, as long as this could be done at negligible cost
- (d) to pay a lump sum bonus worth in total half of any undershoot on the 1982/3 budget.

In response the unions were critical but asked to see details of the offer in writing so they could consider it more carefully.

12 London Transport: Rail Workshop Trades (3550)

Settlement date: 22 April

Unions: ASBSBSW, AUEW, EETPU, FTATU, NSMM, NUSMWCIDE, TGWU, UCATT, NUR

The unions have submitted an uncooled claim for a substantial increase. At a meeting on 20 April management made a 5% offer, similar to that for underground staff.

13. London Transport: Platform Staff (19,450)

Settlement date: 28 March

Union: TGWU

The Union has submitted a claim for substantial increases. Negotiations open on Tuesday 27 April.

14. Water Service: Staff (35,300)

Settlement date: 1 July

Unions: NJC - NALGO, GMWU, NUPE, GLCSA, TWSA

There will be a National Joint Council Meeting on 22 April at which a claim is expected to be submitted.

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15 British Telecommunications

Telecom engineers, technicians etc (130,000)

A. Settlement date: 1 July

Union : POEU

Executive engineers, inspectors, technical and sale supervisors etc (22,500)

B. Settlement date : 1 July

Union : SPOE

It is understood that offers of 4.3% on basic rates, subsequently improved to 4.8% plus other improvements were made to both negotiating groups in early March. The unions are said to have asked for increases in line with the RPI. Negotiations continue and it is understood that the next negotiating meeting will be held on 23 April. The likely next moves are not known, but the Secretary of State for Industry is to meet the Chairman of British Telecoms, probably on 27 April.

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SETTLEMENTS CONCLUDED SINCE LAST REPORT

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

Settlement date: 1 January

Unions: TGWU, AUEW, EETPU, NUMSMWGH, ACTSS, APEX, GMWU, FEATU, UCATT

A mass meeting on 1 April of TGWU ramp staff, who have been on strike since 9 February in protest over revised working arrangements, voted to cease further industrial action. A return to full normal working took place on 6 April. BA's "rescue plan" includes a pay freeze until September 1982 and although three negotiating groups have submitted claims for substantial increases there has been no attempt to open pay negotiations in the immediate future.

17. London County Buses: Platform staff etc (2353)

Settlement date: 4 April

Union: TGWU

The union has accepted management's offer of a 6.6% increase on basic rates and 2 additional days holiday per annum; worth in total approximately 7.4% on average earnings.

18. National Bus Company: Clerical, Administrative and Supervisory Staff (9522)

Settlement date: 1 March

Unions: NJC for non manual staff - NALGO, ACTSS, NUR

The group has accepted an increase in line with NBC Platform and non-craft maintenance workers of 6.6% on basic rates, 2 additional days holiday and improvements to overtime pay. The effect of the total offer will be to increase average earnings by approximately 6.9%.

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