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MONITORING REPORT: PUBLIC TRADING SECTOR

... I attach the latest monitoring report on the Public Trading Sector.

2. Apart from the Railway Staff's National Tribunal findings on the flexible rostering issue at British Rail, which are being separately considered, there are few new developments to report. But I see that both the Gas and Water service employers have forthcoming negotiating meetings with their staff grades at which offers either will or might be made, on 20 and 21 May respectively. No doubt Nigel Lawson and Michael Heseltine will let us have appropriate warning of any offers.

3. You will have seen the exchange between Patrick Jenkin and the Chancellor on 7 May about the position at British Telecoms. Although the Chairman has since argued otherwise, it seems unlikely that the latest offer was worth much less than the 9 per cent at an annual rate which was mentioned in the Chancellor's letter. (A nine month settlement was proposed.) But I understand that further moves may now be taking place, and clearly (given British Telecoms' very favourable cash position) there is a risk of an even higher offer. We must clearly continue to apply all possible pressure to get British Telecoms to think in more moderate terms.

4. 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.

L.B.

LEON BRITTAN

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 Inquiry'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. The Chairman and assessors visited guards' and drivers' depots around the country before publishing the report of their findings on 7 May. The Tribunal's decision, not binding on either side, found in favour of the Board subject to a series of safeguards for train drivers. Initial reactions have been that from the Board's point of view the findings open the way for a national agreement to be negotiated. ASLEF's immediate view was that the findings led to an unworkable system.

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 flexible rostering dispute has been resolved. Any offer by BR will need to reflect the heavy financial losses incurred during the dispute early this year.

3 Gas Supply - Manuals (41,300)

Settlement date: 17 January

Unions: GMWU, TCWU

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.

Following lengthy negotiations during which various offers were made and rejected, BGC, at a meeting on 30 March, 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 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 previous offers, it would have meant slightly less for bonus workers, but more for non-bonus workers.

The unions rejected this offer, and expressed their wish to refer the whole of the claim to arbitration. The management did not support this proposal but since the constitution of the National Joint Industrial Council allows unilateral access to arbitration the reference is proceeding on this basis. BGC have nevertheless been consulted informally, by both the unions and ACAS, on the terms of reference. The hearing took place on 12 May. The award, which is expected in 1 to 2 weeks, will be binding on both sides.

Comment: Ministers considered union rights to unilateral arbitration in the public sector in E(81) Committee on 30 November 1981 and agreed that it would be inopportune to invite BGC to consider seeking to change the arrangements for arbitration in the industry. Both sides are anxious for a settlement to be achieved quickly.

The Gas, Water and Electricity industries closely watch each others' settlements and the unions have drawn attention to the water service settlement of 9.1% on basic rates and the miner's settlement presented as 9.5% on earnings.

Gas Supply - Staffs (57,700)

Settlement date: 1 June

Union: GSSO

The Gas Staffs and Senior Officers (GSSO) have presented a claim including an increase in line with the rise in the cost of living index (with references to 14%), reduction in hours, increase in holidays and restructuring of salary scales. BGC will be responding with an opening offer on 20 May. The final settlement for manuals will have implications for these negotiations.

Gas Supply - Higher Management

Settlement date: 1 June

Union: NALGO

The Higher Management (HM) have submitted a claim which includes: salary increases of 12% to restore June 1981 living standards; restoration of pay differentials between HM and GSSO; and grade restructuring. The union estimates total claim to amount to 15% on gross pay bill.

BGC are expected to make opening offer on 3 June.

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%.

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. Balloting will be completed by 12 May and the result will be known shortly afterwards.

5 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 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 pay was not discussed at the last National Joint Board meeting held on 20 April. The next NJB meeting will take place on 18 May when the Electricity Council expect to be under pressure to make an offer.

Comment: Engineers are keen to preserve their long standing differentials over manual workers and have threatened industrial action to preserve them. At the upper end of the engineer's pay scales, however, this might result in reverse differentials with some Area Board Deputy Chairmen. Negotiations are, therefore, likely to be influenced by Government decisions on pay increases for board members.

6 Passenger Transport Executives: Platform Staff SD: Various

The following PTE's 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 4.1% on rates to engineering staff. The engineers voted to accept the offer on a recent ballot - largely due to the group having a reopener clause if any other group settles for a larger amount. Bus staff have rejected the offer.

Negotiations with the metro service staff have been slow to start as the group includes ASLEF members who have delayed negotiations pending the outcome of the national dispute between BR and ASLEF. An offer has, however, now been made of

on basic rates and increases to unsocial hours and weekend shift working payments, worth around 5 $\frac{1}{2}$ % on average earnings.

(b) Strathclyde (SD: 18 April) Management's offer of a 6.6% increase on basic rates has been accepted by the craftsmen but negotiations are still continuing with the traffic, manuals and inspectorate groups who earlier rejected the same offer. The effect of the offer on average earnings has not been precisely calculated but is estimated to be rather less than 6.6%.

(c) West Yorkshire (SD: 1 May) Management offered 6.6% on basic rates and 2 additional days holiday (worth in total 7.5% on average earnings) and were optimistic that a settlement could be achieved at this level. Following a ballot on 29 April, however, the offer was rejected, and at a further meeting on 6 May management slightly recast the offer and included a self-financing attendance bonus scheme. Union negotiators have agreed to refer the offer back to branch committees, but are recommending rejection and asking for a strike mandate.

7 British Nuclear Fuels Ltd: Non Industrials (7000)

Settlement date: 1 April

Unions: IPCS, CPSA, SCPS, AGSRO, CSU

In response to a claim for a 15% increase on average earnings, management offered, on 31 March, an increase worth 7 $\frac{1}{2}$ % on average earnings. The unions have balloted their membership who have all now accepted.

8 London Transport

(a) 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 7 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:-

(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 undershot on the 1982/83 budget.

In response the unions were critical but asked to see details of the offer in writing so they could consider it more carefully. No further meetings have so far been arranged.

(b) Rail Workshop grades (3550)

Settlement date: 22 April

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

At a meeting on 20 April management offered a 5% increase on basic rates (worth around 5% on average earnings also) which the unions are considering. No further negotiating meetings have so far been arranged.

(c) Bus Platform Staff (19,800)

Settlement date: 29 March

Union: TGWU

At a meeting on 27 April management received an uncosted claim for substantial increases to basic rates and for 4 additional day's holiday entitlement. Management have said that cuts in the London Transport bus budget would severely constrain any offer. At a meeting on 11 May an oral 5% offer was neither accepted nor rejected by union negotiators, who appear to be in no hurry to settle. The next meeting has been arranged for 21 May.

(d) Road Workshop grades (3,300)

Settlement date: 22 April

Unions: ASBSBSW, AUEW, EETPU, FATU, NSMM, NUSMWCHE, TGWU, UCATT

Management received a claim for substantial increases to basic rates at a meeting on 11 May, but refrained from tabling an offer in view of the continuing non-cooperation in several garages over minor schedule changes brought in last month. A further meeting has been arranged for 27 May.

9 British Transport Docks Board: Manual grades (3,120)

Settlement date: 22 April

Unions: NUR, CSEU, EETPU, UCATT, TGWU

The unions have rejected an offer of 4% on basic rates; the effect on average earnings has not been estimated. A further negotiating meeting took place on 5 May, when the Board raised the offer to 5%.

Comment: The recent settlement in British Shipbuilders of an increase worth 6 $\frac{1}{2}$ % on average earnings is causing concern to BTDB management who are endeavouring to limit increases to their employees to 5% in the current round. The Board are however "not pessimistic" about settling at this level.

10 British Telecom:

(a) Engineers, Technicians etc (130,000)

Union: POEU

(b) Executive engineers, Inspectors, Technical grades (22,500)

Union: SPOE

(c) Telephone, Telegraph and Radio Supervisors (6,000)

Union: CMA

(d) Clerical, Typing and Secretarial grades etc (35,000)

Union: CPSA

Settlement date: 1 July

An offer of 4.3%, subsequently improved to an average of 4.8% on basic rates was made to the POEU and SPOE - in early March. As a result of negotiations BT are considering improving this to an average of 5% or 5.3% on basic rates for a nine month settlement (6.7% or 7% at an annual rate). They hope that this will help to prevent the negotiating position of management being weakened by the need to make agreements at the close of the annual pay round. In order that the new rates should apply in the whole period April 1982 to March 1983 without increasing basic rates in the final nine months they envisage making a lump sum payment of 1 $\frac{1}{4}$ per cent (a quarter of 5 per cent) in respect of the current quarter, which will not form part of the base for later wage bargaining. Finally a consolidation of 1 per cent of the existing productivity bonus from 1 January 1983 is envisaged (leaving unconsolidated the remaining 1 per cent of the bonus).

It is reported in the May issue of the CMA's own journal "New Management" that the union have submitted an uncosted claim to British Telecom and that an exploratory discussion with management has taken place. No offer has been made but British Telecom have undertaken to consider the claim and arrange a further meeting in due course. No further information is available.

There is no knowledge of any negotiations having taken place with the CPSA representing the clerical grades.

11 Water Service: Staff (35,300)

Settlement date: 1 July

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

A claim was received at a National Joint Council meeting on 22 April for increases

in line with the RPI, a 1 hour reduction in the working week (to 36 hours) and 1 day's additional holiday. The effect of the claim on average earnings has not been estimated. The next negotiating meeting will be on 21 May.

C. SETTLEMENTS CONCLUDED SINCE THE LAST REPORT

12 Passenger Transport Executives: Non manual staff (6,000)

Settlement date: 1 April

Joint Negotiating Committee

The Joint Negotiating Committee representing non manual staff in all 6 English PTE's have accepted an increase worth 7.0% on average earnings. The settlement comprises a 4% increase on rates plus a further 3% on rates, also payable from the settlement date, which will be linked to improvements in productivity and increased efficiency (although the precise details of how these improvements will be achieved have yet to be negotiated).

13 British Shipbuilders: Staff and Manuals (67,000)

Settlement date: 1 April

Unions: CSEU, SAIMA,

The unions have now formally signed an agreement accepting management's offer of increases to basic rates which, with the subsequent effect on overtime, represents an increase in average earnings of 5½%. In addition, a further 1% increase will arise from the consolidation of supplements from a previous round and an increase in the minimum earnings level; in total a 6½% increase on average earnings.

14 Post Office: Postal Officers, Assistants, Postmen, Cleaners and Doorkeepers
(156,500)

Settlement date: 1 April

Union: UCW

Following rejection of their offer of a 5% increase on basic rates, management improved their offer to 7% on basic rates, worth 7% on average earnings also, which was accepted by the UCW. In addition a lump sum payment of £55 will be made as a bonus payment linked to a reduction in unit costs over the previous year (adding a further 0.6% to average earnings). The Post Office has also agreed to consider the possibility of paying a similar bonus next year.

15 South Yorkshire Passenger Transport Executive Platform Staff (3,126)

Settlement date: 1 April

Union: TGWU .

Management originally offered a 4% increase on basic rates with a further 2% to 3% on rates in return for improved productivity. The offer was rejected at a meeting on 22 April and, following a threat of industrial action, management improved their offer by proposing a £3 guaranteed lead in payment on the productivity scheme, which, added to the 4% increase on basic rates and improvements to holiday pay, will give an increase of 7.1% on average earnings. The union accepted the offer following a ballot of the membership.