



c/c SV
Prime Minister (2)

To note.

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

MUS 10/6

PRIME MINISTER



MONITORING REPORT: PUBLIC TRADING SECTOR

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

2. Issues arising on British Rail are being separately pursued- but you will know that an offer of 5 per cent was made on 28 May (to take effect from 6 September, not the normal date of 20 April) which is conditional on agreement about productivity and an avoidance of industrial action.

3. A settlement worth 7.4 per cent on earnings has been reached with electricity supply manuals as reported in David Mellor's letter of 1 June. In the circumstances this was perhaps as good as could be expected, given that a 7.1 per cent offer had previously been rejected in a ballot. Patrick Jenkin's letter of 25 May reported that a settlement had been reached at British Telecom. There is a good deal of doubt about British Telecom's estimate that this is worth only 6 per cent, and officials are looking at the figuring.

4. Following Giles Shaw's letter of 19 May, the water industry employers offered their staff 6.5 per cent. I agree with him that we would not want the employers to go much (if at all) higher than this, inspite of their earlier 8.8 per cent settlement with the manuals, and should impress this on them. As regards the manuals, it has been reported



in the press that they are seeking a special 15 per cent comparability increase. If there is a prospect of serious pressure for such an increase, Michael Heseltine will no doubt let us know.

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.)

9 June 1982

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PUBLIC TRADING SECTOR

PART I 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

The report of the Railway Staffs National Tribunal on flexible rostering for train drivers was published on 7 May. The Tribunal found in favour of a 7-9 hours system of flexible rostering subject to a number of safeguards and criteria designed to meet the objections of ASLEF. In addition, the Tribunal recommended that, as a consequence of flexible rostering being introduced, the current manning agreement should be changed to allow shifts up to 9 hours to be single-manned. The new arrangements should permit the introduction of a 39 hour week. The report recommends that the implementation of new arrangements should be the subject of local negotiations and, where disagreement exists, should be resolved through the normal negotiating machinery. The Tribunal's recommendations are not binding on either side.

The reaction of the British Railways Board has been that the findings open the way for a national agreement to be negotiated. The Executive of ASLEF rejected the recommendations as unworkable and their decision was endorsed by the union's annual conference which took place last week.

B 1981/82 PAY ROUND

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

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At the Railway Staff National Council last Friday, the Board made a 5% offer, payable from 6 September, provided that negotiations on productivity items outstanding from the 1981 settlement have been completed by 30 July. The Board emphasised that they would be able to manage this pay increase only if they could provide a full and continuous service to their customers. Initial union reactions describe the offer as "derisory"; ASLEF are meeting today to discuss a formal response to the offer.

Comment: Together with action likely to be taken by ASLEF following the report of the RSNT, there is a possibility of total disruption of the rail network.

3 Gas Supply: Manuals - 41,300
 Settlement date: 17 January
 Union: GMWU, TGWU

The unions rejected BGC's offer of basic rate increases ranging from 7.8% to 9.1% not flowing through to bonus, an increase of 80 pence per week in the General Obligations Payment and increases to holiday pay staggered working pay and local holiday entitlement. The offer is worth 7.6% on average earnings in the settlement year and 7.9% in the full year.

Following rejection of the offer, the unions expressed their wish to refer their claim to arbitration. Although management did not support this proposal, the constitution of the National Joint Industrial Council allows unilateral access to arbitration and the reference proceeded on this basis. The unions did, however, informally consult BGC on the terms of reference. The arbitration hearing took place on 12 May and the award, which is expected shortly, will be binding on both sides.

Comment: Both sides are anxious for a settlement to be achieved quickly. Attention has been drawn to the water service settlement of 9.1% on basic rates and the miner's settlement presented at 9.3% on earnings. The final settlement will have repercussions for Gas Staff and Senior Officers (see item 4).

4 Gas Supply: Staff and Senior Officers - 57,700
 Settlement Date: 1 June
 Unions: NJC - NALGO, GMWU, MATSA

BGC made an offer worth 5% to 5.1% on average earnings at a meeting on 20 May. The offer comprises increases ranging from 4% for those in the lower grades to 6% for the middle and higher grades. The unions are considering the offer. The next negotiating meeting is now planned to take place on 17 June.

Comment: The settlement will influence negotiations with the Higher Management Group (3,500 SD: 1 June) who have submitted an uncosted claim which includes salary increases of 12% to restore June 1981 living standards, restoration of pay differentials with staff and senior officers and grade restructuring. BGC are expected to make an opening offer on 3 June.

5 Electricity Supply: Manuals - 94,000
 Settlement date: 17 March
 Unions: NJIC - EETPU, GMWU, AUEW, TGWU

In response to an uncosted claim for a substantial increase on basic rates and additional amounts on each band of the scale, increased holidays, shift and staggered hours pay and a reduction in working hours, the Council after lengthy negotiations, made what was described as a final offer worth 7.1% on average earnings. The offer comprised basic rate increases ranging from 5.1% (at the minimum of the labourers scale) to 6.6% (at the maximum of the foremen's scale) and a £3.73 per week increase in shift payments.

The unions referred the offer without recommendation to a ballot of the membership and it was rejected. The unions then planned industrial action in the form of an overtime ban from 31 May and a programme of stoppages at the most efficient power stations from 14 June (this action is designed to force the CEGB to meet the demand for electricity from more expensive power stations). Collection of cash from prepayment electricity meters may also be affected.

However following a meeting of the NJIC on 28 May at which the employers' offer was increased to 6.2% for the lowest paid ranging to 6.9% for the highest, the claim was settled and the threat of industrial action withdrawn. The overall effect of the settlement including increased shift allowances and holidays is to increase average earnings by 7.4%.

- 6 Electricity Supply - Power Engineers - 29,300
Settlement date - 1 February
Unions - EPEA/EMA

The union submitted an uncosted claim in January ^{which} included the preservation of links with industrial scales, restoration of 1975 differentials and other improvements. Although expected to make an offer at a National Joint Board meeting on 18 May, the Electricity Council postponed their response in the light of the manual's recent ballot. The next NJB meeting will take place on 15 June.

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.

- 7 West Yorkshire Passenger Transport Executive: Platform Staff (2,751)
Settlement Date: 1 May
Union: TGWU

An offer worth 6.9% on average earnings was rejected by ballot on 29 April. At a meeting on 11 May, management additionally proposed the introduction of a self financing attendance bonus. The unions referred this latest offer to Branch Committees with a recommendation to reject it and, if so, to authorise strike action. A ballot of the membership was held on 27-28 May and resulted in rejection. Industrial action now seems likely.

- 8 London Transport - Rail

- (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 from 39 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 of 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. The next negotiating meeting will be on 10 June.

Comment: The "flexible rostering dispute" between British Rail and ASLEF and the possibility of action by the NUR on separate issues could have repercussions for London Transport.

A call for action by ASLEF and the NUR to BR employees could, in the current climate of proposed reductions in services and manning levels, receive a sympathetic response from members of the Unions employed by LTE.

(b) Rail Workshop grades (3,550)

Settlement date: 22 April

Unions; ASBSBSW, AUEW, EETPU, FTATU, NSMM, NJSMWCHDE, 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.

9 London Transport Executive - Road(a) 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 offer of 5% on basic rates, consideration of additional holiday entitlement and a working party to consider the scope for a productivity bonus, was rejected by union negotiators who appear to be in no hurry to settle. The effect of the offer on average earnings is not known. A further meeting took place on 25 May, when an increased offer worth 7% (including 0.5% self-financing productivity, plus changes to leave arrangements) was made. This was recommended for acceptance at a delegates conference on 3 June, but was surprisingly rejected. LT are awaiting an explanation of the reason for rejection.

(b) Road Workshop grades (3,300)

Settlement date: 22 April

Unions: ASBSBSW, AUEW, EETPU, FTAT, NSMM, NUSMWHDE, 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 implemented in April. A further meeting on 27 May was inconclusive, and further developments will await the outcome of the offer to platform staff.

(c) Road Operating Supervisory grades (2,500)

Settlement date: 28 March

Union: TGWU

Negotiations traditionally follow those of the bus platform staff (see item (a)).

Comment: Cuts in services, rescheduling and proposed reductions in manning led to industrial action at some garages which had only a limited effect. On the understanding that no compulsory redundancies would take place as a result of the forthcoming schedule changes in July, all unofficial action has now ceased.

- 10 British Transport Docks Board: Manual grades - 3,120
 Settlement date: 22 April
 Unions: NUR, CSEU, EEPTU, UVATT, TGWU

The unions rejected an ~~offer~~ ^{offer} of 4% on basic rates. At a meeting on 5 May, management improved their offer to 5% on rates which the unions are considering. The effect on average earnings has not been estimated. A further meeting should take place within the next two weeks.

Comment: The recent settlement in British Shipbuilders of an increase worth 6½% 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 and have made it clear that they can afford no more than 5%.

- 11 Water Service: Staff (35,300)
 Settlement date: 1 July
 Unions: NALGO, GMWU, NUPE, GLCSA, TWSA

A claim was received at a National Joint Council meeting on 22 April for increase in line with the RPI, a 1 hour reduction in the work week (to 36 hours) and 1 day's additional holiday. The effect of the claim on average earnings has not been estimated. Negotiations resumed on 21 May when management offered an increase of 6.5% across the board; worth 6.5% on average earnings also. The offer was rejected and a further meeting will take place on 10 June.

Comment: Negotiations will be influenced by the manual's settlement effective from December 1981 when increases worth 8.8% on average earnings were awarded. Staff consider the restoration of differentials to be a main issue in their claim. The Water ^{Combined} Employer's Committee have advised their negotiators that an offer of up to 7½% may be made.

- 12 Post Office:
 (a) Postal Supervisors, Executives and Supervisory catering grades (14,800)
 Settlement date: 1 April
 Union: --- CMA

It is understood that a meeting between the Post Office and the union has taken place but the Department of Industry does not know whether a claim has been received or whether an offer has been made.

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(b) Post Office - National Girobank

Clerical, Typing and Secretarial grades (5200)

Union: CPSA

HCO, EO, HEO and Information grades etc. (900)

Union SCPS

Settlement date: 1 July

Management are to offer a 6% increase in salaries and a productivity scheme which, it is estimated, will provide a further 3% on earnings.

13. British Telecom: Settlement dates: 1 July

(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 (35,000)

Union: CPSA

The Secretary of State for Industry wrote to colleagues on 25 May informing them that British Telecom has reached a provisional settlement with the POEU and SPOE. In the letter he says inter alia that the settlement increases basic pay by 6.75% for a 12 months settlement with certain other minor improvements and ^{that} BT estimate that the overall effect of this settlement will be to increase average gross pay by 6% over the 12 month period from the settlement date of 1 July".

Comment: At first sight it seems difficult to understand how this settlement leads to an increase in average earnings of no more than 6% but the Department of Employment is pursuing the detailed costing with the Department of Industry.

14. British Airways: All grades (excluding pilots) - 40,000

Normal settlement date: 1 January

Unions: TGWU, AUEW, EETPU, NUSMW, APEX, FTATU
GMWU, UCATT, ACTSS, ASTMS, AUEW(S & T), MNAOA.

On 10 September 1981 British Airways announced a "rescue plan" aimed at stemming large financial losses. The plan included a reduction of 9000 jobs by June 1982, the reorganisation of many working practices and a pay freeze at least until 1 October 1982.

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 postponement of the annual settlement was accepted, 3 panels (Engineering and maintenance, Ramp and Ground Service Staff) submitted claims for substantial increases although there was no immediate pressure to open negotiations.

Staff in the engineering and ground services groups employed at Terminal 3 have recently held separate lightning strikes to press a claim for an interim pay increase before 1 October. Staff at other Heathrow terminals are unlikely to take industrial action. Management have taken a firm line. However a moderate increase from 1 October is becoming likely, and current pressures may lead to this date being advanced with a corresponding lowering of the percentage figure.

MAJOR GROUPS YET TO COMMENCE NEGOTIATIONS IN THIS PAY ROUND

15 Electricity Supply: Clericals - 47,400 SD: 1 May Unions: NALGO
The group traditionally awaits the outcome of the manual's settlement.

16 British Nuclear Fuels Ltd: Industrials - 9,190 SD: 1 July Unions: GMWU
AUEW, TGWU, EETPU.

SETTLEMENTS CONCLUDED SINCE THE LAST REPORT

17 Coalmining: Deputies - 18,200
Settlement date: 1 November 1981
Union : NACODS

Following a ballot of the membership, the group have finally accepted the NCB's offer as accepted by manuals and all other groups (8.57% on basic rates and length of service bonus worth in total 7.4% on average earnings). The union (NACODS) had sought to have the money available for the service bonus allocated to basic rates and divided equally among it's members.

18 British Nuclear Fuels Ltd: Non-industrials - 7,000
Settlement date : 1 April
Unions : IPCS, CPSA, SCPS, AGSRO, CSU

Following a ballot of the membership, the unions have accepted an offer worth 7.5% on average earnings.

19 Tyne and Wear Passenger Transport Executive: Platform Staff (1,700)
Settlement Date : 1 March
Union : TGWU

Platform staff have accepted an offer of 4.1% on basic rates and 2 day's additional holiday. The effect of the offer on average earnings has not been precisely calculated.

20 Strathclyde Passenger Transport Executive: Platform staff - (1,900)
Settlement date: 18 April
Union : TGWU

Management's offer worth approximately 6.6% on average earnings has been accepted by the platform staff.

21 West Midlands Passenger Transport Executive: Platform Staff - (4112)
Settlement Date: 6 November; changed to 1 April Union: TGWU

Platform staff received increases worth 6.5% on average earnings from 6 November 1981 (the due settlement date) with an agreement that the settlement would apply for 5 months until 1 April 1982 when wages would be reviewed again.

In the light of ^{threatened} industrial action, an increase of slightly less than 7% on average earnings (incorporating a basic rate increase, improved shift allowance, holiday pay and productivity) has been agreed from 1 April 1982 and will run for 12 months to 1 April 1983 - the new annual settlement date.