



Prime Minister (2)

MCJ 18/6

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Michael Scholar Esq  
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18 June 1982

Dear Michael

... I am enclosing a copy of the latest Pay Brief.

Copies also go to the Private Secretaries to  
Members of E, E(PSP) and E(EA).

Yours  
Mamie Fahey

MISS M C FAHEY  
Private Secretary

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PAY BRIEF: POSITION AT MID-JUNE

SETTLEMENTS

1 Since the May pay brief 134 settlements covering 1,960,000 employees have been recorded. In the private sector (115 settlements covering 1,015,000 employees) the weighted average level of settlements in the last month was just under  $7\frac{1}{2}\%$ . The average in the public sector (19 settlements covering 945,000 employees) was just under  $6\frac{1}{2}\%$ . The principal settlements in the private sector were Building and Civil Engineering (450,000) and Building and Allied Trades (250,000) at 7.0% to 7.5% and Mobil Oil Tanker Drivers (500) at 7%. In the public sector Electricity Supply manuals (94,000) settled for 7.4% and British Telecom engineers (130,000) for 7.0%, also Gas Supply manuals (41,300) were awarded 7.6% after arbitration - 7.9% in a full year - and Teachers E & W (460,000) were awarded 6%.

2 The cumulative average level of settlements for the whole economy this round - 890 settlements covering 7,934,000 employees is 7%. Almost 2/3 of employees about whom the Department expects to receive information have reached settlements.

3 In the private sector the cumulative average remains unchanged at 7% for the third successive month (831 settlements covering 4,164,000 employees). For manufacturing the average level is just over 6% and in non-manufacturing is just over  $7\frac{1}{2}\%$ . About  $\frac{3}{4}$  of settlements and of employees are covered by settlements in a 5% to 8% range. 22 settlements covering 12,000 employees, all in manufacturing, are for NIL increases.

4 In the public sector (59 settlements covering 3,769,000 employees) the cumulative average is about 7%, similar to last month. The average in the public trading sector is just under  $7\frac{1}{2}\%$  and in the services sector is just over  $6\frac{1}{2}\%$ .

5 Coverage: The limitations of the Department's coverage of settlements were explained in the March pay brief (para 5).

NEGOTIATIONS

6 In the PUBLIC SECTOR, Gas Supply staff (1 June - 57,700) are considering an offer worth about 5% on average earnings. The claim is for an increase to

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maintain living standards and a reduction in hours. Next meeting to be arranged. Electricity Supply power engineers (1 February - 29,300) have submitted a claim for a substantial increase in pay, reduced hours, improved holidays and other benefits. An offer of 7% on rates has been rejected. British Rail clerical and conciliation grades (20 April - 150,000) have been made an offer of a 5% general pay increase from 6 September. Guards have accepted 50p per shift (3% on rates) for implementing flexible rostering. All 3 unions (NUR, ASLEF and TSSA) have rejected the 5% offer. The NUR Executive have voted for strike action from 28 June. The claim is for increases in line with inflation and other benefits. Unions representing London Transport rail supervisory and conciliation grades (19 April - 18,000) are considering an offer of 5% on basic rates and, if the offer is accepted, an undertaking to review relativities, holidays and bonus arrangements, with a 1 hour reduction in the working week. The claim is for a substantial increase and shorter hours. An offer to London Transport buses platform staff (29 March - 19,800) of 7% including 0.5% from a self-financing productivity scheme has been rejected. Water Services staff (1 July - 35,300) union is considering an improved offer of 7% plus minor holiday improvements. The claim for increases in line with inflation, a reduction in hours and extra holidays. Next meeting 22 June. Local Authority APT and C Grades (1 July - 590,000) are considering an offer of 5% on salary scales plus 0.25% for restructuring. The claim is for an increase to protect living standards and a reduction in the working week. Unions on behalf of the Industrial Civil Service (1 July - 140,000) have opened negotiations with a claim for an increase in line with the cost-of-living, shorter hours and other benefits. The claim is still under consideration. In the National Health Service generally, co-ordinated industrial action, including 24-hour strikes, is being taken by the TUC Health Service Committee unions. NHS Nurses and Midwives (1 April - 492,000) have rejected an offer of 4% for senior nursing managers and 6.4% for all other grades except tutorial staff, who have been offered increases ranging from 4% to 8.3%. The total offer represents 6.4% on the paybill. At a meeting with the Secretary of State on 9 June it was made clear that no new money was available. The claim is for 12% increase in basic rates, reduced hours and extra holidays. Next scheduled meeting 13 July. NHS ancillaries (1 April - 211,000) and NHS admin and clerical (1 April - 125,000) have presented similar claims to that for nurses. The unions have rejected 4% offers. Next scheduled meeting for ancillaries is 9 July. NHS ambulancemen (1 April - 17,700) have submitted a claim for an increase in line with inflation, a shorter working week and other improvements. An offer of 4% plus the implementatio

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of a salaried structure, if found feasible, worth 5% overall, has been rejected. Next scheduled meeting 20 July. The Review Body for Doctors and Dentists (1 April - 85,000) has recommended an increase of 9%, but Ministers are limiting the average increase to about 6%. A formal offer of this amount has now been made. Consultants and General Practitioners have accepted.

7 In the PRIVATE SECTOR, unions representing ICI manuals (2 June - 38,000) are recommending acceptance of an 8% offer. In the Milk Distribution Industry (3 April - 94,500) an offer of about 7.4% on basic rates (8% on the wage bill) was rejected following a ballot of members. After further clarification the unions have agreed to re-submit the offer to members with a recommendation to accept. International Publishing Corporation clericals (1 April - 5,700) have submitted a claim for 20% on personal earnings or £30 per week on basic rates. An offer of a 2 year staged agreement of 8½% from 1 April 1982, with a further 8½% from 1 April 1983 is being considered. British Sugar Corporation process workers (1 April - 4,000) are threatening industrial action following rejection of an offer of 8% on basic rates, holiday bonuses and staff status, estimated to be worth 9.5% to 10% overall.

## PRICES AND EARNINGS INDICES

### PRICES

8 In May the year on year increase in retail prices was 9.5 % compared with 9.4% in April.

### EARNINGS

9 In April the year on year increase in average earnings for the whole economy was 10.2% compared with 11.0% in March. The underlying increase in April was 10¼% and this continues the slight downward trend in the underlying rate which was 11% in January, 10¾% in February and 10½% in March.

### REAL DISPOSABLE INCOME

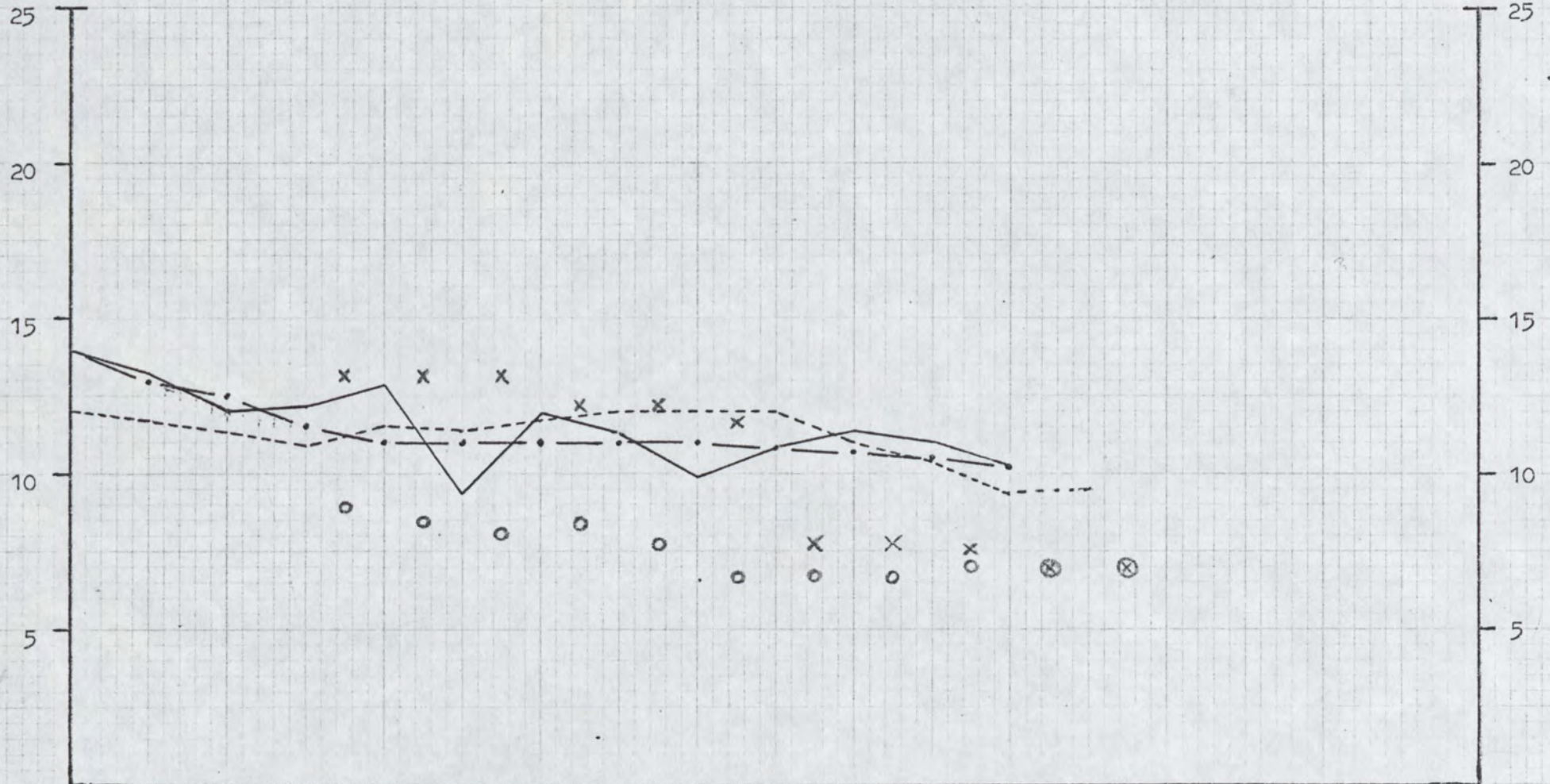
10 The real disposable income - taking account of the changes in earnings, prices and taxes - of a married man on average adult male earnings with a non-working wife and two children under 11 (with no other tax liabilities or allowances and not contracted out of the State Pension Scheme) fell by about 2% in the year to March.

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TRENDS IN EARNINGS AND PRICES

% increase on year earlier

%



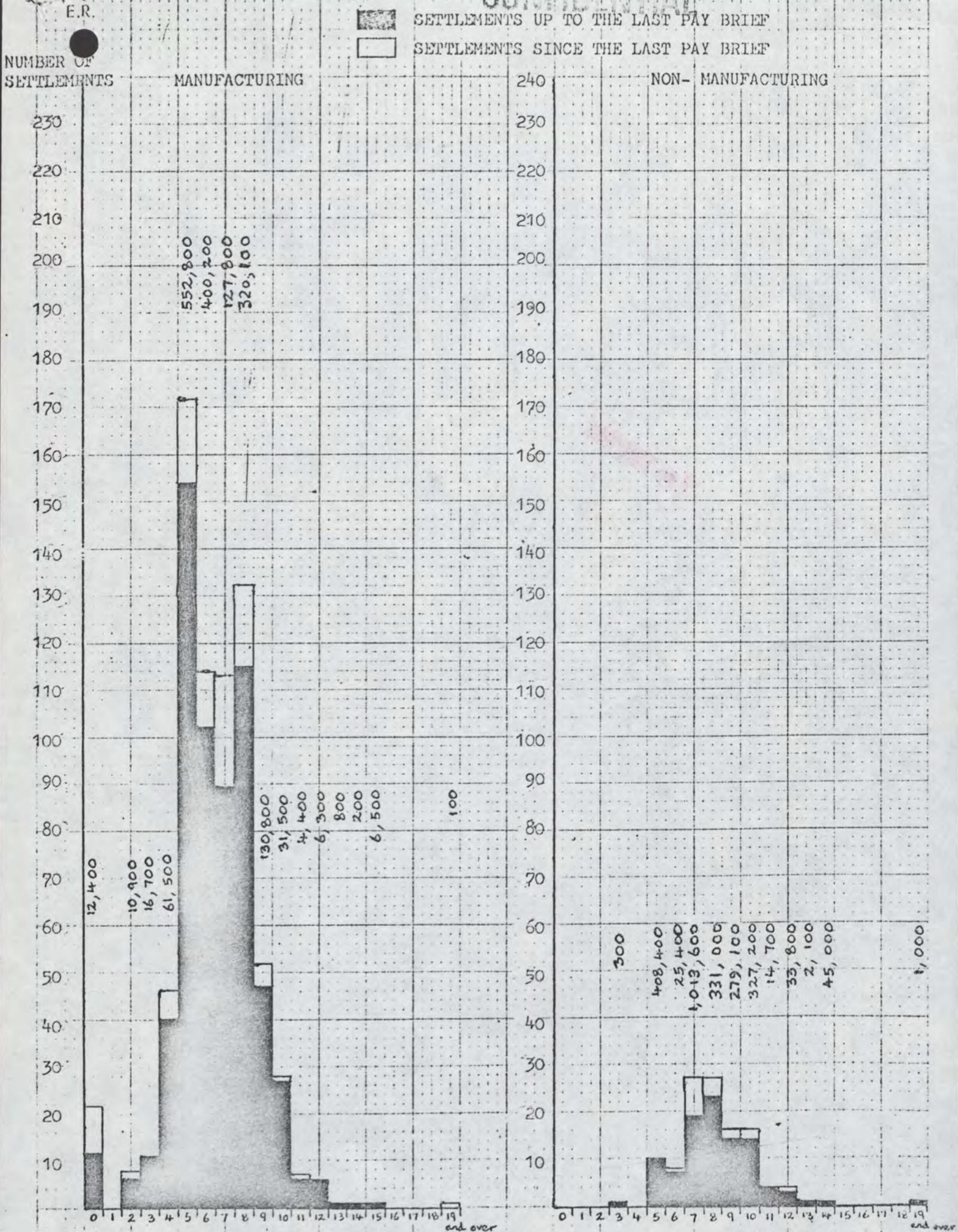
MAY 1981 JUNE 1981 JULY 1981 AUG 1981 SEP 1981 OCT 1981 NOV 1981 DEC 1981 JAN 1982 FEB 1982 MAR 1982 APR 1982 MAY 1982 JUNE 1982 JULY 1982 AUG 1982 SEP 1982 OCT 1982

--- Retail Price Index  
 — Average Earnings Index (whole economy)  
 . . . Underlying rate of increase in earnings

x Public Sector Settlements ) Cumulative Average Increase in Earnings  
 o Private Sector Settlements )

FROM 1 AUGUST 1981

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LEVEL OF SETTLEMENT (ROUNDED TO THE NEAREST WHOLE NUMBER)

NOTE - THE NUMBER OF WORKERS (TO THE NEAREST HUNDRED) INCLUDED IN THE SETTLEMENTS IS GIVEN ABOVE THE APPROPRIATE INDICATOR.

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18 JUN 1952

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