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Prime Minister

To note

MUS 20/7



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

PRIME MINISTER

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MONITORING REPORT : PUBLIC TRADING SECTOR

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

2. The British Rail situation is being dealt with separately, and has changed since the note was prepared.

3. I would draw attention to a common feature of the current negotiations of two groups: clerical workers in the electricity supply industry and gas industry non-manuals. The former group appear to have been offered an increase which is based entirely on the recent settlements for electricity manuals and power engineers (both worth 7.4 per cent on average earnings). And in the case of gas non-manuals, it seems clear that the recent arbitration award for manuals (worth 7.9 per cent on average earnings) is influencing negotiations even though that figure has not yet been reached.

4. There is no rationale for the non-manuals in these two industries being offered the same as the manuals, unless it is justified on grounds of staff shortages, or other market considerations; on the contrary it is likely to make things more difficult for other employers of non-manual labour, including the public services. I can understand the considerations of industrial relations which give rise to this pattern; but it seems to indicate some management weakness. There may be little to be done at this stage about the offers which have already been

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been made, but I hope that Nigel Lawson will be willing to indicate some concern at this pattern and, at the least, do what he can to ensure that the non-manuals' settlements do not in either case ultimately exceed those for the manuals. This is a general question which officials might like to look at further in connection with the next round.

5. I am copying this minute to the Home Secretary, the Secretaries of State for the Environment, Trade, Industry, Transport, Energy and Employment, and to Sir Robert Armstrong and Mr. Sparrow.

G.H.

19 July 1982

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PUBLIC TRADING SECTOR

PART 1 CURRENT AND FORTHCOMING NEGOTIATIONS

A 1981/82 PAY ROUND

- 1 British Rail: Clerical and Conciliation grades (150,000)
Settlement date: 20 April
Unions: NUR, ASLEF, TSSA

BR offered a 5% increase on national rates from 6 September (not backdated to the April annual settlement date) providing negotiations on productivity items, outstanding from the 1981 pay round, were completed by 30 July. The offer was also conditional upon no further industrial action being taken.

The offer was rejected by the NUR, ASLEF and TSSA.

The NUR executive called an all out strike from 28 June against the 5% offer and the fact that it was inextricably linked to productivity. Although some NUR members defied the strike call, the national rail network was near to a standstill on 28 and 29 June. As a result of this action, BR withdrew their offer. On 29 June delegates at the union's annual conference voted to suspend strike action and unilaterally refer the pay and productivity issues, as they affect the NUR, to the Railway Staffs National Tribunal. ASLEF and the TSSA have also referred to the RSNT. The BR negotiating machinery provides two avenues of access to arbitration. A joint reference may be made where both parties agree in advance that the award will be binding. If the parties do not agree to be bound by the decision of the RSNT they may still proceed either on jointly agreed terms of reference or individually to the Tribunal in the hope that the recommendations may provide a basis for settlement but on the clear understanding that the recommendations are not binding. The present NUR reference, like most of those to the RSNT, is under the latter procedure. ASLEF has continued to reaffirm its opposition to flexible rostering. At a meeting of the Railway Staff National Council on 22 June, ASLEF put forward ideas on how greater productivity could be achieved within the existing 8 hour day. The Board proposed limited introduction of flexible rostering in Scotland as a pilot scheme and submitted written details to ASLEF for consideration. ASLEF did not respond to the proposals and BR confirmed their intention to introduce new schedules based on flexible rostering for all employees from 4 July. ASLEF commenced an all out indefinite strike from midnight on 3 July.

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Although some ASLEF and NUR drivers have reported for work, the rail network has been near to a standstill. The union has indicated that it will call off the strike if BR withdraws the new rosters. BR have taken a very firm line and will withdraw the rosters only if flexible rostering is accepted for all drivers. On 14 July the Board announced that the rail network would be closed after midnight on Tuesday 20 July, and all employers taking industrial action that day would be dismissed.

Comment: Ministers have had separate briefing on the current BR situation.

2 London Transport - Rail

(a) Railway Supervisory, Booking Office, Conciliation grades (18,000)

Settlement date: 20 April

Unions: ASLEF, NUR, TSSA

Management has offered 5% on basic rates and a further 1-2% on basic rates linked to improvements in productivity; ^{the effect of the offer on average earnings is not known.} In addition, management has undertaken to review relativities, consider 1 extra days holiday, reduce hours from 39 to 38 per week (providing this can be achieved at negligible cost) and to pay a lump sum bonus worth in total half of any undershoot of the 1982/83 budget.

As a result of new underground timetables being introduced from 21 June which reduced services and cut manning levels, services were greatly disrupted by an ASLEF all out strike and NUR "non co-operation". ASLEF subsequently decided to return to work but the NUR, the principal union, called an indefinite strike from 28 June which resulted in an almost total shutdown of the underground network. A delegate conference of the NUR voted to return to work on 30 June following agreement with the London Transport Executive that the introduction of the new timetables would be deferred until 8 August whilst a joint working party considered other ways of achieving economies. At the same time, the NUR voted to refer the pay issue unilaterally for arbitration by the Wages Board under the Chairmanship of Professor Buchanan. ASLEF and TSSA are also associated with the reference.

LT arbitration arrangements are based on those for British Rail. As the unions are proceeding on a unilateral reference, the recommendations of the award will not be binding although such awards have generally been accepted as a basis for settlement.

The Wages Board will begin hearing evidence from 29 July and are expected to

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report in mid-August.

Comment: Although the NUR has said that the old timetables should run indefinitely until an alternative way of producing economies has been negotiated, the LTE has made it clear that it is not prepared to accept an indefinite postponement. The pay settlement for LT underground employees traditionally follows that of British Rail and the arbitration machinery has therefore been little used. There are no constraints on the LTE to put their case in full.

(b) Rail workshop grades (3,550)

Settlement date: 22 April

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

Management have made a similar offer as that made to the main underground group. Negotiations are likely to await the outcome of the unilateral reference to arbitration.

3 London Transport - Buses

(a) Bus Platform staff (19,800)

Settlement date: 28 March

Union: TGWU

Following rejection by Branch Committees of a 7% offer/ or which 0.5% was associated on earnings with improvements in productivity, TGWU negotiators met with management on 6 July to explain that the reason for rejection had been the association of productivity improvements with the offer at a time when there were fears of job losses arising from cuts in services. Following further negotiations, the union is now recommending for acceptance an offer of 7% on average earnings from 19 July and a back payment of 6% on average earnings to 27 March. The overall offer is worth 6.7% on average earnings. In addition both sides have agreed to set up a Joint Standing Group to consider ways of achieving economies and examine current agreements and working practices. A delegate conference voted to accept the offer on 13 July.

Limited industrial action by some LT garages in the form of 24 hour stoppages took place against proposed cuts in services but normal working was resumed following management's decision to defer the cuts until August.

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

Settlement date: 28 March

Union: TGWU

Negotiations traditionally follow those of the bus platform staff.

(c) Road Workshon grades (3,300)

Settlement date: 22 April

Unions: ASBSBSW, AUEW, EETPU, FTATU, NSMM, NUSMWHDE, TGWU, UCATT

Negotiations traditionally follow those of the bus platform staff.

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

Settlement date: 22 April

Unions: NUR, CSEU, EETPU, UCATT, TGWU

The NUR has accepted management's improved offer of 7% on basic rates, an increase of 2.2% on the bonus and overtime calculators and 2 days additional holiday; worth 6% on average earnings. The CSEU has informally indicated acceptance of the offer and will do so in writing shortly. Agreement from the other unions (representing about 15% of the workforce) will follow.

5 Electricity Supply: Clericals (47,000)

Settlement date: 1 May

Union: NALGO

At a meeting on 22 June, the group was offered increases based on recent settlements for manuals and power engineers; 6.4% to 7.1% on basic rates - 7.4% on average earnings. The unions are pressing for a flat rate increase on all basic rates; the Electricity Council have said that this may be possible providing the overall amount of money for the increase remains the same. No further meetings have been arranged to date.

6a Gas Supply: Staff and Senior Officers (57,700)

Settlement date: 1 June

Unions: NJC - NALGO, GMWU, MATSA

On 17 June management made an improved offer of increases on basic salaries ranging

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from 5.5% (for junior staff) to 7.0% (for higher grades), an increase in average earnings of just over 6%. The offer has been rejected; the unions have requested a further meeting, but no date has been arranged.

Comment: The recent arbitration award for gas supply manuals worth 7.9% on average earnings in a full year will influence negotiations.

6b Gas Supply: Higher Management Group (3,600)

Settlement date: 1 June

Negotiations with this group will be influenced by the settlement for the above group. An uncosted claim has been submitted which includes increases of 12%, restoration of differentials over staff and senior officers, and grade restructuring. Management offered 7% on salaries on 24 June, and this was described as "unacceptable". No further meeting has been arranged.

7 Post Office and National Girobank

(a) Postal Supervisors, Executives and Supervisory Catering Grades (14,800)

Settlement date: 1 April

Union: CMA

The Post Office has made an opening offer worth 5½% on earnings. Negotiations are continuing. The CMA is unlikely to accept increases less than those recently awarded to members of the UCW (7.6% on average earnings).

(b) National Girobank, Clerical, Typing, Secretarial and Data Processing Grades (5,200)

Settlement date: 1 July

Unions: CPSA, SCPS

Management has offered 6% on basic salaries and a productivity scheme which, it is estimated, could provide a further 3% on earnings; the overall effect of the offer on average earnings is not known. Negotiations are continuing.

8 British Telecom

(a) Radio Officers, Telephonists, Telegraphists (36,000)

Settlement date: 1 July

Union: UCW

A 6.75% increase on rates has been discussed, the effect on average earnings is not known. The union are pressing for a 7% increase in line with the Post Office UCW settlement. British Telecom are resisting a higher offer.

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(b) Clerical, Typing, Secretarial and Data Processing grades (35,000)

Union: CPSA

(c) HCO, EO, HEO, Welfare, Information grades etc (6,300)

Union: SCPS

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

Union: CMA

Settlement date: 1 July

Offers of 5.5% on basic rates have been made to groups (b) (c) and (d), and are under discussion. The effect of the offers on average earnings is not known.

9. British Nuclear Fuels Ltd : Industrials 9,190

Settlement date : 1 July

Unions : GMWU, AUEW, TGWU, EETPU

The unions balloted their members on an offer worth 7½% on average earnings. The craft unions rejected the offer; the non-craft unions accepted. At a meeting on 14 July the management were asked to reconsider their offer, but refused. The unions are now considering their next moves which they have said could involve industrial action. The next meeting is on 7 August.

10. Water Service : Staff 35,300

Settlement date : 1 July

Unions : NALGO, GMWU, NUPE, GLCSA, TWSA

At a meeting on 10 June, management improved their offer to 7% on salaries and marginally increased holiday entitlement (the effect of the total offer on average earnings is not known). The offer was rejected at NALGO's annual staff water group meeting on 14 June. At^a further negotiating meeting on 22 June, management did not improve their offer. It is understood that NALGO were to reconvene the annual staff water group on 14 July and to arrange subsequent discussions with the other unions. No further information is available.

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Comment : Negotiations are 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. If the unions decide to take industrial action to support their claim, indications are that it will be low key including withdrawal of co-operation from planned reorganisations within some Water Authorities and the NWC.

11. British Waterways Board: Manuals (2,370)

Settlement date : 18 July

Unions : NJC - TGWU, NUR, CSEU

The unions have made an uncosted claim for an increase of 12% to 15% on basic rates, a shorter working week and additional holidays.

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B 1982/83 PAY ROUND

12 British Airways: All grades (excluding pilots) 40,000

Normal settlement date: 1 January

Unions : TGWU, AUEW, EETPU, NUSM, APEX, FTATU, GMWU, UCATT, ACTSS, ASTMS, 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 Service groups employed at Terminal 3^{have} pressed hard for a 1982 pay increase to take effect before 1 October. Lightning stoppages were called off after management's agreement to commence pay talks on 5 July.

On 5 July management agreed to update London Weighting and shift allowances from 1 July according to a predetermined formula. In addition, they offered an increase of 4½% on basic rates from 1 October (the effect of the offer on average earnings has not been estimated). It is not known whether the increase offered is to run for 12 months from 1 October. Negotiations are still in progress.

Management are arranging meetings with other negotiating groups in the near future.

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13 Water Service: Manuals (35,300)

Settlement date : 7 December 1982

Unions : GMWU, NUPE, TGWU, NUAAW

The 1981/82 pay settlement included a collateral agreement that the employers would, without commitment, give careful consideration to representations by the unions on the position of manual water workers in relation to the earnings of manual workers in the economy generally. The agreement was made "on the clear understanding that the employers will wish to ensure that corresponding benefits of equal value are obtained for management and customers". Representations for increases based on the upper quartile of published earnings figures for manual workers generally were made by the unions at an informal meeting of the Chairman of both sides of the NJIC. Management made it clear to the unions that comparison with upper quartile figures was unacceptable and that management's aims are toward improving performance and efficiency and, possibly, for a change to an April annual settlement date for the group.

At a meeting on 30 June both sides reiterated their positions. Management said it would, however, consider ways of improving performance and efficiency as a way of improving earnings and it was agreed that management would submit written proposals to the unions for consideration. No further meetings have been arranged.

Comment: Following the announcement of the abolition of the NWC the Minister for Local Government and Environmental Services is now considering the options available to bring any influence to bear on these negotiations should he consider it necessary. At a meeting of the National Economic Development Council on 7 July the General Secretary of the GMWU was reported to have said that any attempt by Government to intervene in negotiations in the water, gas and electricity industries would inevitably lead to confrontation and that the unions would be forced to seek maximum wage claims if union leaders were not more closely involved in government economic planning.

14 Coalmining: Settlement date: November 1982

The National union of Mineworkers conference began on 5 July. Delegates are reported to have overwhelmingly passed a resolution to seek wage increases averaging 31%. Unions negotiators are to draw up a detailed claim for immediate submission to the National Coal Board. There has been a call for an immediate overtime ban and ballot recommending strike action if negotiations are not completed by 1 November.

The President of the NUM is reported to have also threatened industrial action over any proposals by the NCB to close pits.

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SETTLEMENT CONCLUDED SINCE THE LAST REPORT

15 Electricity Supply: Power Engineers 29,300

Settlement date : 1 February

Unions EPEA/EMA

A settlement providing increases ranging from 7.3% on basic salaries in lower grades to 7.6% in the higher grades was agreed on 18 June. The increase in average earnings arising from the settlement will be 7.4% (in line with the increase arising from the earlier settlement with manual grades).

16 West Yorkshire Passenger Transport Executive: Platform Staff (2,751)

Settlement date : 1 May

Union : TGWU

The union has accepted an increase of 6.6% on basic rates and 2 additional days holiday. In addition management has agreed to minor improvements to holiday rates which will be paid for by amendment to sick pay arrangements. The settlement will provide a 7.4% increase in average earnings.

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