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Prime Minister (2)

MUS 27/9

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

PRIME MINISTER

MONITORING REPORT: PUBLIC TRADING SECTOR

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

2. There have, in the last few days, been significant developments in both the coal and water industries. In the coal industry the NUM have, as expected, rejected an increased pay offer of about 8.2 per cent, and will be reconvening their national delegate conference on 4 October to endorse the executive's call for industrial action. If the conference rejects the NCB's offer, there will be a pit-head ballot on 28/29 October. Nigel Lawson's letter of 24 September, copied to colleagues, rightly stresses the importance of looking closely at any Ministerial announcements which might have an impact on the dispute. PM's Box

3. In the water industry, the unions have called a one-day national strike on 18 October. The pretext for this is management's delay in responding to the manual workers' claim for a 15 per cent 'comparability' increase. In fact, the management side followed normal practice in offering to reply at the next scheduled meeting of the joint negotiating body on 11 November. The unions involved are the GMWU, TGWU and NUPE. The significance of this is that unions representing workers in another sensitive industry appear to be calling for industrial action well in advance of the settlement date and before normal negotiating processes have really begun, let alone been exhausted. This is an aspect to which we shall need to direct public attention. Tom King's letter of 24 September, also copied to colleagues, gives a fuller assessment of the situation. I agree with him that we should not involve ourselves while developments are still uncertain.

4. I understand that negotiations on UKAEA manuals will be resumed shortly. I should be grateful for early warning from Nigel Lawson of any offer made to this group, whose settlement date is 1 October.



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.

A handwritten signature in black ink, consisting of a stylized, cursive 'G' followed by a horizontal line and a small flourish.

(G.H.)

27 September 1982

CONQUEROR





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Public Sector Pay Policy

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COMPTON

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2. London Transport Executive - Rail(a) Railway Supervisory, Booking Office, Conciliation grades (14,152)

Settlement date: 20 April

Unions: ASLEF, NUR, TSSA

The LT Wages Board has recommended that a 7% increase on basic rates, a 1 hour reduction in the working week, and 1 extra day annual holiday be awarded to the group. The award follows a unilateral reference to arbitration by the NUR after LTE had offered a 5% increase. The recommendation is not binding on either side and the NUR have called a special delegate conference on 13/14 October to consider the award. On 20 September a Railway Negotiating Council meeting discussed pay. LT offered 7% from 18 October with 6.25% of gross earnings backdated to 19 April. LT have accepted in principle the Wages Board's recommendation of a 1 hour reduction in the working week, but the reduction is not to be effected until negotiations are concluded on a mutually accepted means of introduction (target date 1 January 1983). The offer also includes 1 extra day annual leave effective in the 1982 leave year.

There has so far been no agreement in the joint union/LTE working party on ways of achieving economies other than the scheduled reductions proposed by management. The working party was set up following industrial action in June over management's proposals to introduce the new schedules. It is not LTE's intention to postpone the introduction of the new timetables indefinitely and management wrote to the unions advising that they would be introduced on the Northern Line from 13 September, and this has now taken place. It was anticipated that LTE would also implement new schedules on other lines (except the Jubilee, Victoria and Bakerloo lines) a week later. However further talks with the unions have postponed implementation until 27 September. The RNC meeting on 20 September also discussed the service cuts issue, and management agreed not to cut services as planned on the Central Line, but confirmed that they saw no alternative to implementing the new schedules on other lines on 27 September.

(b) Rail Workshop grades (3,108)

Settlement date: 22 April

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

Negotiations are likely to await the settlement of the main underground group (see 2(a)).

*TO BE ATTACHED to our minute
to you today.*

PUBLIC TRADING SECTOR
PART 1 CURRENT AND FORTHCOMING NEGOTIATIONS
A 1981/82 PAY ROUND

1. British Rail Clerical & Conciliation grades (136,000)

Settlement date: 20 April

Unions: NUR, ASLEF, TSSA

In response to a claim for increases in line with the RPI and other benefits, BR offered a 5% increase on national rates from 6 September - not backdated to the April annual settlement date. The offer was conditional upon productivity items outstanding from the 1981 pay round being completed by 30 July and that no further industrial action was taken. The offer was rejected by all three unions. Following lack of progress in productivity negotiations with the NUR and ASLEF and industrial action taken by the NUR on 28 and 29 June, BR withdrew their 5% offer.

On 29 June delegates at the NUR's annual conference voted to unilaterally refer the current pay and productivity issues, as they affected the NUR, to the Railway Staffs National Tribunal. ASLEF and TSSA were associated with the reference.

The recommendations of the RSNT were published on 13 September and are not binding. The Tribunal recommends a 6% increase on basic rates from 6 September and the Minimum Earnings Level to be increased by 6% from 19 April 82 (worth together 4% on average earnings in the current financial year). In addition there should be agreement to 1 extra day's holiday to be effective in 1983, and a further pay review should take place before the next annual settlement date of 17 April 1983.

The Tribunal did not explicitly make this award conditional upon agreement being reached on outstanding productivity issues, but made clear their view as to which productivity commitments they considered to have been properly fulfilled and how outstanding commitments should be resolved. The Tribunal also recommended that in future any links which are established between pay and productivity should be clear and unambiguous.

The NUR will not respond to the recommendations until they have been considered at a special delegate conference on 13-14 October. There has as yet been little reaction from ASLEF and TSSA other than describing the award as disappointing. BR Board is reported to regard the recommendations, taken as a pay and productivity package, as a basis for a negotiated settlement.

There will be no further negotiating meetings until after the NUR special delegate conference on 13/14 October.

In response to a letter from the Secretary of State for Transport dated 13 September about the RSNT's recommendations, the Prime Minister commented that a 6% offer would be much too high for an industry making such substantial losses as BR is, and in which so much industrial action has been taking place, and that 6% should be offered only if the NUR and ASLEF have given specific agreement on the outstanding productivity issues.

3

Gas Supply

(a) Staff and Senior Officers (57,700)

Settlement date: 1 June

Unions: NJC - NALGO, GMWU, MATSA

At a meeting on 9 September, management slightly improved their offer. The offer to junior staff of an increase of 5½% on basic salaries and 1 additional day's holiday remained the same, but staff in middle and senior grades were offered increases ranging from 6.5% to 7.4% (the previous maximum had been 7%) and, in addition, staff in these grades were offered an additional day's holiday. The effect of the overall offer would increase average earnings marginally over 7% (the previous offer would have increased average earnings by 6.5%). The unions are to consult at Regional level on the offer. Formal union response is expected at the regular NJC meeting on 30 September.

(b) Higher Management (3,700)

Settlement date: 1 June

Unions: NALGO

An offer of 7.4% on basic salaries; worth about the same on average earnings, was regarded as insufficient by the union.

Comment: It is understood that further negotiations are likely to await the outcome of a settlement for staff (see 3(a)).

4 British Waterways Board: Manuals (2,370)

Settlement date: 18 July

Unions: NJC - TGWU, NUR, CSEU

An offer of 5% on basic rates has been rejected. The effect of the offer on average earnings is not known. The unions had made an uncosted claim for increases of 12-15% on basic rates, a shorter working week and additional holidays. No progress was made at a meeting on 7 September. Negotiations will resume on 8 October.

B. 1982/83 PAY ROUND

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

Settlement date 1 January (deferred to October 1982)

Unions: TGWU, AUEW, EETPU, NUSM, APEX, FTATU, GIMU, UCATT, ACTSS, MNAOA

Agreements have now been reached with 7 of the 9 negotiating groups.

An increase on basic rates of 11% will be paid from 17 October 1982 (the deferred settlement date) until 31 December 1983. The next settlement date will be 1 January 1984. The effect of the increase on average earnings will be 10.8% which includes improvements to London weighting and shift allowances which took place on 1 July 1982 in accordance with a pre-determined formula.

6 United Kingdom Atomic Energy Authority: Manuals (4,760)

Settlement date: 1 October

Unions: AUEW, TGWU, GIMU, EETPU

A claim for an uncosted substantial increase was received in July. An informal meeting between management and staff representatives took place in August but a formal negotiating meeting has yet to be arranged.

7. Coalmining : Manuals (188,000)

Settlement date : 1 November

Union : NUM

At their 1982 annual conference, the NUM passed the following resolution:-

Wages

Composite Resolution I

This Conference of the National Union of Mineworkers instructs the National Executive Committee to demand a minimum weekly rate of £115 for S.6, with across the board, flat rate increases on basic rates for all other grades. These rates to be paid on a salary basis. The National Executive Committee are also instructed to submit the agreed wages claim to the National Coal Board, in writing, following the first National Executive Committee meeting after Conference, and also to inform the Board that negotiations must be concluded by the 1st November, 1982.

The National Executive Committee must ensure that the Union's representatives on the Joint National Negotiating Committee retain full negotiating rights and are answerable to the NNC at all times.

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If the National Coal Board fails to agree to the Union's demands, or fails to conclude the negotiations by the 1st November, then the National Executive Committee are instructed to convene a special National Delegate Conference to consider the position. If the special Delegate Conference recommends rejection of the Coal Board's offer, the National Executive Committee should impose an immediate over-time ban and should be instructed to recommend in a ballot vote that they be given the authority to take various forms of industrial action, including strike action."

The NUM has submitted a claim for a flat rate increase of £27.20 per week on basic pay for all grades. For surface workers this amount represents a 31% increase on basic pay and around 23% for some face workers. The effect of the claim on average earnings has not been calculated but the Coal Board estimates that it would add over £400 million to the pay bill in a full year. In addition the claim seeks salary status for manual grades, a four day working week, retirement at 55 and protection of earnings for miners who are obliged by illness to transfer to lower paid jobs. The Coal Board estimates that to meet the total claim in full would cost over £1000 million; equivalent to around 20% of the Board's revenues.

The first negotiating meeting took place on 15 September when the Coal Board offered 6-6.5% on base rates (5% on average earnings). Management indicated that further monies may be available if the union is willing to consider, with the Board, ways of improving productivity. The offer was rejected by NUM negotiators and the union's executive formally endorsed rejection on 16 September. The Executive has drawn up plans to call a special delegate conference on 4 October in accordance with the annual conference resolution. If the conference rejects the Coal Board's offer, which is likely, there will be a pit head ballot on 28/29 October. The executive is committed by the terms of the resolution to recommend in a ballot vote that they be given authority to take various forms of industrial action including strike action.

At a further negotiating meeting on 23 September the NCB increased the money available for this year's wage settlement from £120 million to £155 million (the revised offer was reported in the press to be worth around 8.2 per cent). This was rejected, and the NUM will now recommend the national delegate conference on 4 October to endorse the executive's call for industrial action. If the conference rejects the NCB's offer, there will be a pit head ballot on 28/29 October.

Comment

A settlement for coalminers will set a target in the pay round for other monopoly nationalised industries such as gas, water and electricity but is likely to be seen as a ceiling by other private and public sector groups.

8. Water Service: Manual grades (29,400)

Settlement date: 7 December

Unions: NJIC - GMWU, NUPE, TGWU.

At a meeting of the NJIC on 21 September the unions tabled a claim for substantial increases in pay to raise the earnings of water manuals to the upper quartile of manual earnings generally, one extra week's holiday and a reduction of one hour in the working week. On latest available figures earnings would need to rise by £19 per week or 15%; it is unclear whether a 'cost of living' increase for this year is also implied. In accordance with normal practice in the industry the employers indicated that they would respond to the claim at the next scheduled meeting on 11 November. The unions requested an immediate response to their claim, or at least a commitment in principle to upper quartile relativity. The employers refused this and the unions announced they would now seek the approval of their National Executives for a one day national strike on 18 October. The employers have stated publicly that this is ^adeplorable and unnecessary decision, in breach of the national agreements, and that it is unacceptable that strike action should be called on the day the claim was tabled, without any negotiation and more than two months before the settlement date.

At a meeting with the Minister for Local Government and Environmental Services on 16 September representatives of the employers had anticipated the upper-quartile claim and emphasised that, as during informal discussions during the last year, they would refuse to accept the validity of the unions position but were prepared to consider steps to improve earnings in return for improvements in performance and other managerial objectives. The one day strike may result in inconvenience where emergency action is needed but it is otherwise unlikely to be damaging. The employers do not intend to change their approach to the negotiations and will consider their response on 27 October and table it at the 11 November NJIC.

The Minister is writing to the Chancellor and colleagues setting out the position in more detail.

Comment: The union's militant attitude probably results from a number of factors: concern over the future of national pay bargaining in the industry now that NWC is to be abolished, and the desire to achieve certain objectives before reorganisation; the intention of the GMWU to reassert itself after losing members to the more militant NUPE; the fact that the same unions are involved in the NHS dispute; the need to keep pace with the miners; frustration at having achieved nothing from last year's collateral agreement; and the knowledge that in recent years the membership has wanted to take a more militant line than union leaders.

The extent to which the workforce positively endorses the action (the closed shop will ensure compliance) will provide a guide as to whether further disruptive action can be expected.

Continued disruption could have implications for the local authority manual workers' negotiations which begin in November.

Settlement levels for miners and water workers will influence negotiations in the gas and electricity industries.

9 British Steel: All grades (103,700)

Settlement date: 1 January

Unions: BSC, ISTC, NCCC, NUB, GMWU, TGWU, SIMA, MATSA, ACTTS

Press reports indicate that the ISTC executive are to submit a claim for a 9.5% increase to the British Steel Corporation. Last year there was no national pay award; increases were paid on the basis of locally agreed productivity schemes. Management and unions met on 1 September to negotiate consolidation into basic rates of a percentage of bonus judged to have arisen from permanent productivity improvements. At that meeting BSC and a body representing all the unions met for the first time and agreed that 2.5% out of a total bonus yield of 6.3% (to date this year) should be consolidated with effect from July 1982.

PART 2 SETTLEMENTS CONCLUDED SINCE THE LAST REPORT

10 Post Office & National Girobank - Postal Supervisors, Executives & Supervisory grades (14,800)

Settlement date: 1 April 1982

Union: CMA

The group has accepted 6½% on basic salaries, worth 6½% on average earnings.

11 Electricity Supply - Clericals (45,000)

Settlement date: 1 May

Union: NALGO

The group has accepted 7.2% on basic salaries, worth 7.2% on average earnings (no increase for 16-17 year-olds).