

CONFIDENTIAL



SE 5V  
Prime Minister (2)

MS 19/10

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. The main development since the last report is of course the miners' overtime ban, authorised by a special delegate conference of the NUM on 4 October. As expected, the strike ballot on 28 and 29 October will closely link pay and closures. (The wording of the question is quoted in the report.)
3. The proposed strike in the water industry on 18 October was reported in Tom King's letters of 24 September and 5 October. It has since been approved by the Executives of all the unions concerned. I understand that the Department of Employment have been in touch with Tom King's officials about the misleading nature of the union claim (mentioned in the 24 September letter) that water industry earnings have risen less than earnings generally.
4. As regards settlements outstanding from earlier in the year, the recent NUR delegate conference voted to accept the arbitration award of the McCarthy tribunal. (This was for a 6 per cent increase but delayed from April until September and worth about 4 per cent on earnings over the year as a whole.) Negotiations between British Rail and the unions were to begin on 15 October. The same NUR delegate conference also accepted the arbitration award of about 7 per cent on earnings to London Transport rail employees, which had been made by the LT Wages Board and had already been accepted by LTE.

11 8-0071-32

11 8-0071-32

CONFIDENTIAL



CONFIDENTIAL

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 disagreements about productivity improvements from the 1981 pay round being resolved by 30 July and no further industrial action being 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 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 1<sup>st</sup> April 82 (worth together 4% on average earnings). In addition there should be agreement to 1 extra day's holiday to be effective in 1983 and a further pay review to be completed and agreed 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 disagreements about productivity but made clear its view as to which productivity commitments it 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.

CONFIDENTIAL

The NUR delegates considered the RSNT award on 13/14 October, and voted to accept it. Not unexpectedly, they pledged their negotiators to secure the maximum remuneration possible in return for the acceptance of the productivity elements. There has so far been little reaction from ASLEF and TSSA other than initially describing the award as disappointing. The BR Board is reported to regard the recommendations, taken as a pay and productivity package, as a basis for a negotiated settlement. Negotiations between BR and the three unions are due to commence on 15 October in the Railway Staffs National Council.

In a 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 too high for an industry making such substantial losses as BR, and in which so much industrial action has been taking place, and that 6% should be offered only if the unions have given specific agreement on the outstanding productivity items.

## 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 recommended a 7% increase on basic rates, a 1 hour reduction in the working week and 1 days additional holiday. LTE had previously offered a 5% increase. LTE formally offered to implement the arbitration award on condition that the unions accepted new timetables from 27 September. The actual offer is 7% on basic rates from 18 October 1982 with 6.25% on gross earnings backdated to 19 April, worth 6.7% on average earnings. LTE have accepted in principle the Wages Board recommendation of a 1 hour reduction in the working week providing it can be done at minimal cost (target date 1 January 1983). The offer also includes 1 extra day's annual leave effective in the 1982 leave year. The NUR considered the Wages Board recommendations and LTE's offer at a special delegate conference on 13/14 October, and voted to accept. The union had initially accepted the new timetables from 27 September on a temporary basis pending discussion at the delegate conference, but have now accepted them on a permanent basis.

### (b) Rail Workshop grades (3,180)

Settlement date: 22 April

Unions: ASBSBSW, AUEW, EEPFU, FTATU, NSMM, MUSMWHDE, TGWU, UCATT, NUR

Negotiations have awaited the outcome of the settlement with the main underground group (see 2(a)).

3. Gas Supply

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

Settlement date: 1 June

Unions: NJC - NALGO, GSWU, MATSA

Management has offered basic rates increases ranging from 6.5% for junior staff to 7.4% for Senior grades and 1 days' additional holiday. The increase in average earnings would be marginally over 7%.

At a meeting on 30 September the unions confirmed their rejection of this offer and asked the management to agree to basic rate increases for senior staff ranging from 6.9% to 7.8%. The management refused, and the unions expressed their intention to refer the claim to conciliation and/or arbitration. The unions have since referred the dispute to ACAS who have arranged exploratory talks with both sides for 18 October.

(b) Higher Management (3,700)

Settlement date: 1 June

Union: 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 3a).

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

Settlement date: 18 July

Unions: NJC - TGWU, NUR, CSEU

An offer of 5% on basic rates was rejected. The unions had made an uncosted claim for increases of 12-15% on basic rates, a shorter working week and additional holidays. Negotiations resumed on 5 October when management improved their offer to 6.5% on basic rates, about 7% on average earnings, which the Board described as 'final'. The offer has since been accepted.

B 1982/83 PAY ROUND

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

Settlement date: 1 October

Unions: AUEW, TGWU, GSWU, EETPU

The first formal negotiating meeting took place on 16 September when, in response to an uncosted substantial claim, management offered 3% on average earnings. The offer received a hostile response from the unions. A further meeting has been arranged for 17 November.

6. Coalmining: Manuals (188,000)

Settlement date: 1 November

Union: NUM

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 will add over £559 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 £1000 million; equivalent to around 20% of the Board's revenues.

At a negotiating meeting on 23 September, the Coal Board improved their offer by increasing the amount of money available for this year's settlement from £120 million to £155 million to be allocated as 7.2% on base rates and an additional £1.50 per week increase on the standard incentive rate. The Board said that it was willing to restructure the offer by placing all the money available on base rates - in which case it would amount in total to 8.2% on rates. The offer is worth about 6.5% on average earnings.

A special delegate conference on 4 October, called in accordance with an annual conference resolution, overwhelmingly endorsed rejection of the offer and authorised a ban on overtime and weekend working from 11 October and a pit head ballot on 28/29 October. The question will read:

'Are you in favour of the special conference recommendation that the NEC be given authority to take industrial action, if necessary, to prevent the closure or partial closure of any pit, plant or unit other than on grounds of exhaustion and at the same time bring about a satisfactory settlement of our pay claim?'

Mr Scargill will be campaigning extensively to secure the 55 per cent support necessary to call a strike. The overtime ban began on 11 October and appears to be

generally observed by the miners, although there are strongly voiced criticisms about it.

#### Comment

No doubt the NUM leadership have in mind that the miners are likely to feel more strongly about the issue of closures than about the issue of pay and, in consequence, will therefore give the NEC the authority it seeks.

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.

#### 7. Water Service: Manual grades (29,400)

Settlement date: 7 December

Union: NJIC - QMWU, NUPE, TGWU

At a meeting on 21 September the unions tabled a claim for a substantial increase 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 the latest available figures this would require an increase of £19 per week or 15%. It is unclear whether a cost of living increase for this year is also implied. The claim follows from an agreement made at the same time, although separate from, the 1981 pay settlement when the employers agreed, without commitment, to give careful consideration to the position of water manuals' earnings in relation to manual earnings in the economy generally, and in return for improvements in productivity. Subsequently, the unions submitted evidence in support of their claim for parity with the upper quartile of manual earnings figures. Management made clear this was unacceptable.

At the meeting on 21 September the employers indicated, in pursuance of established practice, that they would respond to this year's annual claim at the next scheduled meeting on 11 November. The unions requested an immediate response, or at least a commitment in principle to upper quartile relativity. The employers refused and the unions announced that they would seek approval from their National Executives for a one day strike on 18 October. All the union Executives concerned have now given approval for the strike.

The employers have stated publicly that this is a deplorable 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. The employers do not intend to meet the unions or table an offer before the 11 November meeting.

The Minister for Environmental and Local Government Services wrote to the Chancellor and colleagues on 24 September 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 the 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 NBS dispute; the need to keep pace with the miners; frustration at having achieved nothing from last year's collateral agreement on pay relativities and the knowledge that in recent years the membership has wanted to take a more militant line than union leaders.

A settlement for the water workers and a miners settlement will influence negotiations in the other monopoly gas and electricity industries and could have implications for the local authority manual workers negotiations which begin in November. The possibility of co-ordinated action exists, particularly if negotiations are prolonged and disputes develop at much the same time.

#### 8. British Steel: All grades (103,700)

Settlement date: 1 January

Unions: ISTC, NCCC, NUB, GMWU, TGWU, SIMA, MATSA, ACTSS

Bonus earnings of 2.5% (out of a total bonus yield of 6.3% to date this year) were consolidated into basic rates from July 1982 in accordance with last year's pay agreement that all increases in 1982 should come from locally agreed productivity schemes. Although no claims for the January 1983 pay settlement have been submitted by the unions representing manual grades, the ISTC are reported to be preparing a claim for a 9.5% increase in addition to the consolidation of existing bonus earnings.

The staff unions have written to BSC management asking for "a substantial increase in earnings in line with inflation".

Following discussions with BSC management who have said that further plant closures and redundancies may be necessary, a meeting of representatives from all the steel unions called for a one day strike at the end of October/beginning of November. In addition the representatives recommended an end to local redundancy talks and withdrawal of "worker directors" from BSC and its subsidiaries. The recommendations will be put to the Executives of the individual unions.

Comment: Pay negotiations will take place against a background of closures and redundancies.



PA 2 SETTLEMENTS CONCLUDED SINCE THE LAST REPORT

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

Settlement date: 1 January 1982 (deferred to October 1982)

Unions: TGWU, AUEW, EETPU, NUSM, APEX, FTATU, GMWU, UCATT, ACTSS, MIAOA

Settlements have now been reached with all 9 negotiating groups for an increase of 11% on basic rates from 17 October 1982. The next settlement date will be 1 January 1984. The settlement will increase average earnings by 10.8% and will run for 15 months until 31 December 1983. No increase was awarded on 1 January 1982.