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The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

NBM
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r/s
12 March 1986

Dear John

BAA PAY

After long and difficult negotiations BAA are now close to securing a pay settlement covering all their staff. To reach this position BAA have had to make a final offer worth an overall 5.4% on average earnings. The offer includes significant productivity strings, particularly in relation to craftsmen with the introduction of 'multi-skilling' and the resulting reduction in traditional single skilled craftsmen and their 'mates'.

Some groups, notably the fire service staff, continue to dissent, but BAA believe that they can secure agreement with the majority of the ten trade unions with whom they negotiate on the basis of the offer I have described. Although 0.4% higher than originally hoped for, it is a considerable improvement on the 6% initially floated by BAA and is below last year's 5.5% settlement.

*see
Pt 4
below*

Against a background of privatisation, improved performance and the difficulties outlined in my earlier letters of 30 December and 14 January, I am sure you will agree that a settlement along these lines would be very satisfactory in the prevailing circumstances.

I am sending copies of this letter to the Prime Minister, other members of E(PSP) and to Sir Robert Armstrong.

Nicholas Ridley
N Ridley

NICHOLAS RIDLEY

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AEROSPACE, BA PLS

