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*NSPm*

*↓*

// March 1986

*Dear Alastair,*

**UKAEA: INDUSTRIAL PAY**

Thank you for your letter of 6 March.

*will request it  
revised*

I agree with you about the level at which the AEA should pitch their opening offer and that we must expect a lengthy negotiation. I have two other points on your letter.

First, I note that the Authority expect the pay and working practices discussions to produce a package that is more than self-financing. Does this mean a reduction in the rate of increase of average earnings is expected? Or, does it rather mean that the paybill will fall because demanning takes place and this finances a further increase in average earnings for those who remain? If it is the latter then the increase in average earnings that is expected to ensue should be offset within the overall negotiating ceiling for this year's pay negotiations. Could you give me further details about this?

Second, I am rather concerned at the statement in your letter that the Authority believe a settlement below last year's level is impossible. By implication they may be expecting something higher. No doubt you will be raising this with the Authority but I should say that I would be concerned at any settlement above last year's level. As you say, those talks will impact on other negotiations. If the AEA industrials are awarded a "catching-up" increase in response to pressure for comparability with BNFL manuals

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there is danger of leapfrogging between the two groups; and a high settlement with AEA manuals will present difficulties in the negotiations with civil service industrials. For all these reasons I would be grateful if you would urge the Authority's negotiators to make last year's increase their negotiating ceiling and urge them to settle below it, if possible.

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

*Yours ever,*  
*JM*

JOHN MacGREGOR

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