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Prime Minister

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MUS 20/11

PRIME MINISTER

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PAY BRIEF

I attach my Department's pay brief for November. I am sending copies to members of E, E(PSP), and E(EA) Committees, and to Sir Robert Armstrong.

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20 November 1981

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## PAY BRIEF: POSITION IN MID-NOVEMBER

1 Since the October pay brief 75 settlements covering 445,000 employees have been reported. Only 3 settlements covering 40,000 employees are in the public sector and the weighted average level of these (about 9½%) is dominated by the increase for Firemen (just under 10%). The average in the private sector of just under 8½% is heavily influenced by the 10% proposed settlement for Agriculture (E & W) (256,000) - to be confirmed in December.

2 The cumulative weighted average level of settlements for the whole economy this round is about 9½%, but only about 5% of employees have reached settlements.

3 In the private sector the cumulative average is just under 8½% (123 settlements covering 496,000 employees). In manufacturing the average level is just under 6%. The average in non-manufacturing is just under 10%. Settlements range up to 13%; but about  $\frac{3}{4}$  covering about  $\frac{3}{4}$  of the employees are in a 5% - 10% band (see appendix 2). No going rate is as yet apparent.

4 In the public sector (4 settlements covering 178,000 employees) the cumulative average of about 12½% is still dominated by the increase for Police (13.2%).

## NEGOTIATIONS

5 In the PUBLIC SECTOR, Coalmining manuals (1 November - 198,000) have submitted a claim for £100 basic minimum for surface workers - which is worth about 23.7% on rates - reduced hours, improved holiday pay and other benefits. The NUM Executive have rejected an improved offer of £100m (previously £71m) giving increases of 7.8% on basic rates, holiday bonus of between £30 and £70 and improved incentive bonus (overall estimate is 7.3% on average earnings). A further meeting has been arranged for 25 November. Water Service Manuals (7 December - 30,600) have rejected a **new offer** of 7.8% (8.1% on rates) in response to their claim for an increase in basic rates not less than the current rate of inflation, a reduction in the working week and improved holidays. UKAEA manuals (1 October - 4,760) have rejected an offer of 4.5% on rates. The claim is for a substantial pay increase. Next meeting has been arranged for 25 November. Negotiations have not yet begun for Local Authority manuals (4 November - 1,077,000) who have submitted a claim for increases in line with inflation, a shorter working week and longer holidays, which is worth about 15% to 16% in total. Meeting arranged for 10 December. British Telecom executive grades (1 July - 7,000) are taking limited industrial action over their claim for pay parity with telephone engineers. An offer estimated to be worth 10% on earnings and which has been accepted by all other Telecom negotiating groups has been rejected.

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6 In the PRIVATE SECTOR, the CSEU negotiators are to consult member unions on an offer of about 5.1% for Engineering employees (1 November - 1,750,000). Backdating to 1 November is subject to acceptance by 8 December. The union representing Oil Tanker Drivers (17 November - 7,900) has rejected 8% on rates but is putting it to members. BP have accepted. Shell have rejected but have agreed to talks with ACAS. Strike action threatened from 16 November has been postponed. The claim is for 11% on rates similar to the settlement for Mobil in May 1981. Shell UK Refinery manuals (1 October - 3,400) have rejected an 8% offer. In the Road Haulage Industry (November/March - 97,000) 15 of the 21 areas have presented claims for £100 per week, longer holidays and other improvements estimated to be worth about 50% overall. The employers have made offers of between 3.1% and 3.75% in 3 of the areas. A revised offer to Seamen (2 January - 26,000) of about 8% is being put to members with a recommendation by the union to accept. Talks in the Electrical Contracting Industry (1 January - 45,000) appear to be deadlocked. An offer understood to be worth 6% to 7% has been rejected. The union is thought to be seeking an increase of about 20%. Unions representing Ford Motor Co manuals (24 November - 56,500) have rejected an offer of about 4½% and have threatened strike action from 24 November. A meeting has been arranged for 23 November. The claim is for consolidation of attendance bonus, increase of £20 per week, move towards a 35 hour week and other benefits. Vauxhall Motors Ltd manuals (15 September - 15,600) have been made an offer of 4% with an additional 1% available and the prospect of a 39 hour week in exchange for concessions. The offer has been accepted by the majority of workers. Negotiations are continuing on behalf of Newspaper Publishers Association production workers (1 January - 33,000). The claim is worth about 15%. Employers have suggested a 6 month pay freeze.

### PRICES AND EARNINGS INDICES

#### PRICES

7 In October the year on year increase in retail prices was 11.7% compared with 11.4% in September.

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EARNINGS

8 In September the year on year increase in average earnings for the whole economy was 9.4% compared with 12.8% in August. However the underlying change, allowing for temporary influences such as backpay in September 1980, was about 11%; similar to the figure for August but about  $\frac{1}{2}$ % higher than the figure for the 1980/81 pay round because of the increase in hours worked.

REAL DISPOSABLE INCOME

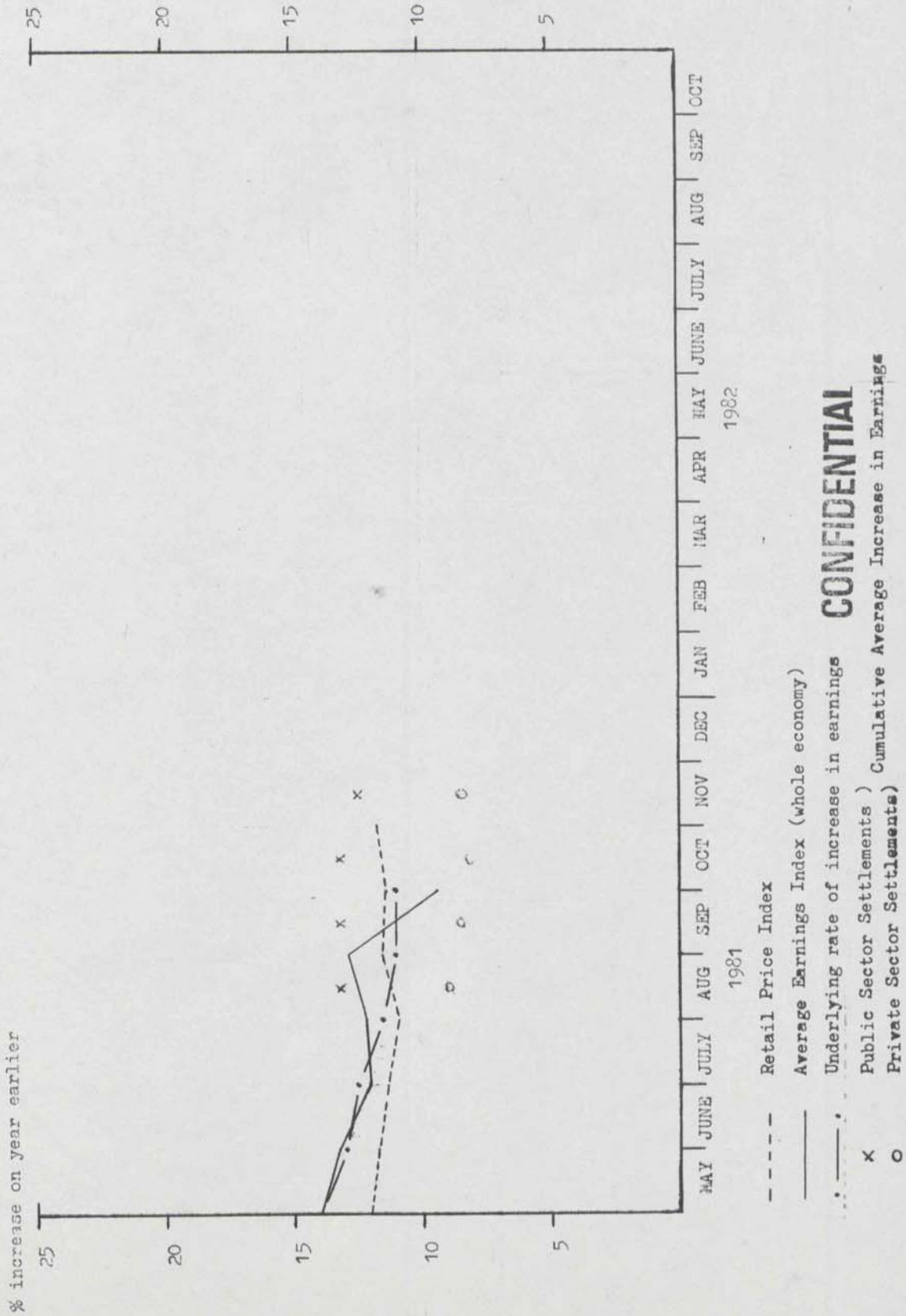
9 The real disposable income - taking account of the changes in earnings, prices and taxes - of a married man on average adult male earnings with a non-working wife and two children under 11 (with no other tax liabilities or allowances and not contracted out of the State Pension Scheme) fell by about 2% in the year to August.

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APPENDIX 1

## TRENDS IN EARNINGS AND PRICES



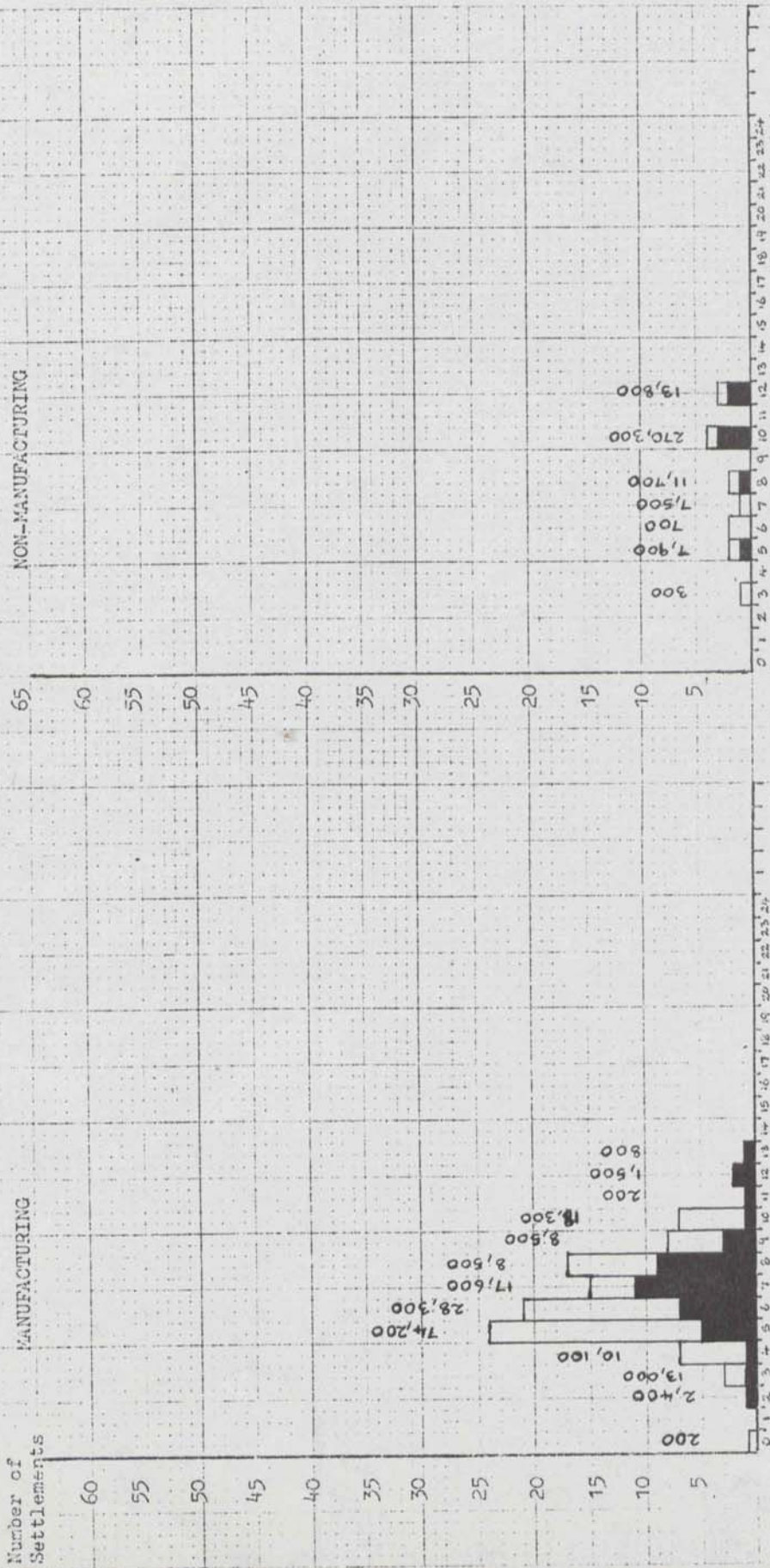
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APPENDIX 2

DISTRIBUTION OF SETTLEMENTS IN THE PRIVATE SECTOR BY LEVEL OF SETTLEMENT FROM 1 AUGUST 1981

KEY  SETTLEMENTS UP TO THE LAST PAY BRIEF  
 SETTLEMENTS SINCE THE LAST PAY BRIEF



LEVEL OF SETTLEMENT (ROUNDED TO THE NEAREST WHOLE NUMBER)

NOTE - THE NUMBER OF WORKERS (ROUNDED TO THE NEAREST HUNDRED) AFFECTED BY THE SETTLEMENT IS GIVEN ABOVE THE APPROPRIATE INDICATOR.

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