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Prime Minister (2)

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Treasury Chambers, Parliament Street, SW1P 3AG  
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PRIME MINISTER

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MONITORING REPORT : PUBLIC TRADING SECTOR

..... I attach the latest monitoring report on the public trading sector. As regards the issues raised, there is nothing to add to my minute of 16 December <sup>- TPM</sup> about nationalised industry pay.

2. I am copying this minute to the Home Secretary, the Secretaries of State for Environment, Industry, Transport, Energy, Employment, and Trade, and to Sir Robert Armstrong and John Sparrow.

*G.H.*

G.H.

17 December 1982

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PUBLIC TRADING SECTOR

PART 1 CURRENT NEGOTIATIONS

1981/82 PAY ROUND

1 British Rail: Clerical and Conciliation grades (136,000)

Settlement date: 20 April 1982

Union: NUR, ASLEF, TSSA

On 13 September the Railway Staff National Tribunal recommended a 6% increase on basic rates from 6 September and a 6% increase in the Minimum Earnings level from 19 April 1982; worth together 4% on average earnings in the settlement year. In addition the Tribunal recommended that there should be agreement to 1 additional 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 their non-binding award conditional upon agreement being reached on outstanding disagreements about productivity but made clear a 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.

The BR Board and all three unions have accepted the Tribunal's recommendations as a basis for negotiation.

At a meeting of the Railway Staff National Council on 20 October the BR Board made it clear that implementation of the 6% increase was conditional upon agreement to settle those productivity matters still outstanding from the 1981 pay round. Although objecting to this proviso, the unions agreed to take part in further negotiations and meetings at Railway Staff Joint Council level have been taking place with the NUR and ASLEF; TSSA are not involved in further negotiations. Agreement has been reached with the NUR and ASLEF on the principle of driver-only operated trains on the Bedford/St. Pancras line and with ASLEF for single-manning on freight trains on a trial basis. Negotiations continue on the extension of single-manning and the trainman concept. Detailed discussions are now centring on the 'specific rewards' for those affected by the new working arrangements. BR has offered a supplement of £5 per shift for driver only operation

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on the Bedford/St. Pancras line and for single manning trials on freight trains. The drivers had claimed an additional £50 per week on basic rates. Signalmen on the Bedford/St. Pancras line have been offered a £2 per shift supplement. The negotiation of payments linked to specific changes in working practices formed part of the RSNT's recommendations and, when agreed, will be paid in addition to the general increase of 6% on basic rates. Negotiations continue (probably on Monday 20 December) on the question of specific rewards for staff whose responsibilities will change with the introduction of driver only operation (DOO) on the Bedford - St Pancras line and on the freight train DOO trials. The NUR have accepted the Board's offers. ASLEF rejected them, but agreement is nonetheless believed to be near on this, and on the only other remaining issue of urgent talks to achieve further easement of single manning restrictions. The 6% pay award from 6 September has not yet, therefore, been triggered.

Comment: The payment of supplements for driver only operation and single manning may set a precedent if these arrangements are extended throughout the rail network.

1982/83 PAY ROUND

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

Settlement date: 1 October 1982

Unions: AUEW, TGWU, GMBATU, EETPU

At a meeting on 17 November management improved their original 3% offer to just under 3.7% on average earnings. The unions stated that they were unable to recommend the offer to their members. A further negotiating meeting has yet to be arranged.

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## 3 Water Service: Manual grades (29,400)

Settlement date: 7 December 1982

Unions: GMBATU, NUPE, TGWU

At a meeting on 21 September the National Joint Industrial Council presented a claim for average earnings in the industry to be brought in line with the upper quartile of manual earnings generally, one extra week's holiday and a reduction of one hour in the work week. It is unclear whether a cost of living increase for this year is also implied.

The claim for comparability follows from an agreement made at the same time, although separate from, the 1981 pay settlement when the employers agreed, without commitment, to give consideration to the position of water manual's 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 which, according to the NWC, would have meant an increase of around 15%. Management made it clear that such an increase was unacceptable. At the meeting on 21 September the unions requested an immediate response, or at least a commitment in principle, to upper quartile relativity. The employers refused to respond to the claim before the next scheduled meeting on 11 November and the unions subsequently called a one day strike on 18 October.

The intention of the employers had been to make an opening offer at around 6% followed by a reference to arbitration if rejected but in discussions with the Minister for Local Government and Environmental Services the employers agreed not to make an offer in excess of 4%. Subsequently at a meeting on 11 November the employers offered a 4% increase on basic rates, an increase in shift payments and one additional day's holiday for employees with over eight years service; worth 3.8% overall on average earnings. The unions rejected the offer; the employers then suggested a reference to arbitration which was also refused.

According to the NJIC agreement the Joint Council must refer a disagreement to arbitration at the request of either side and this would appear to give the employers a clear right to insist upon arbitration. The union's view however is that the procedure agreement has been broken by the employers because of their failure to exhaust normal negotiating procedures first and, in any case that the Joint Council must first agree terms of reference. The unions are also

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fully aware that the employers were willing to open negotiations with a 6% offer and that the lower offer actually made was a result of pressure from Ministers. The employers wrote to ACAS indicating that they would like the matter settled by arbitration but ACAS has not received a formal request to arbitrate. ACAS has held discussions with both sides and are thought to be meeting the unions again before Christmas, but it is understood that it has not yet found sufficient common ground to set up a joint meeting.

The Minister met the employers on 6 December prior to their discussions that day with ACAS. The employers thought they might be asked whether they would be prepared to re-open negotiations on the basis of an improved offer provided, as now seemed possible, the unions dropped their insistence on a commitment to upper quartile relativity. They also thought that a gesture on those lines made through ACAS might dissuade the GMBATU executive, meeting the following day, from going out to ballot which was bound to result in endorsement of the rejection of the 4% offer and a mandate for strike action. They saw little prospect of a negotiated settlement unless they could eventually move as necessary up to the 6% limit set by the Combined Employers Committee, but it was not clear what might be needed to get the unions to agree to arbitration. The Minister recognised that in the circumstances envisaged, especially if ACAS could not arrange a reference to arbitration on the present terms, the employers might have to indicate a willingness in principle marginally to improve their offer but he would prefer that no figures should be mentioned. If that could not be avoided they should not go higher than 4 $\frac{1}{2}$ % pending negotiations which should not take place before 20 December by which time the NES union consultations should be complete. He was not prepared to give any firm views on possible levels of offer thereafter until the employers consulted him prior to any further specific developments.

The Executive of the GMBATU is balloting members asking them to endorse the Executive's rejection of the 4% offer and to signify support for strike action should it be considered necessary. The Executives of the other unions are known to be consulting members about strike action on similar terms. The results are expected by 7 January.

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Comment

ACAS can only arbitrate "with the consent of all parties to the dispute" (Section 3 Employment Protection Act 1973). It is arguable that the trade unions have in effect already agreed to arbitration by virtue of being parties to a procedural agreement which provides for unilateral access. However, in practice arbitration against the wishes of one party would be difficult to arrange and the outcome may not be accepted by the dissenting party. The Secretary of State for Employment has ensured that the Chairman of ACAS is aware that the Government would be happy for this dispute to go to arbitration.

It seems unlikely now that the unions will make any moves toward re-opening negotiations or on the arbitration issue until they take decisions on 7-9 January on the basis of the results of their consultations which will almost certainly give them the mandate they seek. They will probably then threaten early industrial action if the employers do not indicate a willingness to re-open negotiations on the basis of an improved offer. However present indications are that they may themselves then show a willingness to make concessions especially on the upper quartile issue. The employers are at that stage likely to wish to improve the 4% offer but by how much will depend to an extent on whether they believe a negotiated settlement at a reasonable level is in prospect or whether they may have to seek recourse again to arbitration. Developments in other major public sector pay negotiations could also be influential.

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4 Water Service: Craftsmen (5,700)

Settlement date: 7 December

Union: CSEU

On 2 December the group was offered a 4% increase on basic rates (3.8% on average earnings) in line with the offer made to water service manuals. Details of the craftsmen's claim are not known. The offer was rejected.

Comment: The craftsmen traditionally settle in line with the water service manuals.

5 Greater Manchester Passenger Transport Executive: Platform Staff (5,595)

Settlement date: 1 November

Union: TGWU

The union has presented an uncosted claim for a substantial pay increase which management estimates is worth 20% overall. At a negotiating meeting on 22 November management's tentative offer of a 4% increase on basic rates with a further 3% for productivity improvements was rejected. Negotiations continue.

Comment: Management has already reached a settlement with craft and maintenance grades which provides a 6.97% increase on basic rates. It has been previous practice to reach a settlement with the platform staff at the same level as the maintenance grades. The Secretary of State for Transport will shortly be circulating an assessment of prospects for the negotiations.

6. Municipal Buses: Platform Staff (15,555)

Settlement date: 1 January 1983

Unions: TGWU, GMBATU

The unions have submitted a claim for parity with Group F local authority drivers (estimated to require a 4% increase), a 13% increase in addition to the claim for parity, 1 day's additional holiday, a reduction in the working week to 38 hours and improvements to sick pay and holiday pay for semi and unskilled maintenance workers. The claim is estimated to be worth about 40% on average earnings. Negotiations opened on 10 December when the employers tabled an offer worth 3 per cent on rates (and a broadly similar amount on earnings). The unions agreed to put this offer to their members without a recommendation, which may suggest that they are not expecting more than a moderate settlement this year.

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7 National Bus Company: Platform and non-craft maintenance grades (31,945)

Settlement date: 1 March

Unions: NCOI, TGWU, NUR, GMBATU

At a meeting on 7 December, management received a claim identical to that submitted by platform staff employed by municipal buses (see item 6). Negotiations commence on 21 January.

General Comment: The settlement reached with craft and maintenance grades in the Greater Manchester Passenger Transport Executive (6.97% on basic rates) and a subsequently high settlement with the platform grades will have repercussions throughout the public bus industry. Personnel Managers in other PTE's have expressed dismay at the settlement; the PTE's were generally hoping to conclude settlements below 5% in this pay round.

8 British Airports Authority - All grades (7,000)

Settlement date: 1 January

Unions: JNCC - staff IPCS, SCPS, CPSA, CSU,  
industrials TGWU, AUEW, GMBATU, EEPTU, NUSMWCHDE, UCATT

The unions have submitted a joint claim for improvements in basic rates and salaries, London Weighting allowance, a shorter working week for firemen and some restructuring. The claim is estimated to be worth 13% overall on average earnings.

At a meeting on 29 November the Authority offered 4% on basic pay and miscellaneous allowances. At a subsequent meeting on 13 December BAA improved their offer to include shift allowances within the 4% increase, which now applies to basic salaries and all allowances. In addition they agreed to improve increments, which have remained unchanged for four years. This is BAA's final offer and it is expected to increase average earnings by rather less than 5 per cent. The unions are expected to respond favourably by the second week in January.

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9 British Steel Corporation: All grades

Settlement date: 1 January 1983

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

Pay negotiations are about to commence; no formal claims have yet been received. The ISTC has been reported as preparing a claim for a 9.5% increase in addition to the consolidation of existing bonus earnings and the staff unions have written to BSC asking for a "substantial" increase in earnings.

There was no national pay award in 1982; all increases were to come from locally agreed productivity schemes. Bonus earnings of 2.5%, were consolidated into basic rates from July 1982 out of total bonus earnings of 6.3 per cent.

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

10 Gas Supply - Manuals (41,600)

Settlement date: 16 January

Unions: GMBATU, TGWU

At a meeting on 25 November the unions presented their claim for an unquantified substantial increase in pay, consolidation of the General Obligations Payment (in respect of flexible working procedures), an increase in holiday pay, shift and staggered working payments, improvements to holiday and other leave entitlements and a reduction in hours. The unions are believed to have assessed the claim as representing a 13% increase on average earnings.

BGC are expected to respond to the offer on 6 January. The unions have said that they would like a fairly speedy settlement. Nevertheless, they may first want to see what happens in the water industry.

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11 Electricity Supply: Manuals

Settlement date: 17 March

Unions: NJIC - EETPU, GMBATU, AUEW, TGWU

On 3 December the Financial Times reported that the unions have agreed to jointly submit a claim for an increase in line with the miner's settlement (quoted as 8.2% to 9.1%), additional increments in salary scales, substantial increases in shift payments and a shorter working year. The unions are expected to present a claim to the Electricity Council at a meeting on 6 January.

The General Secretary of the GMBATU has been quoted in press reports as saying that the union will not consider an offer below the settlement agreed with the miners and that an offer similar to that made to water service manuals (4%) would be totally unacceptable.

Comment: Last year's settlement (7.4% on average earnings) was achieved only after intervention by ACAS following a ballot of all union members who had voted in favour of industrial action.

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Public sector Pay Policy

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