

Econ Pol. JOR



Prime Minister (4)

MS 26/1

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

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MONITORING REPORT: PUBLIC TRADING SECTOR

... I attach the latest monitoring report on public trading sector pay.

2. The most important development is obviously the strike which has now started in the water industry. Tom King will be keeping us in touch with this.

3. Negotiations are also in progress in the gas industry, where the employers have made an offer worth just under 4 per cent on average earnings, as reported in Nigel Lawson's letter of 5 January. I understand that the next formal negotiating meeting is arranged for 8 February. No doubt Nigel will let us have an assessment in good time of likely developments at that meeting, against the background of the situation in the water industry.

Nat Ind, Gas collect, P+7

4. Finally, I was grateful for David Howell's letter of 17 December about the pay situation in the Passenger Transport Executives. With a 3 per cent offer to municipal busmen and a 3½ per cent offer by the National Bus Company, the position is the bus industry is developing rather better than might earlier have been expected.

/5. I am copying

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5. 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.

A handwritten signature in black ink, consisting of a stylized 'G' followed by a flourish.

G.H.

25 January 1983

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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.

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 payround. Although objecting to this provision, the unions agreed to take part in further negotiations at Railway Staff Joint Council Level and have reached agreement in principle on all outstanding productivity matters. Detailed discussions have centred on the "specific rewards" for those affected by the new working arrangements. The negotiation of payments linked to specific changes in working practices formed part of the RSNT recommendations and, when agreed, will be paid in addition to the general increase of 6% on basic rates. The NUR have accepted the Board's offers. The ASLEF Executive, however, has rejected an offer of a £5 per shift supplement for driver only operation despite the ^{initially} offer being recommended by ASLEF negotiators. At a meeting of the RSNC on 5 January, the BR Board reiterated the £5 per shift offer as "final", and ASLEF negotiators took it back to their Executive. ASLEF subsequently announced on 12 January that it had referred the level of specific rewards for driver-only operation on the Bedford-St. Pancras line to Lord McCarthy's Railway Staffs National Tribunal for arbitration.

Until agreement is reached BR will not implement the 6% general pay increase from 6 September.

Comment: The NUR and TSSA are naturally applying pressure on ASLEF to agree the payment for driver only operation as quickly as possible.

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. An informal meeting was arranged for 24 January and the next formal negotiating meeting for 3 February.

3 Water Service: Manual grades (29,400)

Settlement date: 7 December 1982

Unions: GMBATU, NUPE, TGWU

In internal consultations the manual water workers endorsed their negotiators' rejection of a 4 per cent offer. They authorised their unions to take industrial action and following an overtime ban an all-out strike began at midnight on Sunday 23 January 1983. Following discussions with both sides, Mr Ian Buchanan, the ACAS appointed mediator, backed the NWC with a rejection of the unions' claim for parity with the upper quartile of manual earnings. He proposed an increase on base rates equivalent to about 7.3 per cent on the wage bill over a 16 month period (thought to be equivalent to 5.8 per cent on an annual basis). In addition the service supplement, paid to workers with more than 5 years' service would be increased from 2.5 pence per hour to 5.2 pence per hour. This would further increase the wage bill by about 0.5 per cent. The employers have indicated that they will accept the recommendations. The union negotiators' response was unfavourable but the full union side is considering them prior to a meeting of the NJIC on 24 January to continue the negotiations on the recommendation.

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 (5,959)

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 ^{however} continued, and a ballot has now been arranged for 27 January on the basis of the previously rejected offer.

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 wrote to the Chancellor of the Exchequer on 17 December outlining action taken in the light of GMPTE's settlement and its effect, and pay prospects in the remainder of the PTE bus sector.

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 required 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 delegates without a recommendation. A delegate conference is being arranged for 1 February.

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

Settlement date: 1 March

Unions: NCOK, 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 commenced on 21 January, when an opening offer of 3.5 per cent was made and rejected by the unions.

General Comment on the Bus Industry: The settlement reached with craft and maintenance grades in the Greater Manchester Passenger Transport Executive (6.97% on basic rates), if followed by an equally high settlement for the platform grades will have repercussions throughout the public bus industry. However GMPTE's ploy of offering platform staff 4% new money with an additional 3% in exchange for significant productivity improvements may recover the position for fellow employers in subsequent negotiations.

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

Settlement date: 1 January

Unions: JNCC - staff
industrials TGWU, AUEW, GMBATU, EEPTU,
NUSMWHDE, 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 some allowances. At a subsequent meeting on 13 December BAA improved their offer by extending the offer to cover shift allowances. The offer of a 4% increase now applies to basic pay and all allowances. In addition improvements will be made to incremental additions to basic pay, which have remained unchanged for four years, (these increments are expressed as additions to a base, rather than as a scale; they are offered for merit only, not service). This package is the Authority's final offer and is expected to increase average earnings by rather less than 5%. The Authority still awaits a formal response to this offer, but initial informal reports suggest that contrary to previous expectations the unions will reject it.

Comment: Even if the unions have rejected the offer, industrial action of a serious nature is thought unlikely. This is for several reasons - first, the fragmentation of the workforce into so many unions; second, there is no history of significant industrial action.

9 British Steel Corporation: All grades

Settlement date: 1 January 1983

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

The unions have presented a claim for a 9.5% increase, and negotiations have commenced. The Corporation's initial position, as expressed by the Chairman in a letter to all BSC staff, is that the industry cannot afford a national pay increase but there may be scope for local productivity bargaining.

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Comment: Pay negotiations will take place against a background of closures and redundancies. There was no national pay award in 1982; all increases were to come from locally agreed productivity schemes.

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.

At a meeting on 6 January the BSC responded by offering increases on basic rates ranging from 4% to 4.75%, increases in overtime and bonus rates, and extra holidays for long-serving workers. The whole package is estimated to add between 3.8% and 3.9% to average earnings.

The unions did not reject the offer although they did indicate that it was unacceptable. The two sides met again on 21 January. For external reasons this meeting was short and the management restricted discussion to holiday pay. At present holiday pay is related to total earnings including overtime but subject to a cut off. In response to union dissatisfaction with the cut off, management, who wish to eliminate the overtime element, proposed that holiday pay should be calculated on the basis of a standard working week.

Negotiations on the main pay claim will resume on 8 February.

Comment: Any improvement in the current offer would have implications for current negotiations in the water industry and subsequently in the electricity supply industry. The Gas workers will no doubt have in mind the miners settlement, worth 6.5% but presented as 8.2% to 9.1%.

11 Electricity Supply: Manuals

Settlement date: 17 March

Unions: NJIC - EETPU, GMBATU, AUEW, TGWU

At a meeting on 6 January the unions delivered a claim including (unquantified) substantial increases in basic rates, improvements in shift pay, reduction in the working year, earlier retirement and extra long service award. The effect on average earnings is not known.

At the meeting the employers listened to the claim but did not make an offer.

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.

PART II SETTLEMENTS CONCLUDED SINCE THE LAST REPORT

12 Coalmining: Clericals (12,500) NUM, APEX
 Weekly Paid Industrial Staff (9,150) NUM
 Deputies (17,600) NACODS
 Managerial grades (16,500) BACM

Settlement date: 1 November

The groups have now accepted a settlement at the same level as the manual group (ie equivalent to 6.5% on average earnings).

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Pay, 1079

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