



ECON. POL (2)
Prime Minister
 MS 17/2

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

PRIME MINISTER

MONITORING REPORT: PUBLIC TRADING SECTOR

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

2. The major issue is, of course, the continuing water dispute on which you are well aware of the latest developments. In other areas, there is little to report. Manual workers have been offered 4.5 per cent in the electricity industry, 4.3 per cent in the gas industry, and 4½ per cent in the UKAEA. A settlement of under 5 per cent has been reached by the British Airports Authority, and of 4 per cent plus 3 per cent for productivity in the Greater Manchester PTE.

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

(G.H.)

16 February 1983

CONFIDENTIAL

PUBLIC TRADING SECTOR

PART I CURRENT NEGOTIATIONS

1981/82 PAY ROUND

- 1 British Rail: Clerical and Conciliation grades (136,000)
Settlement date: 20 April 1982
Unions: 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 one 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.

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 provision, the unions agreed to take part in further negotiations at Railway Staff Joint Council level and agreement in principle was reached 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, are to be paid in addition to the general increase of 6% on basic rates. The NUR has 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 offer being initially 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 on 18 January ASLEF announced that it had referred the level of payment for driver-only operation on the Bedford-St Pancras line to the Railway Staffs National Tribunal for arbitration. The Tribunal began hearing evidence on 3 February, and has adjourned until the week beginning 14 February when it will continue to hear evidence on the wider issues including the Board's refusal to implement the 6 per cent pay award pending progress on outstanding productivity items. The RSNT are to make various site visits before reaching their decision on the level of payments of £00. Publication of their report is unlikely before mid-late March.

CONFIDENTIAL

CONFIDENTIAL

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 3 February management improved their earlier offer of 3.7% on average earnings to 4½%. The Authority made it absolutely clear that this was the ultimate limit to which they were prepared to go. The unions did not reject the offer, but agreed to put it to their branches. The result should be known by 21 February. Management are hopeful that the offer will be accepted.

Comment: The Authority see a 4.5% increase on average earnings as being the maximum that it is prepared to offer.

3 Water Service: Manual grades (29,400)

Settlement date: 7 December 1982

Unions: GMBATU, NUPE, TGWU

Following consultation with members on a 4% offer, the unions announced an all out strike from midnight on 23 January. Talks under the Chairmanship of ACAS led to a further meeting of the NJIC under an independent chairman who was also given the powers of a mediator. Following the rejection of an improved offer of 5.5% on rates and a doubling of the service supplement worth a further 0.5% on the pay bill, the mediator made his own recommendations. His recommendations, which are non binding, are for an increase of 7.3% on rates together with the 0.5% on the service supplement already on offer to run for 16 months. He is thought to regard this as equivalent to 6.0% for the first 12 months and 5% for the last four months. He also recommended that consideration be given to ways of further increasing earnings by the development and extension of performance related bonus schemes and administrative efficiencies. The employers accepted the mediator's recommendations and tabled them as a final offer on 24 January. The unions sought further clarification of the recommendation related to further increasing earnings and went ahead with strike action. The agreement which led to the appointment of the mediator provided for arbitration as a last resort but neither side has sought to go to arbitration subsequent to the mediator's report.

CONFIDENTIAL

CONFIDENTIAL

ACAS held talks with each side separately on 31 January and 1 February aimed at exploring the mediator's recommendation about further increasing earnings. A further offer was made on 6 February by the employers in response to paragraph 8 of the mediator's report. This was rejected by the unions. No agreement is at present in prospect.

Comment:

The precise earnings effect of the present offer has not been calculated but it is thought that earnings would increase by about 7.9% in the first 12 months (when the position is not affected by the 16 month period of the offer, though this would effectively mean a freeze for the ensuing 4 months). It is estimated that further linked proposals on flexible working and reduced hours would subsequently increase average earnings by an additional 1%.

Ministers are receiving separate briefing on the progress of this dispute.

4 Water Service: Craftsmen (5,700)

Settlement date: 7 December

Union: CSEU

A claim has been made for a substantial increase in basic rates, a reduction in the working week, increased holiday entitlement, and free insurance for tool replacement. On 2 December an offer was made of a 4% increase in basic rates (3.8% on average earnings) in line with the offer made to water service workers. The offer was rejected. On 8 February an increased offer was made with a choice of a 6 per cent increase in basic rates over 12 months or 7.3 per cent over 16 months, with no increase in the service supplement but with proposals similar to those for the manuals on flexible working and hours. The offer was rejected and the union is referring back to constituent executive councils. No further meetings have been arranged.

5 Municipal Buses: Platform Staff (15,555)

Settlement date: 1 January 1983

Unions: TGWU, GMBATU

CONFIDENTIAL

CONFIDENTIAL

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.

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. A delegate conference took place on 1 February when it was decided to call a series of one day strikes in support of the claim. The first strike is to take place nationally on 16 February to be followed by local one day stoppages. There was to be a further negotiating meeting on 11 February, when an increased offer, perhaps up to 4.5 per cent on basic rates, was to be made.

- 6 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 5). Negotiations commenced on 21 January when an opening offer of 3.5% on rates (about the same on average earnings) was rejected by the unions. Further discussions are unlikely until the position on municipal bus negotiations becomes more clear.

- 7 Greater Manchester Passenger Transport Executive: Platform Staff (5,224)
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 specific productivity improvements was rejected. Negotiations continued and a ballot was arranged on 27 January on the basis of the previously rejected offer and giving three options on how the money available could be paid. The result of the ballot was inconclusive. A further ballot took place on 3 February which resulted in a 3:2 vote in favour of accepting the offer.

CONFIDENTIAL

CONFIDENTIAL

8 Merseyside Passenger Transport Executive: Platform Staff (2,537)

Settlement date: 1 January 1983

Unions: NJC, TGWU, GMEATU

The first negotiating meeting took place on 28 January. It is understood that management offered a 5% increase on basic rates for all platform and engineering staff. The reaction of the unions to this offer is not known.

General Comment: The settlement reached with craft and maintenance grades in the Greater Manchester Passenger Transport Executive (6.97% on basic rates) could have repercussions throughout the public bus industry. However, Greater Manchester's settlement with platform staff at 4% new money with an additional 3% in exchange for significant productivity improvements may help to recover the position for the other PTE's in subsequent negotiations.

The Secretary of State for Transport wrote to the Chancellor of the Exchequer on 17 December outlining action taken in the light of the Greater Manchester PTE's craftsmen's settlement and pay prospects in the remainder of the PTE bus sector.

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

Settlement date: 1 January

Unions: JNCC - staff IPCS, SCPS, CPSA, CSU
industrials TGWU, AUEM, GMATU, BEPIU
NUS/WHODE, 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. In subsequent negotiations BAA extended the offer to apply 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). The unions have now accepted this package, which is expected to increase average earnings by rather less than 5%.

CONFIDENTIAL

CONFIDENTIAL

10 British Steel Corporation: All grades (103,700)

Settlement date: 1 January 1983

Unions: ISTC, NCCC, NUB, GMBATU, TGWU, SEMA, MAPSA, 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. The unions are reported in the press to have united against BSC's intention not to award a general increase and are planning to call a national delegate conference aimed at stiffening opposition to BSC's plans.

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

11 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 BGC responded by offering increases on basic rates ranging from 4% to 4.75% with flow through to overtime and bonus and extra holidays for long-serving workers. The whole package is estimated to add between 3.8% and 3.9% to average earnings. This offer was rejected.

Negotiations resumed on 21 January when discussion centred on revised holiday pay. BGC did not increase the offer on basic rates.

At a further meeting on 8 February the revised holiday pay formula was agreed for inclusion in the final overall settlement. This would take effect on 1 June

CONFIDENTIAL

CONFIDENTIAL

1983 and would add 0.15% to average earnings in the settlement year (0.3% in a full year). The management increased their offer on basic rates to between £3.50 p.w. for labourers and £5.52 p.w. for technicians (4.4% - 5.2%). Allowing for certain unchanged payments this would increase average earnings by 4.29%. The unions rejected this offer as totally inadequate.

The next meeting will take place on 24 February.

Comment: The unions have indicated that they are prepared to settle (ie. without awaiting the outcome of the water negotiations) provided the offer is right, but they described the 8 February offer as 'derisory'. They clearly have in mind the miners' settlement, and management have drawn their attention to the 6.5% earnings effect of that settlement.

12 Electricity Supply: Manuals (94,000)

Settlement date: 17 March

Unions: NJIC - BEPPU, GMBATU, AuEW, TCWU

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 in stages and extra long service award. The effect on average earnings is not known. 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 initially made to water service manuals (4%) would be totally unacceptable. Negotiations resumed on 3 February when the employers offered increases between £4.12 and £6.23 per week. Overall earnings would be increased by an average of 4.5%. The meeting was adjourned to 22 February for the employers' side to consider the offer.

Comment: Similar considerations apply to these negotiations as they do to those of the gas industry (see item 11).

CONFIDENTIAL

1954
12 27 28

