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SECRETARY OF STATE FOR  
TREASURY  
MILBANK LONDON EC2M 3QQ

01-211 6402

Prime Minister

Electricity workers  
settled at 5.7%  
on earnings.

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
London SW1

7 March 1983

MCS 7/3

PAY: ELECTRICITY INDUSTRIAL MANUALS

The Electricity Council reached a settlement with the industrial unions on 3 March. This involves an increase in basic rates ranging from 4.5% for manual workers to 6.0% for the most skilled craftsmen. Apart from associated increases in shift payments and chargehand allowances, there were two special features. The first was agreement that a lump sum payment of £100 a man will be made when a whole group of workers - eg the staff of a power station - accept transfer to non-cash payment: this will be self-financing through reduced administrative costs. The second was a minor concession on holiday entitlement for staff in their first two years of service. The average increase in basic rates works out at 5.8%, and on earnings at 5.7%. The increase in the total paybill is put at 5.2%.

In all the circumstances, I regard this as a satisfactory outcome. I have no doubt that attitudes would have hardened if negotiations had been protracted. Any offer put to ballot would almost certainly have been rejected. As it is, despite the raising of expectations following the water workers' settlement, the power workers have settled, at a particularly sensitive time, for less than the 6½% secured by the miners (their traditional 'target') and considerably less than the 8% secured by the nearest comparable private sector group, the electrical contracting industry.

As part of the understanding that led to the settlement, both the unions and the Council have declined to give any overall figure for the value of the settlement. The unions claim that they succeeded in securing comparability in money terms with the miners (a reference to the absolute increase on a skilled craftsman's basic pay).



In reply to questions the Council are stressing that the increase in basic rates varies from 4.5% to 6.0%. We are reinforcing this with our own briefing of correspondents.

Following this settlement, the Council will table an offer to the power engineers on 15 March amounting to a flat 5.8% on schedule salaries. This is based on the link, established by previous arbitration, with ESI industrial salaries. They are proposing to reject claims by the EPEA for an extension and restructuring of salary scales, and for rostering arrangements along the lines of the industrial staff. They expect to reach a settlement on the basis of this offer, possibly after an adjournment.

I shall be seeing the Chairman of BGC this Wednesday, to urge on him the desirability of settling the gas manuals' pay claim at a figure below that secured by the power workers.

I am copying this letter to the Prime Minister, members of E Committee, George Younger, Sir Robert Armstrong and John Sparrow.

*John Brown*  
*Nigel*

NIGEL LAWSON

7 MAR 1984

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9/52

Prime Minister<sup>2</sup>



01-211 6402

MCS 17/3

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
London SW1

17 March 1983

PAY: POWER ENGINEERS

As foreshadowed in my letter to you of 7 March, a settlement of 5.8% on schedule salaries was reached with the power engineers on 15 March. There will be a meeting with the ESI managerial staff on 18 March, who again are expected to settle for a flat 5.8% on basic scales.

I am copying this letter as before.

NIGEL LAWSON

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Part 1, Pt 9

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SECRETARY OF STATE FOR ENERGY  
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NBPM

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J O Kerr Esq  
Private Secretary to the  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
London  
SW1

Prime Minister  
ms 24/3

24 March 1983

Dear Tom,

On 18 March the electricity supply industry managerial staff accepted a pay settlement of 5.8% on schedule salaries, 5.8% average earnings. This will increase the pay bill by 4.6% -- 4.8%. The settlement date is 1 April. This settlement is at the same level as that reached with the power engineers on 15 March.

Copies of this letter go to private secretaries to other members of E, Muir Russell, Richard Hatfield and Gerry Spence.

Yours sincerely

C E Brooks

MISS C E BROOKS  
Private Secretary



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*Prime Minister* ②  
*ms 4/2*

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

3 February 1983

The Rt Hon Nigel Lawson MP  
Secretary of State for Energy  
Thames House South  
Millbank  
LONDON SW1P 4QJ

*Dr Nigel*

ELECTRICITY SUPPLY: PAY OFFER *pm's Box*

Thank you for your letter of 1 February.

In view of what you say, I accept that it would be unrealistic to think in terms of an opening offer below 4 per cent for the electricity supply workers. The important thing is not to permit any developments in these or the parallel negotiations in the gas industry which would adversely influence the outcome of the water manuals' dispute. The Council's intention to adjourn negotiations till the end of the month after making their opening offer seems right in that perspective.

I am copying this to the Prime Minister, members of E Committee, George Younger, Sir Robert Armstrong and John Sparrow.

GEOFFREY HOWE

*[Handwritten signature]*

CONFIDENTIAL

E4 JAN 1988





cc to

Prime Minister

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01-211 6402

Mus 1/2

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
London SW1P 3HE

PA

1/2 February 1985

Difficulties with water?  
dealt with Mus 7/2

ESI INDUSTRIAL WAGE NEGOTIATIONS

At a meeting of the electricity supply industry's National Joint Industrial Council on 6 January the employees' side made a claim for a substantial increase in pay; extra long service payments; improved shift pay; a reduction in the working year; and earlier retirement. The employers' side agreed to reply to the claim at the next meeting on 3 February.

I have now been informed by the Electricity Council that they propose to offer increases on basic salaries ranging from 4% for labourers to 4.6% for craftsmen and foremen. The weighted average would be 4.5%. The offer would be made in cash terms ranging from £4.12 to £6.23 a week.

Shift and stagger payments and hence overall earnings would also be increased by a average of 4½%. The total increase on the pay bill works out at 3.8%.

The Council expect the offer to be rejected outright and the unions to seek an improved offer before going to ballot. It is expected that the meeting on 3 February will be adjourned, resuming later in the month.

Taking into account the figures being discussed in relation to the water workers, the Council believe it would be counter-productive to start with a lower offer. They are conscious that the electricity unions are also keeping a close watch on the current gas negotiations and the Council have not yet been able to reach a conclusion on what they might settle for. I do not propose to offer further guidance at this stage. The Chairman of the Council is well aware of the need for a moderate settlement, and I shall be seeing him again after the next round of British Gas' negotiations on 8 February.



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I am copying this letter to the Prime Minister, members of  
E Committee, George Younger, Sir Robert Armstrong and  
John Sparrow.

NIGEL LAWSON

*John Sparrow*  
*Nigel*

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