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Prime Minister

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Michael Scholar Esq  
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20 May 1983

ms

Dear Michael

... I am enclosing a copy of the latest Pay Brief.

Copies also go to the Private Secretaries to  
Members of E, E(PSP) and E(EA).

Yours Sincerely  
Felicity Everiss

MS F M EVERISS  
Private Secretary

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PAY BRIEF: POSITION IN MID-MAY 1983

## SETTLEMENTS

1. Since the April pay brief 144 settlements covering 2,822,000 employees, with operative dates after 31 July 1982, have been recorded. In the private sector (132 settlements covering 1,623,000 employees) the weighted average level of settlements in the last month is just over 5½%. The average in the public sector (12 settlements covering 1,199,000 employees) is just over 5½%. Important settlements in the private sector are Retail Multiple Grocery (150,000) at 6.4%-7.2%, British Printing Industries Federation (130,000) at 5%-6%, London Clearing Banks (230,000) at 5%, Milk Distribution (90,000) at 6.14%, Building and Civil Engineering (450,000) at 5.5% and Building and Allied Trades (300,000) at 5.85%. The principal settlements in the public sector are Non-industrial Civil Servants (498,900) at 4.86%, Further Education Teachers E & W (80,000) at 4.95%, a staged increase of 5.5%-6.0% for Post Office UCW grades (156,000) - 6.25% in a full year-and a 7.2% Review Body award for Armed Forces (334,000).
2. The cumulative average level of settlements for the whole economy this round (793 settlements covering 8,267,000 employees) is 5½%. About  $\frac{3}{4}$  of the employees about whom the Department expects to receive information have reached settlements.
3. In the private sector the cumulative average is just over 5½% (751 settlements covering 3,903,000 employees). The average for manufacturing is just under 5½% and for non-manufacturing is just under 6%. On average, settlements are about 1½% below those agreed in the same period last year. Few settlements are above 8% or below 4%. About  $\frac{1}{2}$  of settlements and  $\frac{3}{4}$  of employees are in the range 5%-6%.
4. In the public sector (42 settlements covering 4,364,000 employees) the cumulative average is just under 5½%. The average in the public trading sector is just over 6% and in the services sector is just over 5%.
5. Coverage: The limitations of the Department's coverage of settlements were explained in the April pay brief (para 5).

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6. Since April three Wages Councils covering 40,000 employees have made proposals for increases in minimum rates. Twenty-three Wages Councils covering 2,582,000 employees have either made or decided to make orders to come into effect during the current pay round. The weighted average increase in representative minimum rates is 6%, with manufacturing at just under 5½% and non-manufacturing at just over 6%. If these are added to settlements for this round, using rates as a proxy for earnings and DE estimates for the numbers of workers affected, the cumulative average for the private sector is only marginally increased and remains at just over 5½%, with both manufacturing and non-manufacturing unchanged at just under 5½% and just under 6% respectively.

## NEGOTIATIONS

7. In the PUBLIC SECTOR, British Rail, clerical and conciliation grades (17 April - 136,000) have submitted a claim for a substantial increase, a 35 hour week and a further 1 week holiday. An offer is not expected to be made much before the end of May. Union negotiators for London Transport - Buses, drivers and conductors (28 March - 19,420) are to recommend acceptance of an offer worth just under 6%. Underground, railway grades (20 April - 14,150) are considering an offer of 5.2% on rates. British Telecom, employees (1 July - 145,000) have rejected a revised offer of a staged increase worth about 5% on earnings (about 5½% in a full year) and have given notice of possible arbitration. The claim is for a substantial increase. A 4.5% offer to Gas Supply staff (1 June - 57,600) has been rejected. The claim is for a 9.5% increase on salaries. No further meetings have yet been arranged. An offer to Electricity Supply, clericals (1 May - 45,000) of 3.5% to 5.5% according to grade has been rejected. The results of a further meeting on 17 May are awaited. The claim is for a substantial increase. Negotiations are to begin on 26 May for Water Supply, staff (1 July - 35,500). The claim is for an increase not less favourable than that agreed for manuals - a 16 month settlement estimated at 10.4% by employers and 11.5% by unions, but presented as an annual increase of 7.8%. Unions representing employees in the BBC (1 April - 27,560) have rejected an offer of 5.3% on earnings plus £100 London Weighting. Negotiations are continuing. The claim is for an increase to compensate for inflation, narrowing of differentials with ITV and other benefits. British Steel (1 January - 81,100) unions have withdrawn the claim for a national increase and have agreed in principle to negotiate local productivity deals. The management for British Shipbuilders (1 April - 64,000) maintain that the company cannot afford a national increase but there is scope

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for local productivity bargaining. The claim is for a substantial increase, 35 hour week, extra 1 week holiday and other benefits. A meeting has been arranged for 25 May. The unions are threatening industrial action over proposed redundancies. The union negotiators for Local Authority, APT & C grades (1 July - 672,800) are to recommend acceptance of a 4.9% offer. Negotiations for Civil Service, industrials (1 July - 135,200) started on 21 April. No offer has been made. The Government has accepted the recommendations of the Review Body for Doctors and Dentists (1 April - 94,950) for a 6% increase plus a supplement for junior hospital doctors and dentists worth a further 1% overall. Also the payments from 1 January 1984 of the 2.7% by which pay has been abated. A formal offer will now be made. A decision on Top Salaries (1 April - 1,800) following recommendations for increases of from 12% for top civil servants to 47% for Ministers has been deferred until after the election.

8. In the PRIVATE SECTOR, Scottish Banks staff (1 April - 25,000) have rejected a revised offer of 4.86% on the paybill. The claim is for a 9% increase. Arbitration took place on 17 May - the result has not yet been announced. Chemical Industries Association process workers (1 May - 50,000) have rejected an improved offer of 5% on basic rates. The claim is for a substantial (unquantified) increase. Negotiations are expected to resume soon. ICI, manuals (1 June - 38,000) have rejected an offer of 5.1% on rates. The claim is for a substantial increase and extra holidays. A further meeting is expected in early June. Workers in Agriculture (E & W) (20 January - 256,000) and Agriculture (Scotland) (7 February - 41,600) are seeking to bring forward their settlement dates. Also, claims have been submitted for substantial increases, reduction in hours and other benefits. Meetings have been arranged for 27 May and 1 June respectively. British Oxygen Corporation (Gases), manuals (1 June - 2,600) have presented a claim for a substantial increase, extra 3 days holiday and other benefits. The unions are considering an offer of 6% on rates.

## EARNINGS AND PRICES

### EARNINGS

9. In March the year on year increase in average earnings for the whole economy was 8.2% compared with 9.3% for February. The March increase was affected by temporary factors, mainly back-pay for National Health Service employees and the timing of settlements. The underlying increase in March was 7½% compared

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with 7 $\frac{3}{4}$ % in February, having fallen steadily from 11% in January 1982.

## PRICES

10. In April the year on year increase in retail prices was 4.0 % compared with 4.6% in March.

## TAX AND PRICE INDEX

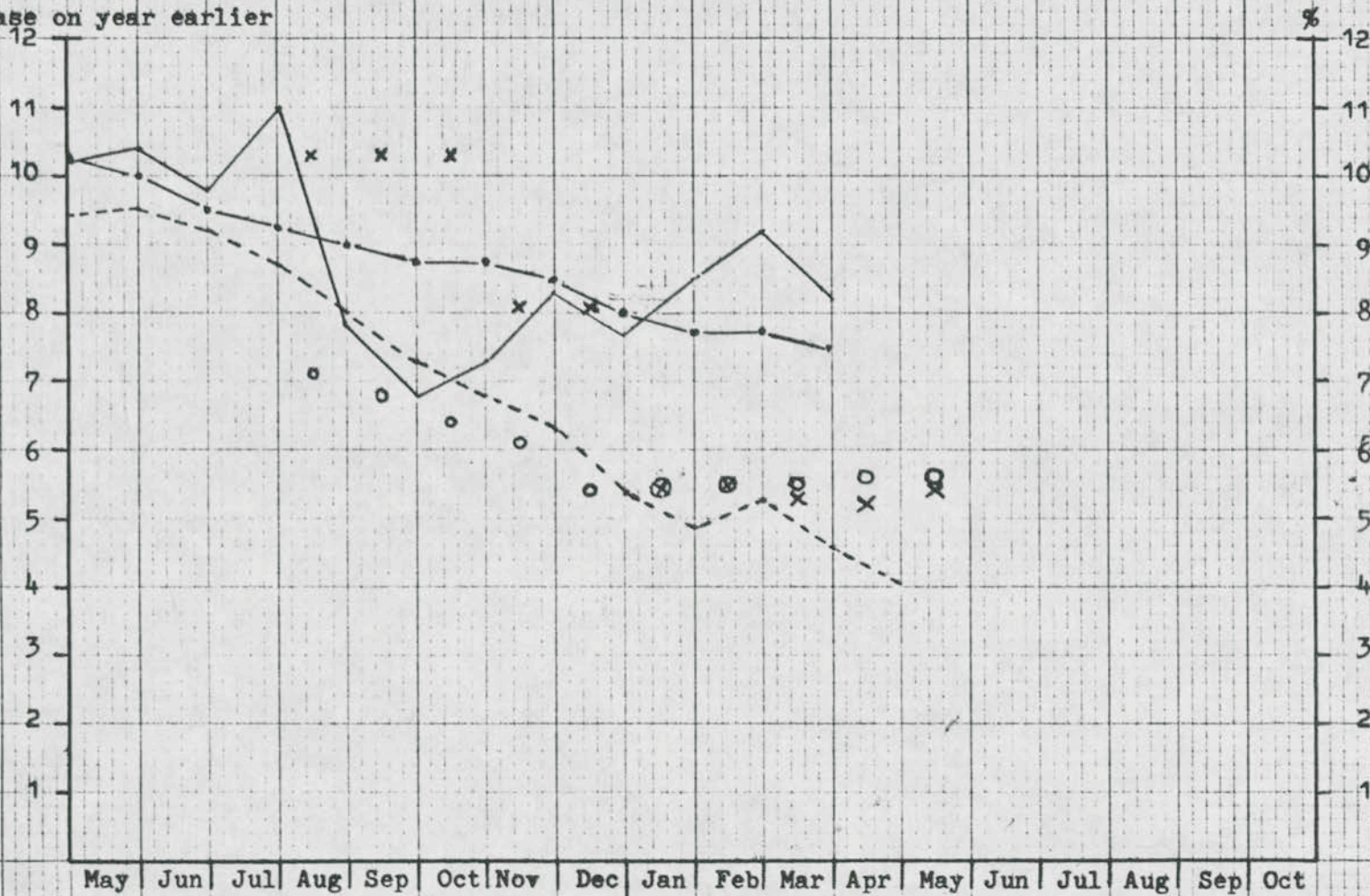
11. In April the year on year increase in the tax and price index was 3.5 % compared with 4.8% in February. The index measures the increase in gross taxable income needed to compensate taxpayers - whether working, unemployed or retired - for any increase in retail prices. It also takes account of any changes in direct taxes (including employee's National Insurance contributions).

## REAL DISPOSABLE INCOME

12. 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) rose by about 3% in the 3 month period ending March compared with the corresponding period a year earlier.

## TRENDS IN EARNINGS AND PRICES

% increase on year earlier



----- Retail Price Index  
 \_\_\_\_\_ Average Earnings Index  
 ●----- Underlying rate of increase in earnings

Cumulative Average Increase in Earnings  
 x Public Sector Settlements  
 o Private Sector Settlements

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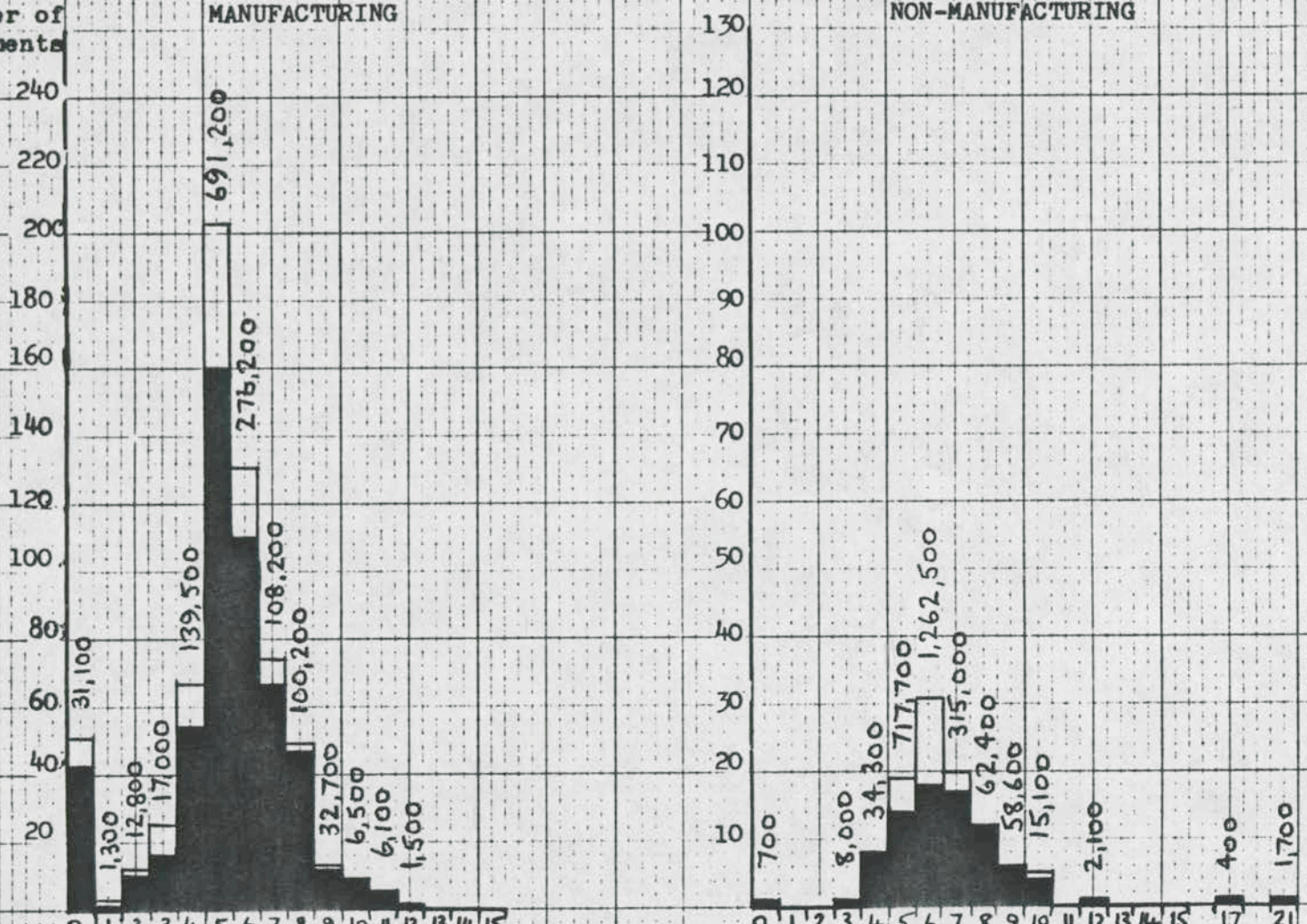
DISTRIBUTION OF SETTLEMENTS IN THE PRIVATE SECTOR BY LEVEL OF SETTLEMENT FROM 1 AUGUST 1982

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

Number of settlements

MANUFACTURING

NON-MANUFACTURING



Level of settlement (rounded to the nearest whole number)

E.R.

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



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