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Prime Minister (2)

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MONITORING REPORT: PUBLIC TRADING SECTOR

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

2. A number of the main negotiations still outstanding are now drawing to a conclusion. As reported in the DOE letter of 6 June, a 5.6 per cent settlement has been reached with water industry staff grades, which is a lot lower than the settlement with the manuals earlier this year. The Electricity Council's 5.6 per cent settlement with their clerical and administrative grades has now been ratified by the union side. British Telecom are probably on the point of settling with their engineers on the lines indicated in the Department of Industry letter of 20 May. The effect of the offer on rates is around 6 per cent in a full year, but I also understand that a lower rate of bonus is to be paid this year than last.

3. Settlements have also been reached for both bus and underground staff of London Transport, at about 6 and 5½ per cent respectively, and at similar or lower levels in a number of Passenger Transport Executives.

4. There is greater uncertainty about British Rail, where the unions are considering an offer around 4 per cent, and about the British Gas Corporation staff grades, where the unions are considering a 4½ to 5 per cent offer.

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5. Apart from the remaining British Telecom and Post Office groups, the other major outstanding settlement is at British Shipbuilders where, as earlier at British Steel, management are resisting any national increase.

6. I am in touch separately with Employment Ministers about the 8 per cent Remploy settlement mentioned in the Report.
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7. I am copying this minute to the Home Secretary, the Secretaries of State for Employment, Energy, Environment, Trade and Industry, Transport and Scotland, and to Sir Robert Armstrong and Mr Sparrow.

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20 June 1983

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PUBLIC TRADING SECTOR

PART 1: CURRENT NEGOTIATIONS

1. BRITISH RAIL: Clerical and conciliation grades (136,000)

Settlement date: 18 April

Unions: NUR, ASLEF, TSSA

At a meeting on 12 April the unions presented their 1983 pay claims which include a substantial increase, a 35 hour week and one week's additional holiday (the overall average earnings effect of the claim is not known but reports suggest 30% plus). At a meeting on 1 June the BR Board made an initial offer of either a 3.75% increase on basic rates from the annual settlement date or 4.25% on rates from the first Monday following a settlement which, if accepted in June, is equivalent to 3.75% on average earnings in the settlement year. The unions were to consider the offer on 16 June.

Comment: The 1982 pay claim was only settled in March by reference to the Railway Staffs National Tribunal following lengthy argument about linking pay increases to productivity. The Secretary of State for Transport wrote to colleagues on 26 May about BR pay negotiations. The BR Board has judged that there was a possibility of a low settlement if they moved quickly and they now await the unions' response. No doubt the Secretary of State for Transport will write again if there are any major developments.

2. BRITISH SHIPBUILDERS: Staff and manual grades (64,000)

Settlement date: 1 April

Unions: CSEU/SAIMA

On 11 January the CSEU submitted the following claim for staff and manual grades:

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- (a) a substantial increase in wages and salaries to be paid on the basic rate and not as supplements
- (b) consolidation of supplements into basic rates
- (c) a substantial increase in the Minimum Earnings Levels
- (d) a reduction in the working week from 39 to 35 hours
- (e) guaranteed minimum earnings for unskilled and semi-skilled grades based on a percentage of the skilled MEL
- (f) increased holiday entitlements and holiday pay
- (g) phased reduction in working hours prior to normal retirement.

Other minor improvements relating specifically to staff or manual grades are also sought.

SAIMA, who negotiate in parallel to the CSEU, have submitted a separate claim for substantial increases.

Management has advised the unions that the company cannot afford a national pay increase although there is scope for local productivity bargaining. A union delegate conference on 4 May mandated their negotiators to oppose the wage freeze and to resist job cuts. Almost unanimous support was given to a resolution calling for a mass occupation of BS yards if plans to cut 9,000 jobs are not withdrawn. Further negotiating meetings were postponed until after the election.

3. POST OFFICE: Postal supervisors, executives and supervisory catering grades (14,800)

Settlement date: 1 April

Union: CMA

The union has presented an unquantified claim for a substantial increase. Negotiations have been continuing on the basis of an offer below the recent settlement for UCW grades (which was equivalent to 5.5% on average earnings in the settlement year; 6.25% in a full year). The Department of Industry does

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not have the precise details of the offer. The Post Office are resisting pressure to improve the offer above the settlement for the UCW grades.

4. NATIONAL GIROBANK: Clerical, Typing, Secretarial and Data Processing grades (4,500)

Settlement date: 1 July

Union: CPSA

The Post Office is hoping to achieve a settlement with its Girobank employees at around 5% on salaries. The effect of such a settlement on average earnings is not known.

The Post Office is also seeking improvements to the existing self-financing productivity scheme by reducing the consolidated element of bonus payments. Overall savings from productivity improvements are currently divided 60:40 between the Post Office and its Girobank employees and the whole of the employees share is consolidated into basic salaries. The Post Office is aiming to obtain agreement that in future only half of bonus payments will be consolidated and then only up to a maximum of 1½% of earnings.

Negotiations are continuing.

5. BRITISH TELECOM

Settlement date: 1 July

(a) Engineers, technicians and inspectors (145,000)

Unions: POEU, STE

The unions had submitted claims for a substantial increase in pay and other improvements.

The POEU annual conference has accepted the following offer:

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- (a) 5% on current rates from 1 July;
- (b) a further 1% on rates from 1 December 1983; and
- (c) a lump sum, unconsolidated bonus of $\frac{1}{2}$ % payable in December

The basic rate increases will improve average earnings by about 5.1% in the pay year and by 6.1% in a full year (ie exclusive of the $\frac{1}{2}$ % lump sum unconsolidated bonus payable in December). In addition there is the possibility of locally negotiated productivity schemes and some grade restructuring.

The STE will consider the offer at their annual conference during week commencing 13 June and are likely to accept it.

- (b) Radio officers, telephonists, telegraphists etc (42,392)

Union: UCW

The union is considering two offers of either a $4\frac{1}{2}$ % increase on basic rates from 1 July with a further 1% on rates from 1 December and a $\frac{1}{2}$ % lump sum, unconsolidated bonus payable on 1 December or $5\frac{1}{2}$ % on basic rates from 1 July. The effect of the offers on average earnings is not known. The next negotiating meeting has yet to be arranged.

- (c) EO, HEO, Welfare, Nursing staff etc (7,000)

Union: SCPS

- (d) Clerical, typing, and secretarial grades (33,000)

Union: CPSA

- (e) Telephone Supervisors, Telegram and Radio Executives (6,107)

Union: CMA

The unions have received offers in line with those made to the UCW grades but reduced by 1% (ie 4½% from 1 July with additional increases in December or 5½% from 1 July). The unions are considering the offers.

6. BRITISH GAS CORPORATION

Settlement date: 1 June

(a) Staff and senior officers (57,600)

Unions: NALGO, MATSA (part of GMBATU)

A claim for a 9.5% increase on salaries was presented on 31 March. The claim is based on an assumed RPI figure of 6.5% and the wish to make up lost ground in terms of real earnings. The first negotiating meeting took place on 6 May when BGC made an opening offer of 4½% on basic salaries (worth about the same on average earnings) which the unions rejected. At a further meeting on 25 May management improved their offer to 4.5% to 5% on basic salaries (about the same on average earnings) which NALGO negotiators will put to their annual delegate conference in June for consideration. Negotiators have indicated that it is likely to be rejected and have pointed to the offer made to electricity supply staff which is worth 5.6% on average earnings.

Comment: A settlement covering manual grades resulted in a 5.1% to 5.2% increase on average earnings.

(b) Higher management

Unions: NALGO

In response to a claim for a 9½ per cent increase in salaries presented on 28 April, BGC made a single offer of 5% on salaries (worth a similar amount on average earnings) at a meeting on 7 June. The unions made clear that this offer was unacceptable. Like the Gas Staff and Senior Officers' claim it was to be discussed at the NALGO conference in the week beginning on 13 June. The

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two claims are separate but in practice they are likely to be considered in parallel. A further meeting has been arranged for 28 July.

7. BRITISH NUCLEAR FUELS LTD: Industrials (9,190)

Settlement date: 1 July

Unions: GMBATU, AUEW, TGWU, EETPU

BNFL have made an offer of 4½% on wage rates (and roughly the same on earnings). A further meeting has been arranged for 16 June. If the offer is not accepted BNFL might make a final offer of just under 5%. BNFL management is confident that a settlement will be reached by 1 July.

8. BRITISH WATERWAYS BOARD

(a) Manuals (2,370)

Settlement date: 18 July

Unions: NJC - TGWU, NUR, CSEU

The unions are expected to present a claim on 15 June. The first negotiating meeting has been scheduled for 20 July.

(b) Staff (830)

Settlement date: 21 July

Unions: NJC - NALGO, TSSA, ACTSS

The unions presented an unquantified claim on 23 May for increases in salaries, a phased reduction in hours from 37 to 35 and additional holidays. No offer was made. The next meeting will take place on 11 July.

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PART 2: SETTLEMENTS CONCLUDED SINCE THE LAST REPORT

9. BRITISH STEEL CORPORATION: All grades (81,100)

Settlement date: 1 January

Unions: BSC, ISTC, NCCC, NUB, GMBATU, TGWU, SIMA, MATSA, ACTSS, ASTMS,
APEX

Union negotiators representing process workers have agreed to withdraw claims for a national increase and have agreed in principle to negotiate local productivity deals. These have already been negotiated at some plants, including Llanwern, Ravenscraig and Port Talbot. Details are not known.

The main union representing middle management grades (SIMA) has reached agreement on local productivity deals which include the consolidation from 1.1.83 of 1% of the productivity bonus generated in 1982 by locally negotiated schemes, a guarantee of a further 3% payable from 15 February from locally negotiated schemes (providing agreement had been reached by 24 April) and for this 3% to be consolidated from 1 July providing all localities have agreed schemes by 31 May.

10. LONDON TRANSPORT EXECUTIVE

(a) Buses: Drivers and Conductors (19,420)

Settlement date: 28 March

Union: TGWU

The union has submitted an unquantified claim for substantial increases. An offer of 5.3% on basic rates, the consolidation of fl per week flat rate bonus and improvements to hourly related payments was made on 16 May and was recommended for acceptance to a union delegate conference. Delegates were

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split 50:50. The offer was then referred to garage level where it was accepted. LT say that the overall effect on average earnings will be slightly less than 6%.

(b) Underground: Supervisory, Booking Office and Conciliation Wages Grades (14,152)

Settlement date: 20 April

Unions: ASLEF, NUR, TSSA

The unions submitted an unquantified claim for an increase in excess of the Retail Price Index, additional holidays and a reduction in working hours; broadly in line with claims submitted on behalf of British Rail employees. At a meeting on 29 April management offered 4.6% on basic rates (equivalent to about the same on average earnings) which the unions rejected. A further meeting took place on 16 May when management offered 5.2%; worth the same on average earnings. However, LT linked the 1983 pay award and the completion of a restoration of relativities exercise, which formed part of the 1982 pay award, to the unions' agreement to implement driver - only operation (D00) on the Hammersmith and City (Metropolitan) and Circle lines and its subsequent extension to the District and remainder of the Metropolitan lines. This change incurs some offsetting costs to the Executive. Under an agreement dating from 1979, all train operating staff will benefit from a 7.5% flat rate increase once D00 is implemented. LT report that the offer has now been accepted.

Comment: Implementation of the award will mean that London Transport D00 drivers will receive higher earnings than their BR counterparts. Reference to this may be made in BR pay negotiations, although LT drivers in general have historically received more than BR drivers.

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11. PASSENGER TRANSPORT EXECUTIVES

Settlements have been agreed as follows:

(a) Tyne and Wear PTE: Platform Staff (1,597)

Settlement date: 1 March Unions: TGWU, GMBATU

4.3% on basic rates and one additional day's holiday plus a productivity scheme which will yield a further 0.7% on average earnings. Equivalent to 5.4% on average earnings overall.

(b) West Yorkshire PTE: Platform staff (2,812)

Settlement date: 1 May Union: TGWU

5% on basic rates from 14 May, one additional day's holiday and marginally improved sick pay arrangements. Equivalent to 5.2% overall on average earnings in the settlement year; 5.4% in a full year.

(c) Strathclyde PTE: Platform Staff (1,847)

Settlement date: 18 April Union: TGWU

4.75% on basic rates; the same on average earnings.

(d) South Yorkshire PTE: Platform staff (3,177)

Settlement date: 1 April Union: TGWU

The union submitted an unquantified claim for a substantial increase. Management's final offer included the consolidation of 3 hours overtime pay, increasing basic rates by about 8%. However, because premium rate would not be paid for the first 3 hours of overtime and thereafter would be based on the

old rate at time and a half, the increase in average earnings would be 5.25%. The union balloted its members on 9 June, who voted 2:1 to accept.

12. UNITED KINGDOM ATOMIC ENERGY AUTHORITY: Staff (9,700)

Settlement date: 1 April

Unions: IPCS, SCPS, CPSA, AGSRO

The settlement is in line with that for the non-industrial Civil Service, ie 4.86% on average earnings.

13. WATER SUPPLY: Staff (35,500)

Settlement date: 1 July

Unions: NALGO, GMBATU, NUPE, GLCSA, TWSA

An offer of a 5.6% increase on basic salaries and improvements to standby and call-out allowances (worth 5.6% on average earnings overall) has been accepted.

14. ELECTRICITY SUPPLY: Clericals (45,000)

Settlement date: 1 May

Unions: NALGO

A formal claim for a substantial increase (not quantified) was presented at a meeting with management on 15 April. At a meeting on 17 May an offer of 3.5% to 5.8% on basic salaries (equivalent to 5.6% on average earnings) was made. NALGO formally recommended acceptance at a meeting on 13 June and the trade union side have now ratified the settlement.

15. REEMPLOY:

(a) manual (shopfloor) workers (8,750)

Settlement date: 1 February

Unions: GMBATU, TGWU, EETPU, AUEW

Disabled shopfloor workers have received a 4.88% increase in basic rates and improvements to job rates, bonus, guaranteed pay, overtime and life assurance benefits giving an overall increase in average earnings of between 5.1% and 5.2%. In addition, one extra day's holiday will be applied from 1 January 1983 and a reduction of working hours from 39 to 38 per week will take place from 1 October 1983. The effect of the total settlement on average earnings is 6.45% in the settlement year and 8.16% in a full year. .

(b) managerial, supervisory and technical staff (1180)

Settlement date: 1 February

Union: ASTMS

(c) administrative and clerical staff (685)

Settlement date:

Union: APEX

Both groups have received a 5% increase on basic salaries. In addition, group (b) will benefit from a reduction of 1 hour in the working week and group (c) by a reduction of $\frac{1}{2}$ hour.

The overall settlement will increase average earnings over the whole workforce by 6.3% in the settlement year and by nearly 8% in a full year. It is intended that the cost of implementing the additional holiday and reduction in hours will be met by a revision of working practices.



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