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Secretary of State for Trade and Industry

CONFIDENTIAL

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28 October 1983

The Rt Hon Tom King MP
Secretary of State for Employment
Caxton House
London SW1H 9NF

Prime Minister

(2)

AT 28/10

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D. Tom.

You will be aware that BS has been in negotiation with its unions - the Shipbuilding Negotiation Committee (SNC) of the CSEU - for some time over pay and redundancies.

2 BS' settlement date is 1 April, and the management offered a zero national pay increase from 1 April this year. This was accompanied by the warning that 9,000 jobs were 'at risk' in BS during 1983/84.

3 The unions did not accept the pay offer, but have been holding their fire, so far, while awaiting the arrival of a new Chairman, and watching the progress of the redundancy programme. 3,675 of the 9,000 jobs 'at risk' were declared as firm redundancies in early July, and a large part of these have been secured through voluntary redundancies.

4 The next tranche, 3,400, was announced on 12 October. As the scope for voluntary redundancies seems to be nearly exhausted, many of these will have to be compulsory.

5 The 12 October redundancy announcement was coupled, by the new Chairman Mr Day, with a reiteration of the zero national pay offer. The SNC have spent the last two weeks consulting at shipyard level on the pay offer and the redundancy programme, and meet on 28 October to decide their response.

6 They are due to convey their response to the BS management on 2 November. The indications are that the SNC will recommend industrial action right across the Corporation (although this is not quite a certainty). Some yards may jump the gun and take action before the SNC/BS meeting on the 2nd.

7 Although a strike call is not inevitable, and although the response to such a call is not predictable, I thought it right to warn you, and colleagues, of the possibilities.

8 My Department will be monitoring the situation, and will keep



you informed of developments, especially of any wider impact of the strike.

9 Copies go to E(NI) colleagues, Michael Heseltine, Jim Prior and Sir Robert Armstrong.

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Norm

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28 Oct. 1983

