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SECRETARY OF STATE FOR ENERGY  
THAMES HOUSE SOUTH  
MILLENNIUM LONDON SW1P 4QJ

01 211 6402

NBP n.

The Rt Hon John MacGregor OBE MP  
Chief Secretary to the Treasury  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

30 January 1986

*Alfred*

Thank you for your letter of 24 January. I am pleased to say that the unions have accepted the BGC offer; GMBATU (82% of the manuals) at its delegate conference on Friday, 24 January, and TGWU on Monday 27 January. The Corporation are now awaiting a formal letter from the Union Side.

In each of the last three years, first Nigel Lawson and now yourself, have expressed concern over the short period of notice which BGC have been able to give. I had hoped that by now BGC's skills and modus operandi in pay negotiations would be understood and appreciated. The union claim is normally complex and typically it does not quantify the increase in basic rates which the manuals have in mind. BGC's approach, which is traditionally tough, yet which has consistently managed to avoid industrial dispute, is to negotiate at official level by concentrating initially on everything other than the basic increase. Only after supplementary issues have been disposed of do they bring their focus to bear on the central pay rate. They always attempt to do so in such a way that the negotiations lead to a figure which is likely to be accepted by both sides as final. This year that number took shape in an official level meeting which concluded at 9 o'clock on Friday 17th. When I wrote to you the figure had still to be considered by the employers' side (basically the regional chairmen) and in effect they received little more notice than did you and other colleagues.

The only ways by which a period of seven days' notice to Ministers could be guaranteed by BGC would be for them to either circumscribe their negotiating position before talks began or to insist that any offer was ad referendum to Ministers. We could not justify either.

In the event, I believe BGC have achieved as good a settlement as we could possibly have expected and in my view the BGC's industrial relations negotiators should be congratulated for their success in

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yet again achieving a realistic settlement. As far as the future is concerned I expect BGC to be outside the public sector before the next pay round.

I am copying this letter to the Prime Minister, other members of E(PSP), Malcolm Rifkind, Nicholas Edwards, Tom King and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'P Walker', written in a cursive style.

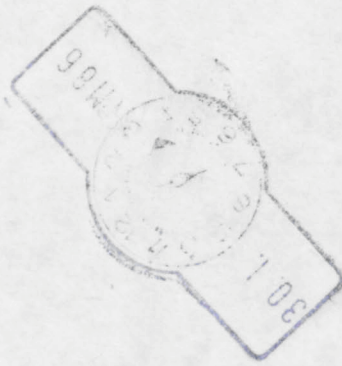
PETER WALKER

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Gas Industry





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Prime Minister

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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Peter Walker MP  
Secretary of State for Energy  
Department of Energy  
Thames House South  
Millbank  
London  
SW1P 4QJ

24 January 1986

Dear Peter,

**BGC: MANUALS PAY NEGOTIATIONS**

Thank you for your letter of 21 January to Nigel Lawson.

I understand that pay negotiations have effectively been concluded. In the circumstances, this was always going to be a difficult set of negotiations to influence. But I am worried that we did not have an indication of the sort of figure in mind (and 6 per cent is potentially a dangerously repercussive figure for other public sector settlements) until it was practically impossible to react before the negotiations concluded. What can we do to avoid this happening again?

I am copying this letter to the Prime Minister, other members of E(PSP), Malcolm Rifkind, Nicholas Edwards, Tom King and to Sir Robert Armstrong.

We have of course already  
had local authority manuals  
at 8.2%.

Yours,

JOHN MacGREGOR

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NAT IND: Gas & elec: Pt 12.



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CEBB  
Prime Minister 2

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Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

21 January 1986

*Nigel*

BGC: MANUALS PAY NEGOTIATIONS

After lengthy negotiations at "official" level about the shape of this year's pay and conditions package which were concluded late last Friday evening, BGC have hammered out a proposal which is now being submitted to the formal negotiating teams. Both sides are now considering their positions and expect to discuss the proposal at a meeting of the National Joint Industrial Council (the formal negotiating body for the Gas Manuals) on Wednesday 22 January. BGC officials believe that the proposal will be agreed by the employers' side (principally the regional chairmen), but they have serious doubts about the reactions of the trade union side. The core of the proposal is a 6% increase on basic wage rates which would raise average earnings and paybill by 5.6%. The other elements of the package have no appreciable effect on either earnings or the pay bill.

Negotiations this year have been much harder than previously; but the employers' side have told me that they have conceded as little as they could while still trying to achieve a settlement. They have resisted claims for reduced working hours, for enhanced eligibility to bonus and for other improvements.

Against the background of the relatively modest settlements which BGC have achieved in recent years, I believe that if BGC can agree an increase of the size proposed it is the best we could hope for. I am particularly conscious of concern which BGC management have expressed about the intention of some factions among the unions who wish to use privatisation as a bargaining counter.

I am copying this letter to the Prime Minister, other members of E(PSP), Malcolm Rifkind, Nicholas Edwards, Tom King and to Sir Robert Armstrong.

*Peter Walker*  
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PETER WALKER



