

62/5

CONFIDENTIAL

Prime Minister 2

DRS  
9/5.

Mr. Norgrove

Y2024

Mr. Unwin

POWER WORKERS - SITREP

1. I understand that SofS for Energy is being invited by his officials to write today to the Prime Minister and others, reporting on the current state of play in this year's pay negotiations in the ESI. (Talks were adjourned late last evening without agreement and a further meeting is fixed for 1030 am Wednesday 14 May).
2. I also understand that the ESI unions intend to give formal notice to their employers (and the public) on Monday 12 May that they will be calling an overtime ban plus withdrawal of cooperation etc, to begin at midnight Sunday 25 May.
3. D.Energy regard this as a not unexpected negotiating ploy to put pressure on the Electricity Council. There is plenty of negotiating time between 12 and 25 May for a settlement to be reached. Even if action does begin on 25 May D.Energy do not expect anything other than possibly minor interruptions to supplies for some time thereafter.

Budd

BRIGADIER J A J BUDD  
9 May 1986

You will wish to note  
this. We will watch  
closely.

Jim  
9/5.

I don't like this. The whole thing seems  
to be being treated far too casually. Unless  
it is tipped in the end 100% - we shall be  
in increasing  
trouble.

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not



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CCBG

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P 02057

From: J B UNWIN

12 May 1986

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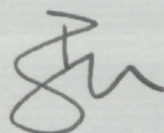
MR NORGROVE

ELECTRICITY SUPPLY INDUSTRY PAY

in meeting  
↓ folder.

The Secretary of State for Energy's letter of 12 May to the Chief Secretary reports the latest state of play on these negotiations. The next meeting is to be held on Wednesday morning (14 May), with the unions apparently proposing next Monday to issue notices to their members calling an overtime ban from midnight on Sunday, 25 May and withdrawing all future cooperation with management in discussions on changes in working practices and improved productivity.

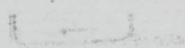
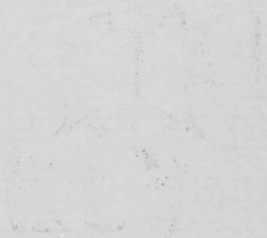
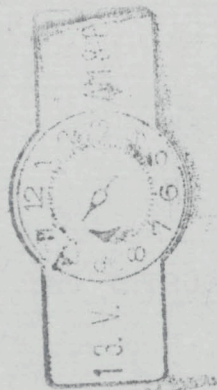
2. What the letter does not give, however, is any assessment of whether, in the light of these developments, serious industrial action is likely. At official level, the Department of Energy continue to be optimistic. But the Secretary of State seems to be unhelpfully coy, and you may think it prudent to ask for a judgement in writing from his office. If there is any serious prospect of industrial action, I shall want to gear up the CCU arrangements in the earliest possible time.



J B UNWIN

Cabinet Office









## SECRETARY OF STATE FOR ENERGY

THAMES HOUSE SOUTH  
MILLBANK LONDON SW1P 4QJ

01 211 6402

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

12 May 1986

ELECTRICITY SUPPLY INDUSTRY PAY

Thank you for your letter of 8 May.

I am now in a position to report the outcome of yesterday's meeting with the unions representing the ESI's manual workers. As expected, in the light of the ballot results rejecting the previous offer and endorsing industrial action, the meeting was a difficult and lengthy one and no agreement was reached. The Electricity Council made an improved offer of a 5.8% increase across the board, together with an offer to increase the overtime calculator to 1986 levels as from 1 April 1986. This was rejected as totally inadequate by the unions. The Electricity Council also explored the possibility of offering further money without any impact on scheduled salaries by telling the unions that they would be prepared to consider paying out as a lump sum to staff the money withheld last year as a result of the freezing of the overtime calculator at the previous year's level, but this was also dismissed as inadequate.

As far as the negotiations on matters not concerned directly with the level of the pay increase were concerned the Council believe that they have moved sufficiently, by granting an extra increment to some individual grades eg craftsmen in large and nuclear power stations and agreeing to carry out a review of the salary structure over the next year, to satisfy the unions. However, there was a confused debate over the EETPU's demand for a bridging grade between the industrial staff and the engineers. This is essentially an inter-union dispute between the EETPU and the EPEA as the EETPU want their members to be allowed to do certain work traditionally the preserve of the engineers. This is clearly something that is not in the power of the Electricity Council to deliver as the EPEA would never agree to this. In fact possibilities for advancement for good industrial workers to the engineering assistant grade do exist in the industry, but on promotion they naturally tend to join the EPEA and are therefore lost to the EETPU. There seems no easy way to settle this,





particularly as the EETPU are not even clear what precisely it is that they are asking for, but the Electricity Council hope that the EETPU can eventually be isolated from the other three manual unions.

The unions have refused to give any indication of the level of pay increase necessary to satisfy them. The meeting has been adjourned to 10.30 am on Wednesday 14 May, but the unions are intending on Monday to issue notices to their members calling an overtime ban from midnight on Sunday 25 May and withdrawing all future co-operation with management in discussions aimed at changes in working practices and improved productivity.

At the moment the Electricity Council have not settled their tactics for next week's meeting and I intend to discuss the matter with the Chairman and will then report further.

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

A large, stylized handwritten signature in black ink, which appears to read "Peter Walker".

PETER WALKER







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P 02046

✓ CC BG  
From: J B UNWIN  
7 May 1986

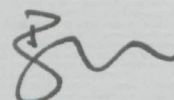
MR NORGROVE

POWER STATION WORKERS

You will no doubt have seen various recent reports on the electricity workers' pay negotiations which suggest that industrial action is imminent (an example is the attached cutting from yesterday's Daily Mail).

2. We have kept in close touch with the Department of Energy on this, in case the intervention of the CCU should prove necessary. You may like to know that we are still assured by the Department of Energy that they expect pay negotiations to succeed and that they see no imminent prospect of industrial action. It may prove necessary (as Mr Walker has already indicated in correspondence) to settle at a little above 6 per cent, but the Department still believe that a peaceful settlement will be achieved.

3. I am not, therefore, making any CCU dispositions, but we will continue to keep a close eye on this.



J B UNWIN

P.S. The later news reports today, which refer to rejection of the existing pay offer & the resumption of negotiations tomorrow, do not affect this assessment.

Cabinet Office





But she has been given these salaries went up last time."

Daily Mail

# 'Blackout' unions to shatter pay limits<sup>18</sup>

GOVERNMENT pay guidelines are set to take another battering — because of blackout threats by 74,000 power station workers.

They are known to have voted overwhelmingly for disruptive action this summer, although the results of their ballots will not be announced until tomorrow.

Electricity chiefs were

By DAVID NORRIS  
Industrial Correspondent

preparing for a climb-down last night, with their 'final' offer of between 5 and 5.5 per cent certain to be boosted when they meet union leaders on Thursday.

The guidelines demand that wage rises in the public sector remain within inflation, now at 4.2 per cent.

Last week, the Government gave way on another pay claim, and offered 480,000 civil servants rises worth six per cent.

The power workers' tough line, spearheaded by the usually moderate electricians' union, took the State industry bosses by surprise.

The power unions' chief negotiator, Mr. Fred Franks, said there was no doubt that the ballots had produced a strike mandate.

Initially, this would probably mean an overtime ban—but that would cause widespread disruption.

Apart from the pay offer, the power workers have resented what they claim is a widening rift between their wage rises and their managers'.





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

01 211 6402

DN 6/5

Prime Minister 2

DN  
6/5

The Rt Hon John MacGregor OBE MP  
Chief Secretary  
H M Treasury  
Parliament Street  
LONDON  
SW1P 3AG

2 May 1986

*A. G. G.*

ELECTRICITY SUPPLY INDUSTRY PAY

WILL REQUEST IF REQUIRED

As I said in my letter of 8 April the next meeting with the unions representing the ESI's manual workers will take place on Thursday 8 May. The results of the unions' ballots will be known before then and the Electricity Council expects that the unions will receive the mandate for industrial action that they are seeking and that they will be pressing strongly for a substantially improved offer. You will have seen the unions' sabre rattling threats of a strike in the press recently.

In the circumstances the industry sees no chance of achieving a settlement below 6%. The meeting is likely to be a difficult one and the strength of the unions' position will depend on how substantial the majority for industrial action turns out to be. The Electricity Council will be prepared to make an offer of 6% at the meeting, but only if this looks likely to achieve a settlement.

I will keep you informed of further progress.

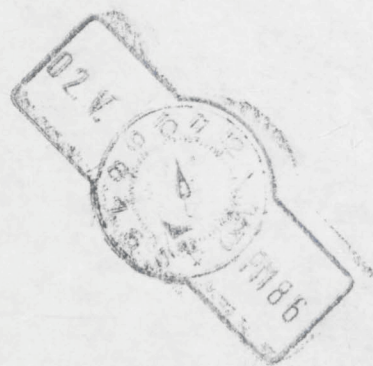
I am copying this letter to the Prime Minister, the other members of E(PSP), Malcolm Rifkind, Nicholas Edwards, Tom King and to Sir Robert Armstrong.

*Peter Walker*

PETER WALKER

CONFIDENTIAL







CONFIDENTIAL

*alg*

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Peter Walker MBE MP  
Secretary of State for Energy  
Department of Energy  
Thames House South  
Millbank  
London SW1

*NBRM*

20 March 1986

*Dear Peter,*

ELECTRICITY SUPPLY INDUSTRY PAY

*will request  
it re'd*

Thank you for your letter of 12 March.

It is a pity that the Council takes the view that it will be impossible to achieve a settlement below 6 per cent. For the reasons set out in my letter of 6 March I believe there is a strong justification for a lower outcome. And in any case there can be no question of going above the 6 per cent to secure a deal.

I would be grateful to be kept in touch with further developments.

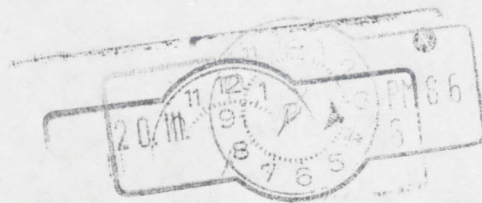
I am copying this letter to the Prime Minister, other members of E(PSP), Malcolm Rifkind, Nicholas Edwards, Tom King and to Sir Robert Armstrong.

*Yours ever,  
JH*

JOHN MacGREGOR

CONFIDENTIAL







CONFIDENTIAL



Department of Employment

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 5949

Switchboard 01-213 3000

The Rt Hon Peter Walker MBE MP  
Secretary of State for Energy  
Thames House South  
Millbank  
London  
SW1

NBP7,

7 March 1986

Du Peter,

**ELECTRICITY SUPPLY INDUSTRY: MANUAL WORKERS PAY**

I have seen your letter of 28 February to John MacGregor about the proposed offer in the electricity supply industry. I am concerned that your proposed offer is higher than last year's settlement of 5.8%. I would have thought that in the light of the predictions for lower inflation, and that settlements in the private sector are stable or possibly edging down, a lower offer should be seriously considered. I am unaware of any major problems concerning recruitment and retention.

Already in this round the settlement in the Gas industry, and the proposed settlement for coal, are higher than last year. If the electricity industry follows suit, then it may be impossible to prevent a general drift upwards in the level of settlements in the public trading sector. This will damage our attempts to encourage lower settlements in the private sector which are essential if we are to see a better trend in employment.

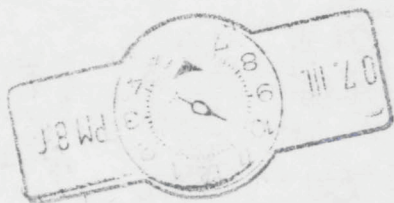
I would urge you to consider requesting the electricity supply industry to seek a final settlement at least no higher than last year and preferably a little lower.

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.

KENNETH CLARKE

CONFIDENTIAL





Public Sector Pay.  
Economic Policy  
R-173.



CONFIDENTIAL



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Paine 12/10/84

DKS  
6/3

Treasury Chambers, Parliament Street, SW1P 3AG  
The Rt Hon Peter Walker MBE MP  
Secretary of State for Energy  
Department of Energy  
Thames House South  
Millbank  
London  
SW1P 4QJ

M

6 March 1986

Dear Peter,

#### ELECTRICITY SUPPLY INDUSTRY PAY

Thank you for your letter of 28 February.

The Electricity Council's proposals for a settlement as high as 6 per cent worry me. As I mentioned in my letter of 24 January about the gas manuals' negotiations, there is a danger of 6 per cent being perceived as the going rate for pay increases in the public sector. This will be even more acute if the ESI manuals are seen to settle for the same figure. The fact that other groups have settled around 6 per cent does not mean, of course, that the ESI settlement has to be at that level.

I recognise that pay negotiations in the electricity supply industry will be influenced by the settlements in the coal and gas industries. However, there is a good case for a settlement below 6 per cent. The annual rate of increase in the Retail Prices Index is 5.5 per cent at the moment and is set to fall during the year. And the gas manuals' settlement was 5.6 per cent on average earnings. Since the electricity manuals achieved a higher settlement than the gas manuals last year, the Electricity Council should be able to aim for a lower settlement this year. The ESI's financial forecasts imply that 5 per cent would be a more sensible outcome than 6 per cent. I would therefore urge you to press the Council to seek a settlement around this level and hopefully no higher than 5.6 per cent on average earnings.

Last year following the ESI manuals' settlement there was a chain reaction for settlements for the other ESI groups. I would be grateful if you could let me know the consequences for the other groups which you expect to follow from the negotiations with the manuals.

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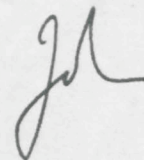


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CAS TELE  
0712

CONFIDENTIAL

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

Yours ever,



JOHN MacGREGOR



CONFIDENTIAL

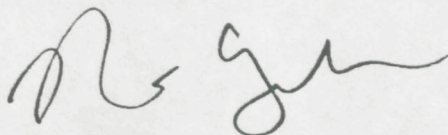


01 211 6402

Prime Minister<sup>2</sup>DLS  
3/3

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

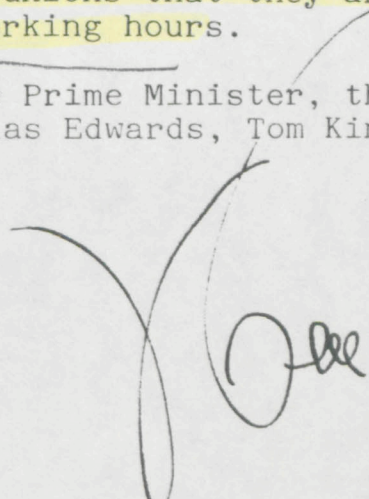
29 February 1986

**ELECTRICITY SUPPLY INDUSTRY PAY**

The Electricity Council has just informed me that, following informal meetings with the unions representing the ESI manual workers, they intend to make an offer to the unions at the next formal negotiating meeting to be held on Thursday 6 March.

Given the present level of settlements the industry sees little chance of achieving a settlement much below 6%. In view of this, if it seems likely that it would be possible to reach a quick settlement without a ballot, the industry will be prepared to offer up to 6% to achieve this. If, however, the unions make it clear that it is their intention to ballot their membership on any offer then a somewhat lower offer would be made. Coupled with this the industry expect to come under strong pressure to increase the overtime calculator, which for the last two years has been frozen at the previous year's level, so that it applies to the agreed 1986 pay rates. While the industry expect to have to concede this, they believe that, by careful control of overtime working, it should be possible to ensure that the effect on average earnings is broadly neutral. The industry have already made clear to the unions that they are not prepared to contemplate any reduction in working hours.

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



PETER WALKER



