

CONFIDENTIAL

Prime Minister

JV

Nat Ind: Coal Pt 6

Yes not



Agree that you should chair a meeting of Ministers on the NUM pay claim in the week of 6 September, by which time the NCB's ~~proposal~~ should have put to us their proposed pay offer?

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

MONITORING REPORT: PUBLIC TRADING SECTOR

LM
9/8

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

2. In submitting the previous monitoring report I referred in particular to negotiations with non-manuals in the electricity supply and gas industries. The electricity supply clericals have now settled broadly in line with the 7.4 per cent increase for the manuals. In the gas industry the offer to staff and senior officers has been increased to the equivalent of 6.5 per cent on earnings. Within this figure the most senior grades are being offered 7 per cent. The separate higher management group had also been made an offer at that level (as reported in Nigel Lawson's letter of 28 June). Now, however, the offer to higher management has been increased to 7.4 per cent. I hope that this will not be allowed to precipitate a general move up towards the 7.9 per cent increase which the gas manuals earlier obtained at arbitration. The present offer to the staff of 6.5 per cent seems more than adequate. No doubt Nigel will keep in touch with British Gas.

3. Tom King undertook in his letter of 16 July to report further on developments in the water industry, in the light of both the special 15 per cent comparability claim which has emerged and the prospective dissolution of the National Water Council. I understand that there have as yet been no moves in respect of the next annual pay increase, due in December, and that it has therefore been felt premature to approach the Regional Water Authority chairmen about the handling of the



negotiations. We will, however, need to do all we can to ensure satisfactory arrangements on the management side before negotiations get under way; and this would point to action before too long. We await Tom King's report on this.

4. A settlement with water industry non-manuals is now imminent, at just under 7½ per cent on earnings. This is high, but at least significantly lower than the manuals' increase of 8.8 per cent. As regards the British Waterways Board, Michael Heseltine has drawn their attention to the lack of justification for any increase in the present offers of 5 to 5½ per cent. I am sure that this is right.

5. British Airways had withheld any pay increase this year, but are now in the process of agreeing an increase of 11 per cent from 17 October to last until the end of 1983. This will cover, in effect, the two calendar years 1982 and 1983. Given the reduction in settlement levels for which we are aiming in the coming year, such an increase could well mean that British Airways keep abreast of pay movements generally over the period. Given the success which they had earlier this year in avoiding a pay increase, that would be a disappointing outcome in the circumstances. Moreover, I am not aware that we had any prior notification of the increases now being agreed.

6. Finally we now have Nigel Lawson's report on the forthcoming coal industry negotiations (his letter of 2 August), which was anticipated in my minute of 29 July. In your reply of 2 August you agreed that there would need to be early consideration of that report. Having seen it, I think that we will need a discussion as soon as we know the outcome of the Board's meeting on 3 September at which they will be deciding their pay offer. Nigel will no doubt keep closely in touch with the Board before that date. If your office were able to arrange a meeting of colleagues concerned for the subsequent week, Nigel would then be in a position to pass on our conclusions as necessary before the Board meet the NUM on 15 September.

CONFIDENTIAL



As his letter indicates, it is quite possible that the offer made then will be the one which is ultimately put to the (almost inevitable) strike ballot. So any misjudgements at that stage could have serious implications.

7. I am copying this minute to the Home Secretary, the Secretaries of State for the Environment, Trade, Industry, Transport, Energy, and Employment, and to Sir Robert Armstrong and Mr Sparrow.

(G.H.)

9 August 1982

CONFIDENTIAL

PUBLIC TRADING SECTOR

PART 1 CURRENT AND FORTHCOMING NEGOTIATIONS

A 1981/82 PAY ROUND

- 1 British Rail: Clerical and Conciliation grades (150,000)
Settlement date: 20 April
Unions: NUR, ASLEF, TSSA

In response to a claim for increases in line with the RPI and other benefits, BR offered a 5% increase on national rates from 6 September - not backdated to the April annual settlement date. The offer was conditional upon productivity items outstanding from the 1981 pay round being completed by 30 July and that no further industrial action was taken. The offer was rejected by all three unions. Following industrial action taken by the NUR on 28 and 29 June, BR's offer was automatically withdrawn.

BR has still to reach agreement with the NUR on the single manning of trains on the Bedford to St Pancras line. The Board has indicated that without agreement there will be no annual pay increase. The NUR insists that the union's agreement on substantial productivity improvements has already been sufficient for a 1982 pay review to go ahead.

On 29 June delegates at the NUR's annual conference voted to unilaterally refer the current pay and productivity issues, as they affect the NUR, to the Railway Staffs National Tribunal. ASLEF and TSSA have associated themselves with the reference to pay. The RSNT began hearing evidence on 3 August. The tribunal's recommendations on the unilateral reference will be non-binding.

The strike by ASLEF, which had brought the rail network effectively to a standstill from 4 July following British Rail's attempt to impose flexible rostering, was called off following a meeting of the TUC Finance and General Purposes Committee which put forward proposals for a return to work on the following basis;

- (a) that the BR Board withdraw its intentions to issue dismissal notices to those involved in the strike and withdraw notice to close the rail network from 21 July

CONFIDENTIAL

CONFIDENTIAL

(b) that the flexible rosters already introduced at 71 depots be regarded as provisional (worked under protest) and subject to joint review and agreement in the light of the rostering agreement reached at national level

(c) BR would not introduce any new rosters before 2 August

(d) and that ASLEF terminate the strike immediately

(e) recall an annual delegate conference within 7 to 10 days to authorize the Executive Committee to enter into negotiations and complete an agreement on the basis of recommendations and safeguards contained in RSNT 77

(f) and that further negotiations are carried out by a sub-committee of the RSNC immediately after the ASLEF conference and are to be completed within 6 days.

A full return to work took place on 19 July. ASLEF's recalled conference met on 27 July when delegates accepted the principle of flexible rostering "under protest". Negotiations on a new agreement were concluded prior to the RSNT hearing on 3/4 August, although formal signing of the new agreement has yet to take place.

In its submission to RSNT on 3 August the Board asked the Tribunal to find that firm implementation dates should be agreed on the remaining productivity items, and that the unions should agree to co-operate in further economy measures as a condition of a modest pay increase less than the Board's previous offer.

2. London Transport - Rail

(a) Railway Supervisory, Booking Office, Conciliation grades (18,000)

Settlement date: 20 April

Unions: ASLEF, NUR, TSSA

Management had offered 5% on basic rates and a further 1-2% on basic rates linked to improvements in productivity.

In addition, management undertook to review relativities, consider 1 extra days holiday, reduce hours from 39 to 38 per week (providing this could be achieved at negligible cost) and to pay a lump sum bonus worth in total half of any undershoot of the 1982/83 budget. The total effect on earnings is unclear.

As a result of new underground timetables introduced from 21 June which reduced services and cut manning levels, services were greatly disrupted by an

CONFIDENTIAL

CONFIDENTIAL

ASLEF all out strike and NUR "non co-operation". A full return to work finally took place following agreement with the London Transport Executive that the introduction of the new timetables would be deferred until whilst a joint working party considered other ways of achieving economies. At the same time, the NUR annual delegate conference voted to refer the pay issue unilaterally for arbitration by the Wages Board under the Chairmanship of Professor Buchannan. ASLEF and TSSA are associated with the reference.

LT arbitration arrangements are based on those for British Rail. As the unions are proceeding on a unilateral reference, the recommendations of the award will not be binding although such recommendations have, in the past, been generally accepted as a basis for settlement.

The Wages Board will began hearing evidence from 29 July and are expected to report in mid-August.

Comment: Although the NUR has said that the old timetables should run indefinitely until an alternative way of producing economies has been negotiated, the LTE has made it clear that it is not prepared to accept an indefinite postponement. The pay settlement for LT underground employees traditionally follows that of British Rail and the Wages Board machinery has therefore been little used for the purpose of determining the annual pay increases, but its awards generally favour LT.

(b) Rail workshop grades (3,550)

Settlement date: 22 April

Unions: ASBSBSW, AUEW, EETPU, FTATU, NSMM, NUSMWHDE, TGWU, UCATT, NUR

Management have made a similar offer as that made to the main underground group (see item 2a). Negotiations are likely to await the outcome of the unilateral reference to arbitration.

CONFIDENTIAL

CONFIDENTIAL

3. Gas Supply:

(a) Staff and Senior Officers (57,700)

Settlement date: 1 June

Unions: NJC - NALGO, GMWU, MATSA

On 17 June management made an improved offer of increases on basic salaries ranging from 5.5% (for junior staff) to 7.0% (for higher grades); an increase in average earnings of just over 6%. The offer was rejected. At a further meeting management offered a 0.5% improvement to certain grades in the middle of the range whilst leaving the overall range at 5.5% to 7.0% plus an extra day's holiday to staff in the lowest band. This brought the increase in average earnings to 6.5%.

Comment: The recent arbitration award for gas supply manuals worth 7.9% on average earnings in a full year will influence negotiations.

(b) Higher Management (3,600)

Settlement date: 1 June

Union: NALGO

Negotiations with this group will be influenced by the settlement for the gas staff and Senior Officers (see item 4a). An uncosted claim has been submitted which includes increases of 12% on basic salaries, restoration of differentials over staff and senior officers and grade restructuring. The unions rejected an offer of 7% on basic salaries (equivalent to about the same on average earnings) on 24 June. At a further meeting on 29 July the management increased their offer to 7.4% on basic salaries (about the same on average earnings). The unions still did not consider that this went far enough and are still considering their formal response. No further meeting has been arranged.

4. Water Service: Staff (35,300)

Settlement date: 1 July

Unions: NALGO, GMWU, NUPE, GLCSA, TWSA

Following rejection of management's offer of 7% on basic salaries and marginally increased holiday entitlement, (the effect of the total offer on average earnings is not known), NALGO reconvened their annual Staff Water Group meeting on 14 July and have been undertaking further discussions with the other unions involved in negotiations. Subject to formal ratification by the NALGO water committee on 23 August the unions accepted on 4 August an offer giving 7.5% increase on all salary points. Average earnings will increase by slightly less.

CONFIDENTIAL

CONFIDENTIAL

5. British Nuclear Fuels Ltd: Industrials (9,190)

Settlement date: 1 July

Unions: GMWU, AUEW, TGWU, EETPU

A ballot of union members on an offer worth 7½% on average earnings was inconclusive; the non-craft unions accepted the offer; the craft unions rejected it. At a meeting on 14 July management were asked to reconsider their offer, but refused. The unions are now considering their next moves which they have said could involve industrial action. The next meeting with management is on 7 August. It is not known what line management intends to take at the meeting.

6. Post Office and National Girobank

(a) Postal Supervisors, Executives and Supervisory Catering Grades (14,800)

Settlement date: 1 April

Union: CMA

The Post Office has made an opening offer worth 5½% on earnings. Negotiations continue. The CMA is unlikely to accept increases less than those recently awarded to members of the UCW (7.6% on average earnings).

(b) National Girobank, Clerical, Typing, Secretarial and Data Processing Grades (5,200)

Settlement date: 1 July

Unions: CPSA, SCPS

Management has offered 6% on basic salaries and a productivity scheme which, it is estimated, could provide a further 3% on earnings; the overall effect of the offer on average earnings is not known. Negotiations are continuing.

CONFIDENTIAL

CONFIDENTIAL

7. British Telecom:

Settlement date: 1 July

(a) Radio Officers, Telephonists, Telegraphists - 36,000

Union: UCW

Although the union had pressed for an increase comparable to the settlement reached with the Post Office UCW grades (7% on basic rates), the union's executive has now recommended for acceptance an offer in line with the main BT negotiating groups represented by the POEU and SPOE which provides a 6.75% increase on basic rates; 6.8% on average earnings in a full year. The offer will be put to a ballot of the membership and the result is expected around mid-August.

(b) Clerical, Typing, Secretarial and Data Processing grades - 35,000

Union: CPSSA

(c) HCO, EO, HEO, Welfare, Information grades etc (6,300)

Union: SCPS

(d) Telephone, Telegraph and Radio Supervisors (6,000)

Union: CMA

The Executive Committees of the unions are meeting to consider offers in line with that which has already formed the basis of a settlement with the main POEU and SPOE negotiating groups i.e. 6.75% on basic rates, 6.8% on average earnings in a full year.

8. British Waterways Board: Manuals (2,370)

Settlement date: 18 July

Unions: NJC - TGWU, NUR, CSEU

The unions have made an uncosted claim for an increase of 12% to 15% on basic rates, a shorter working week and additional holidays. A formal negotiating meeting took place on 20 July when management made an opening offer of 4% on basic rates which was rejected. A second offer of 5% on rates was also rejected. The Secretary of State for the Environment has met the full Board and has stressed that any improvement on the existing offer would not be justified.

CONFIDENTIAL

B. 1982/83 PAY ROUND

9.. British Airways: All grades (excluding pilots) 40,000

Normal settlement date : 1 January

Unions : TGWU, AUEW, EETPU, NUSM, APEX, FTATU, GMWU, UCATT, ACTSS, ASTMS, MNAOA

On 10 September 1981, British Airways announced a "rescue plan" aimed at stemming large financial losses. The plan included a large reduction in manning levels, the reorganisation of many working practices and a pay freeze at least until 1 October 1982. A reduction of 10,000 jobs has been achieved and BA has recently announced a target reduction of a further 7,000 jobs by 31 March 1983.

For the purpose of negotiation on pay and conditions of employment, staff are divided into 10 functional groups called National Sectional Panels on which all unions are represented. After pressure from some unions, pay talks were opened on 5 July. Agreement has now been reached with the Engineering & Maintenance group and the Ground Service group for an increase in basic pay of 11% from 17 October to last until 31 December 1983. The effect of the settlement on average earnings in the 1982 and 1983 pay years is not yet known.

BA confidently expect to reach the same agreement with all other groups of staff in due course.

London Weighting and shift allowances are negotiated separately to general pay reviews and were increased from 1 July 1982 in accordance with the Department of Employment published indices for London Weighting and the RPI for shift allowances

10. Water Service: Manuals (35,300)

Settlement date : 7 December 1982

Unions : GMWU, NUPE, TGWU, NUAAW

To date, no claim has been received and no offer has been made in respect of the December 1982 pay review. There are, however, two issues which will have a bearing on negotiations:

a special

- a) the unions are seeking a / increase based on comparability with manual workers in the economy generally, / separate from the annual pay settlement. The 1981/82 pay settlement included a collateral agreement that the employers would, without commitment, give careful consideration to representations by the unions on the position of manual water workers in relation to the earnings of manual workers in the economy generally.

CONFIDENTIAL

CONFIDENTIAL

The agreement was made "on the clear understanding that the employers will wish to ensure that corresponding benefits of equal value are obtained for management and customers". Representations for increases based on the upper quartile of published earnings figures for manual workers generally were made by the unions at an informal meeting of the Chairmen of both sides of the NJIC. Management made it clear to the unions that comparison with upper quartile figures was unacceptable and that management's aims are towards improving performance and efficiency and, possibly, for a change to an April annual settlement date for the group. At a meeting on 30 June both sides reiterated their positions. Management said it would, however, consider ways of improving earnings and it was agreed that management would submit written proposals to the unions for consideration. No further meetings have been arranged.

(b) Although the National Water Council remains responsible for annual pay negotiations this year, the government's intention for its abolition could have an unsettling effect on the employers' attitudes; and the unions will be concerned to protect their interests for the future.

11. Coalmining : Manual grades (183,000)

Settlement date : 1 November

Union : NUM

The NUM has submitted a claim for a flat rate increase of £27.20 per week on the basic pay of surface workers; a 31% increase. For higher grades the increase represents a lower percentage increase in basic pay - around 23% for some face workers. The effect of the claim on average earnings has not been calculated. If negotiations on the claim are not completed by 1 November, a special delegates conference will be called which can be expected to agree an immediate overtime ban, probably with a pithead ballot to follow. A negotiating meeting has been arranged for 15 September.

PART 2 SETTLEMENTS CONCLUDED SINCE THE LAST REPORT

12. British Transport Docks Board: Manual grades (3,120)

Settlement date : 22 April

Unions : NUR, CSEU

Both unions have formally accepted management's offer of 7% on basic rates, an increase of 2.2% on the bonus and overtime claculators and 2 days additional holiday; worth in total 6.8% on average earnings.

CONFIDENTIAL

13. London Transport - Buses

- (a) Platform Staff (19,800)
Settlement date: 27 March
- (b) Road Workshop grades (3,300)
Settlement date: 22 April
- (c) Garage Maintenance wages grades (3,000)
Settlement date: 22 April
- (d) Miscellaneous wages grades (1,140)
Settlement date: 19 April

Settlements have now been reached with all four groups for a 7% increase on basic rates from 28 July (19 July in the case of platform staff). A back payment of 6% on gross earnings will be made to cover the period between these dates and the relevant annual settlement dates. The effect of the settlements on average earnings will be 6.7% in the first year; 7.1% in a full year. In addition, groups (b), (c) and (d) will benefit from the consolidation of a small workshop bonus from 1 January 1983, which will provide a further 0.6% on earnings in a full year.

14. Electricity Supply: Clericals (45,000)

Settlement date: 1 May
Union: NALGO

A settlement was ratified by NALGO on 30 July which gave a nil increase for 16 and 17 year olds, an increase of 7.2% across the board, and an increase of 7.3% to 7.6% for professional and administrative grades.