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Michael Scholar Esq
Private Secretary
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19 November 1982

Dear Michael

... I am enclosing a copy of the latest Pay Brief.

Copies also go to the Private Secretaries to
Members of E, E(PSP) and E(EA).

Yours Sincerely
F M Everiss

MS F M EVERISS
Private Secretary

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PAY BRIEF: POSITION IN MID-NOVEMBER

1. Since the October pay brief 38 settlements covering 254,000 employees with operative dates after 31 July 1982 have been reported. In the private sector (37 settlements covering 66,000 employees) the weighted average level is about 5½%. The principal settlement is a 2 year agreement for BL (Cars) (37,000) giving increases in earnings of 5% from 1.11.82 and a further 5½% from 1.11.83. The only settlement in the public sector is for Coalmining (188,000) which provides for increases equivalent to 8.2% (average) on rates - 6.5% on earnings. A settlement for Fire Services (40,500) of 7.5% on rates is not included in the figures as the effect on earnings is not yet available.
2. The cumulative average level of settlements for the whole economy this round (124 settlements covering 496,000 employees) is just under 7½% (just under 6½% excluding Police), but less than 5% of employees about whom the Department expects to receive information have reached settlements.
3. In the private sector the cumulative average is just over 6% (122 settlements covering 170,000 employees). For manufacturing the average level is just under 5½% and in non-manufacturing is just over 7½%. About $\frac{3}{4}$ of settlements and of employees are covered by settlements in a 5% to 8% range.
4. The 2 settlements in the public sector are Police (138,000) at 10.3% and Coalmining (188,000) at 6.5%. The weighted average is just over 8%.
5. Coverage: The limitations of the Department's coverage of settlements were explained in the September pay brief (para 14).
6. Seven Wages Councils covering 1,059,400 employees have either made or decided to make orders to come into effect during the current round. The weighted average increase in representative minimum rates is 5%; manufacturing just over 6½% and non-manufacturing about 5%. If these are added to the settlements for this round, using rates as a proxy for earnings and DE estimates for the numbers of workers affected, the cumulative average for the private sector is reduced by about $\frac{3}{4}$ of a percentage point to just under 5½%, with manufacturing little changed at about 5½% but non-manufacturing some 2½ percentage points lower at just under 5½%.

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7. In the PUBLIC SECTOR, talks are in progress on an increase of 6% from 6 September for British Rail clerical and conciliation grades (19 April - 136,000), recommended by the Railways Staffs National Tribunal under non-binding procedures. All the parties consider that the award forms the basis for a negotiated settlement. Discussions are now centring on responsibility allowances for the productivity improvements. A new two year pay offer has been made to NHS nurses and midwives (1 April - 482,600) averaging 12.3% from 23 Aug. The Royal College of Nursing is to ballot members with a recommendation to accept. RCN members have recently voted to retain the 'no strike' rule and against TUC affiliation. Discussions with the TUC affiliated unions on the financial framework for pay for ancillaries (1 April - 211,800), admin and clerical (1 April - 131,600) and ambulancemen (1 April - 18,100) for 1982/83 and 1983/84 have been concluded. The unions are to consult their members on whether to call off industrial action and resume negotiations in the Whitley Council on the basis of increases of 6% for 1982/3 and 4½% for 1983/4 (10.8% overall), with an additional 0.5% allocated for the introduction of a salaried structure for ambulancemen. The outcome will be known in mid-December. For the 1982/83 pay round, United Kingdom Atomic Energy Authority manuals (1 October - 4,760) are considering an improved offer of about 3¾% on average earnings. No further meetings have been arranged. The claim is for a substantial increase. Water Service manuals (7 December - 29,400) are threatening strike action in support of a claim for a substantial increase (about 15%) to bring them into line with the upper quartile of manual earnings generally, also a 1 hour reduction in the working week and a further 1 week holiday. An offer of 4% plus 1 extra day holiday has been rejected. The Employers have referred the case unilaterally to ACAS. ACAS are holding talks with the unions. The TUC Public Services Committee has agreed to present claims with 'common core' elements of at least 8% for public service groups, against a government cash provision of 3½% for settlements. Local Authority manuals (4 November - 1,041,700) have submitted a claim for a substantial flat rate increase, reduced hours and longer holidays. An offer is expected to be made at a meeting in early December.

8. In the PRIVATE SECTOR, an offer of 3½% on national minimum rates for workers covered by the National Engineering Agreement (1 November - 1,500,000) was rejected. A further meeting has been arranged for 19 November. The claim is for a substantial increase, an unskilled rate of 80% of the skilled rate (currently 71.9%) and a limit on overtime. The majority of Vauxhall Motors manuals (15 September - 15,600) have not accepted a 'final' offer of 8% on

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basic rates plus improved holiday bonuses and sick pay in 1983, worth about 9% overall. Workers at Ellesmere Port (4,900) and 300 electricians at Luton and Dunstable have accepted. The claim is for £25 on basic rates, a 35 hour week and staff conditions of service - estimated to be worth over 30%. Union negotiators for Ford Motor Co Ltd, manuals (24 November - 50,000) have rejected an offer worth about 8% on earnings. The offer is to be put to shop stewards on 22 November. The claim is for an increase of £20 per week, consolidation of attendance supplements, further progress towards a 35 hour week and other benefits. An offer worth 6% on earnings for Merchant Navy Seamen (1 January - 30,000) is being put to a ballot without a recommendation. The result is expected in mid-December. Unions representing the Officers (1 November - 35,000) are to consult their executive councils on a 5.5% offer. A reply is expected on 1 December. The TGWU has presented a claim for a 14.5% increase on basic rates for Oil Tanker Drivers (1 November - 7,500). Pay talks with the major companies have yet to be arranged (settlements at about 7% have been agreed recently at Shell Oil refineries). ESSO (1 November - 1,500) negotiated separately and an offer of a new wage structure, which incorporates a 2 hour reduction in the working week and is designed to improve productivity, has been accepted. The package is estimated to increase average earnings by about 20% and bring earnings more into line with those paid by the other major oil companies. In Motor Vehicle Retail and Repair (3 January - 367,000) the unions have been asked to reply by 30 November to an offer of 9p per hour (4.2% to 6.0% on rates). The claim is for an increase of £10, a shorter working week and additional holidays. A 4% offer to Guardian Royal Exchange staff (1 January - 8,700) is being considered. A reply is expected on 3 December. The claim is for increases of 10%-15%.

PRICES AND EARNINGS INDICES

PRICES

9. In October the year on year increase in retail prices was 6.8% compared with 7.3% in September.

EARNINGS

10. In September the year on year increase in average earnings for the whole economy was 6.8% compared with 7.8% in August. The September increase was

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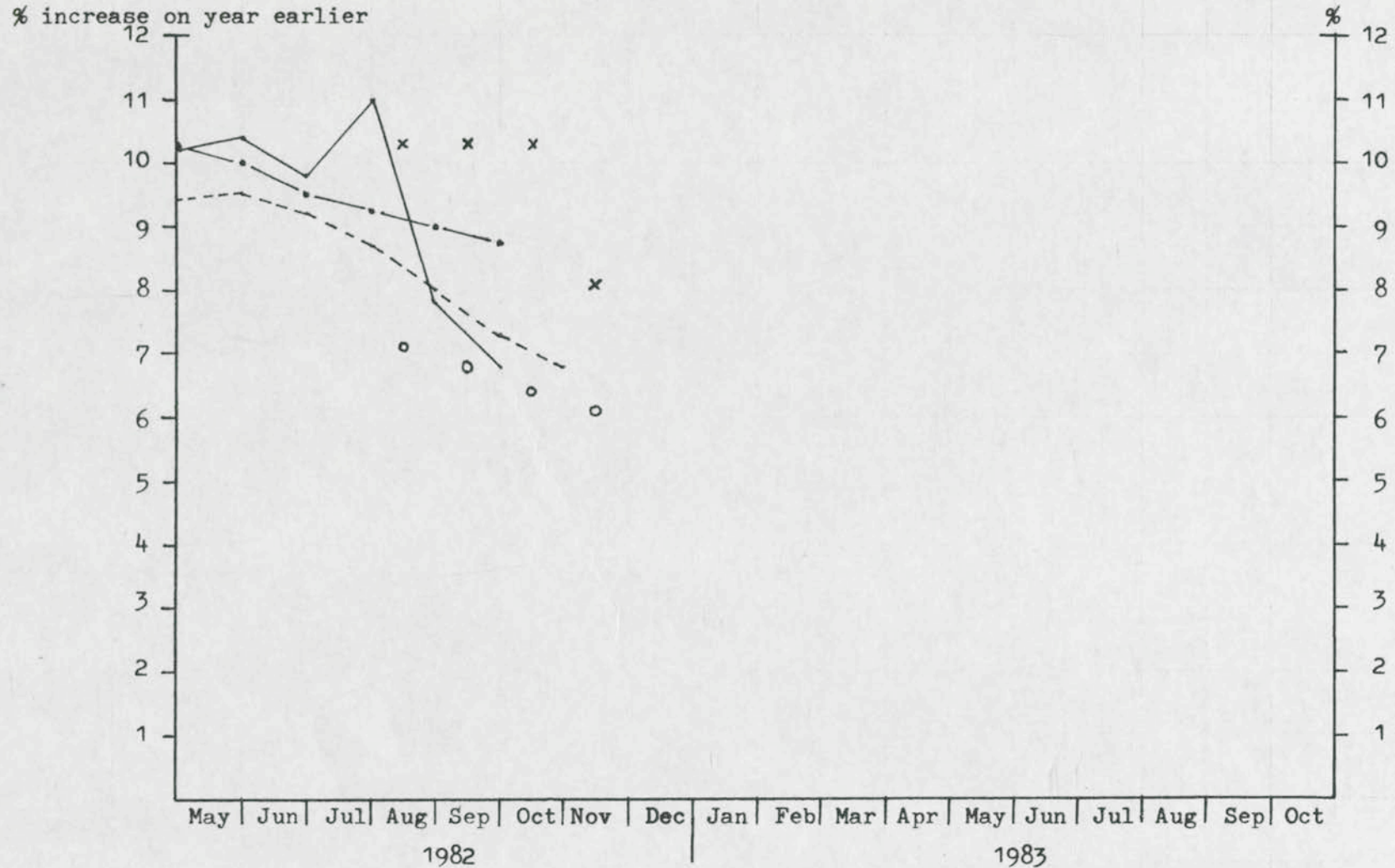
substantially depressed by temporary factors; mainly because there was much less back-pay in September 1982 than a year earlier and the delay in reaching annual pay settlements for about 1 $\frac{3}{4}$ million public sector employees. Also average earnings in September 1982 were affected by industrial action. The underlying increase in September was 8 $\frac{3}{4}$ %. This continues the downward trend in the underlying increase which was 9% in August, having fallen steadily from 11% in January 1982.

REAL DISPOSABLE INCOME

11. Real disposable income - taking account of the changes in earnings, prices and taxes - of a married man on average adult male earnings with a non-working wife and two children under 11 (with no other tax liabilities or allowances and not contracted out of the State Pension Scheme) remained at the same level in August 1982 as a year earlier.

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TRENDS IN EARNINGS AND PRICES



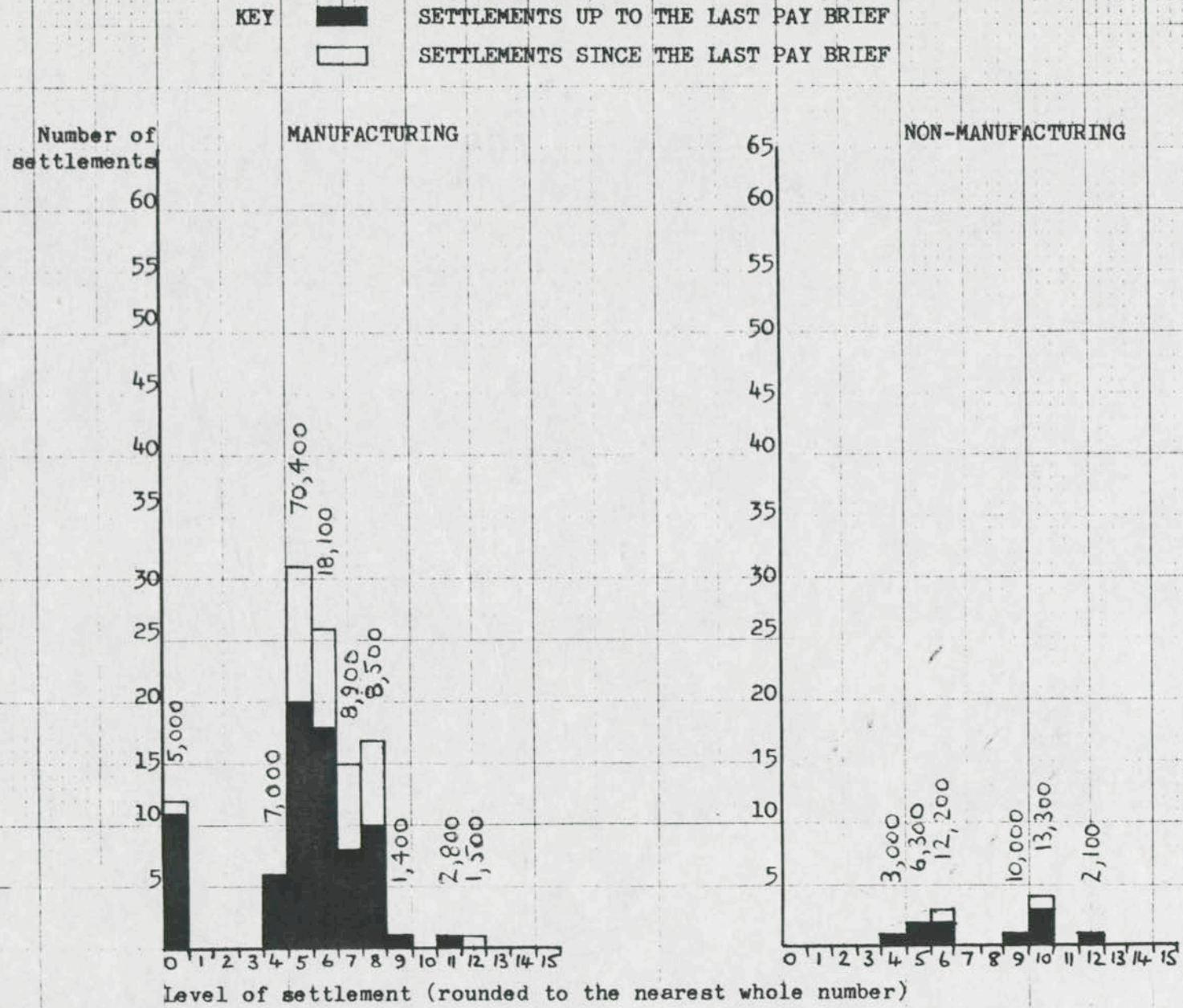
----- Retail Price Index
 — Average Earnings Index
 •—• Underlying rate of increase in earnings

Cumulative Average Increase in Earnings
 x Public Sector Settlements
 o Private Sector Settlements

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DISTRIBUTION OF SETTLEMENTS IN THE PRIVATE SECTOR BY LEVEL OF SETTLEMENT FROM 1 AUGUST 1982

APPENDIX A



NOTE - THE NUMBER OF WORKERS (ROUNDED TO THE NEAREST HUNDRED) AFFECTED BY THE SETTLEMENT IS GIVEN ABOVE THE APPROPRIATE INDICATOR.