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SV

DEPARTMENT OF THE ENVIRONMENT

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LONDON SW1P 3EB

01-212 3434



MINISTER FOR LOCAL GOVERNMENT  
AND ENVIRONMENTAL SERVICES

Prime Minister (2)

20<sup>th</sup> December 1982

An important letter.

Dear Nigel,

Mus 21/12

NATIONALISED INDUSTRY PAY

I note your letter to Geoffrey Howe of 9 December on the prospects for opening offers in both the gas and electricity industry.

With my immediate interest in water and having, with considerable difficulty, at last persuaded them to start at 4%, I am obviously concerned to see that both gas and electricity are thinking of starting at 5%.

I thought it might be helpful if I told you of my own experiences in dealing with the assortment of people that make up the water employers negotiating committee (this includes private water companies as well as water authorities - and I may say that they were no more helpful initially than the water authorities). What I found was a widespread failure on the part of the employers to appreciate firstly, the change of situation regarding inflation and the real prospects of 5% in the Spring and, secondly, how much harder it is for unions to persuade their members that there is anything worth striking for now that the figures are so much lower. In other words, when there may be another 5 or 10% to go for that might seem worth fighting for but if it is merely for another 1/2 or 1%, any loss of pay from strike action takes a long time for the employees to recover.

I believe these two factors have significantly altered the balance of wage bargaining this year in a way the majority of employers have still not yet appreciated. During my efforts to get a sensible low opening offer, I received continual warnings that 4% would certainly provoke major trouble and if there was no immediate move towards a national strike that industrial action in a number of areas would be quite inescapable. For the reasons I have given above, I did not actually believe this. You may be interested to know that I have since checked with the water authorities and they have had to confirm to me that there has, in fact, not been one single hour of industrial action of any sort

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since the 4% offer was made.

I hope that these thoughts may be helpful to you in further contacts with both electricity and gas as, obviously, it is absolutely essential for us all that we achieve the lowest level of settlements this year.

/ I am copying this to the Prime Minister, other members of E(NI) and to the Home Secretary.

  
TOM KING



Econ Pol

Public sector pay

DEC 1984

11 12 1 2 3  
4 5 6 7 8 9

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Econ. Pol.

Prime Minister

(2)

MR SCHOLAR

cc Mr Mount  
Mr Ingham

ms

Please see the

Chancellor's minute

, attached.

ms 6/1

NATIONALISED INDUSTRY PAY

I do not think the Prime Minister need reply substantially to the Chancellor's note to her dated 21 December reporting the outcome of E(NI). E(NI) clearly took note of the Prime Minister's views as set out in your letter of 20 December, and the action proposed in respect of BGC, BR, BT and the Post Office is satisfactory.

The handling of the water service remains the major difficulty in the nationalised industries. It is no surprise that the water workers seem, in their consultation, to be rejecting their 4% offer, particularly since it was widely reported when the offer was made that it would have have 6% but for Mr King's intervention. There is little point in repeating to her colleagues the Prime Minister's view, recorded in your letter, that there is no need for the offer now to be increased before arbitration takes place. But I have discussed with Bernard Ingham the desirability of the media appreciating that the water workers are bound to go to, and accept the results of, the arbitration, and I will be briefing him further on this when I have been able to establish what, if anything, ACAS has been up to over the last two weeks.

J.

5 January 1983

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Prime Minister <sup>(2)</sup> of JV  
ms 29/11  
2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434



My ref: H/PSO/17662/82

Your ref:

26 November 1982

NATIONALISED INDUSTRY PAY

The Prime Minister has asked that sponsor Ministers should report to you on the outcome of discussions with our nationalised industry chairmen.

You are aware of the developments in the water industry pay negotiations, and Tom King has kept you fully informed of the discussions he has been having with various representative water authority and water company chairmen over the last few weeks. A major difficulty has recently been resolved by Sir Robert Marshall's decision to hand over the chairmanship of the Combined Employers Committee, which takes strategic decisions on pay, to Sir William Dugdale. The fact that he did not do so earlier has meant that there has been no single person to whom we were prepared to speak with the authority to represent the industry. But, in so far as we have been able to impress directly on a considerable number of regional chairmen the Government's pay objectives and the factors they should take into account, we have in the event probably been able to influence events more effectively than at any time in the recent past. We have, of course, used the outcome of the miners settlement to indicate the ineptitude of their original intention to open negotiations for the manuals at 6% but now, with 4% on the table, we are not encouraging them to relate to the miners at all.

All British Waterways Board settlements fall at the end of the round in July. The Chairman was left in no doubt of all aspects of the Government's position on pay in the discussions we had with him in talks leading up to the recently concluded negotiations for the last round. I do not think there is anything that we could carefully add at this stage, and it is too early to expect the Board to decide on a strategy for next July's negotiations.



I shall discuss this matter with the Chairman fully at an appropriate time next year in the light of developments during the round, and I will report back to you then.

/ I am copying this to the Prime Minister, to members of the E Committee, Nicholas Edwards and George Younger, and to Mr Sparrow and Sir Robert Armstrong.

yes m  
MLI

MICHAEL HESELTINE

2000/10/10

10/10/2000





B. R.

Simon P. J.

MICHAEL

Tom King's office 'phoned:

You asked about the comparison between the pay rise in  
in 1981/82 and the outturn increase on the pay bill. It  
sounds as if the information the S/S gave this morning at  
Cabinet is wrong.

Real figures are - 5.7% outturn on pay bill against  
8.8% pay award.

The NWC are very very unhappy that these figures should  
be used publicly. The unions do not know them and don't  
realise there is this gap between award and what the pay  
bill has increased by. Could you persuade PM not to  
quote figures.