



Prime Minister

MES 18/5

Treasury Chambers, Parliament Street, SW1P 3AG  
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PRIME MINISTER

**MONITORING REPORT: PUBLIC TRADING SECTOR**

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

2. You will have seen from Patrick Jenkin's letter of 9 May that the Post Office have now reached a settlement at the offer of over 6 per cent on which I commented in my letter of 20 April. British Telecom have restructured their offer but still seem to be keeping it around the 5 per cent mark. (It looks more than this, but the proposed rate of unconsolidated bonus is lower than was agreed last year.) The agreement giving unilateral access to arbitration at British Telecom has just expired, but before it did so the staff kept the option open by registering an intention to go to arbitration, which therefore remains a real risk (though not one which would justify a substantial increase in the present offer).

3. British Rail are likely to make an offer around the end of the month. This is an important negotiation. I hope that David Howell will be able to keep in touch with developments and make arrangements to see that we are forewarned. Much the same applies to the water industry staff grades. An offer may be made on 26 May, and particularly against the background of the recent strike by manual workers in the industry, I hope that Tom King will ensure that we are not taken unaware by developments.

4. Offers have now been made to both the gas and electricity manuals, at 4½ per cent and 3½ to 5½ per cent respectively. In the light of the letter of 13 May from Nigel Lawson's office, it seems likely that the eventual settlements will at worst be no greater than those for the manuals, which were well below 6 per cent. If so, developments over the coming weeks should not cause any serious concern.



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

A handwritten signature in blue ink, appearing to be "G.H.".

(G.H.)

17 May 1983



PUBLIC TRADING SECTOR

PART 1: CURRENT NEGOTIATIONS

TRANSPORT

1. PASSENGER TRANSPORT EXECUTIVES

(a) Tyne & Wear PTE - Platform staff (1,597)

Settlement date: 1 March

Unions: TGWU, GMBATU

Platform staff (who achieved parity with metro staff in the last pay round) initially submitted a claim for a £5 differential over metro rates. Management has offered an increase of 4.3% on basic rates (worth about the same on average earnings). The metro staff have recently concluded a settlement of 5% on basic rates (inclusive of 0.7% in respect of productivity), one additional days holiday and the possibility of a one hour reduction in the working week from 5 June providing agreement can be reached on implementation at no cost to the Executive. The settlement is worth just over 5% on average earnings. Union negotiators for platform grades have agreed to put a similar offer worth 5% on average earnings and including 0.7 per cent for productivity to a ballot within the next week or so.

(b) South Yorkshire PTE - Platform staff (3,177)

Settlement date: 1 April

Union: TGWU

The union has submitted an unquantified claim for a substantial increase. At a meeting on 28 March management improved their first offer worth 4.6% on average earnings to the equivalent of 5.0% on average earnings. The offer was



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rejected in a union ballot by 4:1. A marginally improved offer was also rejected in a ballot on 5 May. Negotiations are now thought to be concentrating on specific productivity improvements to achieve a further increase in pay.

(c) West Yorkshire PTE - Platform staff (2,812)

Settlement date: 30 April

Union: TGWU

An offer of 4.5% on basic rates plus one additional day's holiday to be taken at Christmas was rejected in a membership ballot. At a meeting on 26 April management improved their offer to 4.6% on rates, one additional day's holiday and improved sick pay arrangements worth around 5% on average earnings. The offer was rejected in a ballot (without recommendation) on 5 May. Negotiations resume on 13 May.

(d) Strathclyde PTE - Platform staff (1,847)

Settlement date: 18 April

Union: TGWU

The union has submitted an unquantified claim for a substantial increase. Negotiations opened on 6 May, when an offer of 4.25% (both on basic rates and average earnings) was made. This has since been rejected and talks resume on 17 May. Craft unions are taking limited industrial action (one day strikes) in support of their claim.

2. LONDON TRANSPORT EXECUTIVE

(a) Buses: Drivers and Conductors (19,420)

Settlement date: 28 March

Union: TGWU

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The union has submitted an unquantified claim for substantial increases. The first negotiating meeting took place on 7 April. Management offered 4% on basic rates (worth about the same on average earnings) which was rejected. Negotiations resumed on 28 April when management offered 4.6% on basic rates and slightly improved sick pay arrangements (to be met from the 4.6% increase). The offer is worth about the same on average earnings. The union has stated that as the opportunities for shift working and overtime have been reduced, actual earnings have fallen by 7%. They want this 7% restored and the 4.6% offer applied in addition plus improved sick pay arrangements. The union has also argued that if LT can afford to reduce fares, they can afford a higher offer. The TGWU has said that it is looking for an increase comparable to the highest settlement in the Passenger Transport Executives and has cited the Greater Manchester settlement which gave an overall increase of 7% on average earnings. At present management are standing firm on their offer. Negotiations resume on 16 May.

- (b) Railway supervisory, booking office and conciliation wages grades  
(14,152)

Settlement date: 20 April

Unions: ASLEF, NUR, TSSA

The unions have submitted an unquantified claim for an increase in excess of the Retail Price Index, additional holidays and a reduction in working hours; broadly in line with claims submitted on behalf of British Rail employees. The first negotiating meeting took place on 23 March. LT management made no response to the unions' claims. A further meeting took place on 29 April when management offered 4.6% on basic rates (equivalent to about the same on average earnings) which the unions rejected. A further meeting has been arranged for 16 May.

Comment: Negotiations will be influenced by any progress on the BR claim.



3. BRITISH RAIL: CLERICAL AND CONCILIATION GRADES (136,000)

Settlement date: 17 April

Unions: NUR, ASLEF, TSSA

At a meeting on 12 April the unions presented their 1983 pay claims which include a substantial increase, a 35 hour week and one week's additional holiday (overall average earnings effect unknown but reports suggest 30% plus). The Board did not make an offer and are considering inter alia the scope for a pay deal to last for more than 12 months. It is unlikely that BR will be in a position to make an offer until about the end of May. The Secretary of State for Transport is expected to meet the Chairman of the BR Board shortly to discuss the 1983 pay negotiations.

STEEL/SHIPBUILDING

4. BRITISH STEEL CORPORATION: All grades (81,100)

Settlement date: 1 January

Leaders of the twelve unions comprising the Joint Negotiating Committee are reported in the Financial Times (4.5.83) to have withdrawn their claims for a national increase and agreed in principle to negotiate local productivity deals. Details of the proposed deals are not known at present. In withdrawing their claim for a national increase the JNC unions have presumably withdrawn their insistence on unilateral access to arbitration on the issue. It is not clear whether they may still pursue arbitration in relation to local deals.

The main union representing middle management grades (SIMA) has reached an agreement with BSC to negotiate local productivity deals. The agreement provides for the consolidation from 1 January 1983 of 1% of the productivity bonuses generated in 1982 by locally negotiated schemes, a guarantee of a further 3% payable from 15 February from locally negotiated schemes (providing



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these are agreed by 24 April) and for this 3% to be consolidated from 1 July providing all localities have agreed schemes by 31 May. In accepting local productivity deals the union has withdrawn its unilateral claim for a national increase to be determined by arbitration.

5. BRITISH SHIPBUILDERS: Staff and manual grades (64,000)

Settlement date: 1 April

Unions: CSEU/SAIMA

On 11 January the CSEU submitted the following claim for staff and manual grades:

- (a) a substantial increase in wages and salaries to be paid on the basic rate and not as supplements
- (b) consolidation of supplements into basic rates
- (c) a substantial increase in the Minimum Earnings Levels
- (d) a reduction in the working week to 35 hours
- (e) guaranteed minimum earnings for unskilled and semi-skilled grades based on a percentage of the skilled MEL
- (f) increased holiday entitlements and holiday pay
- (g) phased reduction in working hours prior to normal retirement.

Other minor improvements relating specifically to staff or manual grades are also sought.

SAIMA, who negotiate in parallel to the CSEU, have submitted a separate claim for substantial increases.

Management has advised the unions that the company cannot afford a national pay increase although there is scope for local productivity bargaining. A union conference rejected management's call for a nil increase on 17 February. Negotiations commenced on 2 March but little progress was made. A further meeting took place on 18 March when the Chairman told the unions of the serious market position faced by the Corporation, and warned that up to 9,000



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more redundancies were in prospect. The unions maintained their opposition to a national wage freeze, but asked management for a full presentation (on 31 March) of the workload position and effect on employment prospects. A delegate conference on 4 May mandated their negotiators to oppose the wage freeze and to resist the job cuts. Almost unanimous support was given to a resolution calling for a mass occupation of BS yards if the plans to cut 9,000 jobs were not withdrawn. The next meeting between the two sides was provisionally arranged to take place during week commencing 9 May.

POST/TELECOMMUNICATIONS

6. (a) POST OFFICE: Postal officers, postal assistants, postmen, cleaners and doorkeepers (156,000)

Settlement date: 1 April

Union: UCW

The union submitted an unquantified claim for a cost of living increase in basic rates, a restoration of differentials within grades, 2 additional days holiday and a reduction of 3 hours in the working week. The claim was worth in excess of 20% on earnings. Management offered 5.0% on basic rates from 1 April, a further 1% on rates from 1 August and one additional day's holiday. The effect of the overall offer on average earnings and on the paybill has yet to be precisely calculated, but is expected to be between 5.5% and 6.0% in the settlement year and around 6.25% in a full year. The UCW Executive recommended acceptance of the offer to union branches, and it has now been accepted by an 8 to 5 majority in a ballot.

In separate consultations the UCW has recently approved the extension of the existing "Improved Working Methods Scheme" to more employees. The scheme could yield an initial one-off bonus payment of £150 for some with further payments based on targeted cost savings.

The Chancellor of the Exchequer wrote to the Secretary of State for Industry on 20 April expressing concern about the way in which negotiations had proceeded in the Post Office.

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- (b) Postal supervisors, executives and supervisory catering grades  
(14,800)

Settlement date: 1 April

Union: CMA

The union has presented an unquantified claim for a substantial increase. The first negotiating meeting was to have taken place on 22 April but the Department of Industry has no information about the meeting.

Comment: Negotiations will be influenced by any settlement reached with UCW grades (see item 6a).

7. NATIONAL GIROBANK: Clerical, Typing, Secretarial and Data Processing  
grades (4,500)

Settlement date: 1 July

Union: CPSA

The Secretary of State for Industry wrote to colleagues on 22 April to inform them that negotiations would commence shortly between Post Office/National Girobank and its clerical employees. The Post Office Chairman has indicated to the Secretary of State that he hopes to reach a settlement of 4½% on the basic rate. In addition up to a further 1½% of earnings from a funded productivity scheme could be consolidated. The Minister of State for Industry has advised the Chairman that he considers a maximum settlement of 5½% in line with that proposed for the main Post Office group (see item 6a) to be reasonable. The Chancellor of the Exchequer wrote to the Secretary of State for Industry on 27 April expressing concern about how the negotiations for National Girobank were expected to proceed. The Secretary of State for

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Employment also wrote to the Secretary of State for Industry on 28 April expressing his anxiety that the negotiations could lead to an excessive settlement.

Comment

A settlement worth around 6½% on average earnings in a full year as proposed for other PO groups would be above the general level of settlements in the public services and in the private financial sector.

8. BRITISH TELECOM: Engineers, technicians and inspectors (145,000)

Settlement date: 1 July

Unions: POEU, STE

In response to a claim for a substantial increase in pay and other improvements, BT made an opening offer averaging 4.25% on basic rates (inclusive of productivity payments) at a meeting on 15 March. The effect of the offer on average earnings was not known. At a meeting on 28 March the unions rejected the offer. At a further meeting on 21 April the offer was increased to 4½% for labourers and 5% for engineers, but was again rejected by the unions. On 25 April management made their latest offer of a 5.2% increase on basic rates. The offer is equivalent to a 5% increase on average earnings ignoring the possibility of any future grade restructuring and London Weighting. The offer does not include any productivity payments for 1983/84.

The unions have stated that they are seeking a 7.5% increase on rates and are dismayed that management has not offered any increase in respect of productivity improvements.

Management were to meet union negotiators on 12 May and were expected to offer a restructured package consisting of:

- (a) 4½ per cent on current rates from 1 July;
- (b) 1 per cent on current rates from 1 January 1984;
- (c) ½ per cent unconsolidated bonus on 1 April 1984.



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The procedural agreement providing unilateral access to arbitration expired on 30 April, but before it did so, the unions registered an intention to go to arbitration under the agreement in order to keep open the option of unilateral arbitration.

ENERGY

9. UNITED KINGDOM ATOMIC ENERGY AUTHORITY: Staff (9,700)

Settlement date: 1 April

Unions: IPCS, SCPS, CPSA, AGSRO

The group traditionally follow the settlement for the non-industrial Civil Service.

10. ELECTRICITY SUPPLY: Clericals (45,000)

Settlement date: 1 May

Unions: NALGO

A formal claim for a substantial increase (not quantified) was presented at a meeting with management on 15 April. At a meeting on 10 May the Electricity Council offered increases to clerical grades ranging from 3.5% on the bottom of the scale to 5.5% at the top and a 5.5% increase to professional and administrative staff. The offer was rejected. A further meeting will take place on 17 May when a slightly improved offer is likely to be made but not in excess of the settlement for power engineers ie 5.8% on basic salaries.

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11. GAS SUPPLY: Staff and senior officers (57,600)

Settlement date: 1 June

Unions: NALGO, MATSA (part of GMBATU)

A claim for a 9.5% increase on salaries was presented on 31 March. The claim is based on an assumed RPI figure of 6.5% and the wish to make up lost ground in terms of real earnings. The first negotiating meeting took place on 6 May when BGC made an opening offer of 4½% on basic salaries (worth about the same on average earnings) which the unions rejected. A further meeting has yet to be arranged.

Comment: A settlement covering manual grades which will result in a 5.1% to 5.2% increase on average earnings is likely to influence negotiations.

WATER

12. WATER SUPPLY: Staff (35,500)

Settlement date: 1 July

Unions: NALGO, GMBATU, NUPE, GLCSA, TWSA

The unions submitted a claim on 21 April for a substantial increase in salaries, the overall terms to be not less favourable than that agreed for manual staff and have referred to the estimates of the value of the settlement of 10.4% by the employers and 11.5% by the unions. (The manual settlement, because it ran for 16 months, was presented as being worth 7.8%). The claim is reported to favour the lower paid. The first negotiating meeting is due to take place on 26 May. The settlement for manual grades is likely to have considerable influence for staff grades who will be anxious to preserve their internal relativities. (The difficulty of maintaining differentials between supervisors and manuals might be alleviated by an existing earnings agreement which enables Regions to pay an additional amount to supervisors if



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necessary). Negotiations will also be influenced by Local Authority non-manual grades and Civil Service non-industrials. The employers have told negotiators for the staff grades that the considerations which apply to the manual grades do not necessarily apply to non-manual staff and that the claim must be considered on its merits.

Comment: These negotiations are likely to prove difficult. The main issue is whether the staff should receive a broadly equivalent increase to the manuals taking into account on the one hand the obvious desirability of keeping settlements as low as possible but on the other hand that the staff group continued to work during the manuals strike. Secondly, if it were to be thought that they should have broadly the same as the manuals, how is the manual's settlement to be interpreted given that the pay structure is different, the settlement date is different and the manual's settlement was for 16 months? The staff settlement will influence the settlement for senior staff (470) and Chief Officers (44).

13. BRITISH WATERWAYS BOARD

(a) Manuals (2,370)

Settlement date: 18 July

Unions: NJC - TGWU, NUR, CSEU

The unions are expected to present a claim on 15 June. The first negotiating meeting has been scheduled for 20 July.

(b) Staff (830)

Settlement date: 21 July

Unions: NJC - NALGO, TSSA, ACTSS

The unions are expected to present a claim on 23 May. The first negotiating meeting has been scheduled for 11 July.

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PART 2: SETTLEMENTS CONCLUDED SINCE THE LAST REPORT

14. TRINITY HOUSE AND NORTHERN LIGHTHOUSE BOARD: Lightkeepers (728)

Settlement date: 1 July 1982

Union: TGWU

The union's claim for the 1 July 1982 settlement was for a 12% increase in pay and an increase in the differential between assistant and principal lightkeepers. Trinity House offered 6% on salaries. The claim was referred unilaterally to arbitration as provided for in the procedural agreement. The employers agreed to accept the award. The arbitrator awarded a 12% increase in salaries (effect on average earnings not known) with effect from 1 July 1982 and improved differentials between the pay of assistant and principal lightkeepers.

Comment: This arbitration award is extremely high and illustrates the dangers of agreements which provide for unilateral access to arbitration.

15. MERSEYSIDE PASSENGER TRANSPORT EXECUTIVE: Platform staff (2,537)

Settlement date: 1 January 1983

Unions: TGWU, GMBATU

A settlement has been reached for an overall 6% increase on basic rates to be distributed according to separate garage negotiations. The effect on average earnings is thought to be about 6% also.





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