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~~Prime Minister~~ (2)

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Michael Scholar Esq
Private Secretary
10 Downing Street
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23 April 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
Marie Fahey

MISS M C FAHEY
Private Secretary

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PAY BRIEF: POSITION AT MID-APRIL SETTLEMENTS

1. Since the March pay brief 151 settlements covering 748,000 employees have been recorded. In the private sector (140 settlements covering 612,000 employees) the weighted average level of settlements in the last month was 8%. The average in the public sector (11 settlements covering 136,000 employees) was just over 6½%. The principal settlements were London Clearing Banks (151,000) at 9%, Road Haulage (97,000) at 6.7% and Marks and Spencer (45,000) at 13.5% in the private sector and British Shipbuilding (67,000) at 6.5% in the public sector.
2. The cumulative weighted average level of monitored settlements for the whole economy this pay round - 646 settlements covering 4,263,000 employees - is just over 7%, similar to the three previous months. ⅓ of employees about whom the Department expects to receive information have reached settlements.
3. In the private sector the cumulative average rose slightly to 7% after being at about 6½% for three successive months (620 settlements covering 2,567,000 employees). For manufacturing the average level is 6% and in non-manufacturing is just over 7½%. About ¾ of settlements (¾ of employees) are covered by settlements in a 5% to 8% range. Few settlements are above 10%.
4. In the public sector (26 settlements covering 1,696,000 employees) the cumulative average remains at just over 7½%. LA manuals (1,077,000) at 6.9% continues to dominate the average. The average in the public trading sector is just under 7½% and in the services sector is just over 7½%.
5. Coverage: The limitations of the Department's coverage of settlements were explained in the March pay brief (para 5).

NEGOTIATIONS

6. In the PUBLIC SECTOR, unions representing Gas Supply manuals (17 January - 41,300) are to take their claim for increases in line with inflation, consolidation of bonus and other benefits unilaterally to arbitration. An offer of 7.8% to 9.1% on basic rates plus minor improvements, worth 7.6% overall on average earnings

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(7.9% in a full year), has been rejected. Electricity Supply manuals (17 March - 94,000) are to ballot (without any recommendation from the unions) on an offer to increase basic rates by 5.1% to 6.6%, depending on grade, plus improvements to shift allowances; worth 7.1% overall on average earnings. Result is expected at end May. Electricity Supply power engineers (1 February - 29,300) have submitted a claim for a substantial increase in basic pay, reduced hours, improved holidays and other benefits. No offer was made at a meeting on 20 April. Unions on behalf of British Rail clerical and conciliation grades (20 April - 150,000) have submitted a claim for increases in line with inflation and other benefits. Negotiations are unlikely to begin before the current productivity issue is resolved. Unions representing London Transport rail supervisory and conciliation grades (19 April - 18,000) are considering an offer of 5% on basic rates and, if accepted quickly, improved fringe benefits and bonus arrangements, also a 1 hour reduction in the working week. The claim is for a substantial pay increase and shorter hours. Post Office UCW grades (1 April - 156,000) unions are considering an improved offer of 7% on all elements of pay plus £55 productivity bonus, worth under 8% overall on average earnings, with an undertaking to pay a similar bonus next year if productivity gains continue. The claim is for an increase of 20%. British Telecom engineers and technicians (1 July - 130,000) have submitted a claim for increases in line with inflation. An offer of 4.8% plus other improvements has been rejected. Next meeting 23 April. Four of the five unions representing BBC employees (1 April - 27,500) have accepted an offer of 6½% on basic salaries, and other benefits, worth 6.9% overall on average earnings. The other union (NUJ) has rejected the offer and has started a work to rule. The Non-Industrial Civil Service Unions (1 April - 520,000) have rejected an offer of no increase for some staff and between 1% and 5½% for others, together with improvements in skill and responsibility allowances and the introduction of certain other benefits, including season ticket loans. The cost is estimated at £170m or about 4% on the paybill. The claim is estimated to be worth on average about 14% on basic rates plus 1% for leave improvements. The unions formally requested arbitration and the hearing took place on 19 April. The result is expected in the next few days. Primary and Secondary Teachers E & W (1 April - 460,000) have rejected an offer of 3.4% on average earnings made in response to a claim for increases in line with inflation. The claim has been referred to arbitration which is unlikely to take place before late May. A similar claim by Primary and Secondary Teachers (Scot) (1 April - 55,000) has also been referred to arbitration following rejection of an offer of 3.9% to 6.7% (4% on average earnings). The hearing will take place on 22 April.

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Unions representing Local Authority Building Trade Operatives (4 November - 76,000) are recommending acceptance of an offer of £4.60 (5.5%) on basic rates, improvement to the bonus calculator and a commitment to an hours reduction from November 82, estimated to be worth under 6.3% on average earnings overall. Similar offers have been made to Engineering Craftsmen (10,000) and Electricians (5,500). NHS Nurses and Midwives (1 April - 492,000) have been made a restructured offer of either 4% (for senior nursing managers) or 6.4%, except for tutorial staff who have been offered 4% plus incremental improvements; this represents 6.4% on the paybill. The claim is for 12% increase in basis rates, reduced hours and other benefits. A plea to the Secretary of State by the unions for more money to be made available was rejected. Management has refused arbitration. The Royal College of Nursing are to ballot members on the offer. The next joint meeting is 11 May. Members of the Confederation of Health Service Employees (COHSE) may take industrial action from 26 April. NHS Ancillaries (1 April - 210,000) and NHS Admin and Clerical (1 April - 125,000) have presented similar claims to that for nurses. Unions have rejected 4% offers. Further meetings have been arranged for 23 April and 6 May respectively. Members of COHSE are due to begin industrial action on 26 April. NHS Ambulancemen (1 April - 17,000) have submitted a claim for an increase in line with inflation, a shorter working week and other improvements. At a meeting on 20 April the unions rejected an offer of 4% plus the implementation of a salaries structure, worth 5% overall. COHSE members are due to begin industrial action on 26 April.

7. In the PRIVATE SECTOR, Building and Civil Engineering employees (28 June - 450,000) have opened negotiations with a claim for a substantial increase in minimum rates, reduced hours, improved holidays and other benefits, estimated to be worth over 35%. The employers are expected to respond at a meeting on 28 April. All three unions representing British Printing Industries Federation employees (24 April - 128,000) are recommending acceptance of an offer of £5.50 to £6.25 per week increases according to grade. The claim is for substantial increases, an extra week's holiday and other benefits. Chemical Industries Association process workers (8 May - 50,000) have received an offer of 7.3% on national minimum rates in reply to their claim for a substantial increase in rates, improved holidays and paternity leave. Union negotiators have accepted the offer and are to put it to members. Five of the six unions on behalf of Newspaper Publishers Association production workers (1 January - 33,000) have accepted the 'final' offer of 5% following ballots of members. The other union, SOGAT, is to hold another ballot

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with a recommendation to accept. In Biscuit Manufacture (1 January - 39,000) agreement has been reached on an offer of 8.3% plus 1 extra day's holiday but this is subject to ratification by the unions. Mobil Oil tanker drivers (1 May - 500) have presented a claim for a substantial increase in basic rates and other improvements. An offer of 5% on basic rates has been rejected. A further meeting is to be arranged for early May.

PRICES AND EARNINGS INDICES

PRICES

8. In March the year on year increase in retail prices was 10.4% compared with 11.0% in February.

EARNINGS

9. In February the year on year increase in average earnings for the whole economy was 11.3% compared with 10.8% in January. However, the February figure was inflated by about $\frac{1}{2}$ percentage point due to back-pay, mainly coal miners, and the underlying increase was about 10 $\frac{3}{4}$ %.

REAL DISPOSABLE INCOME

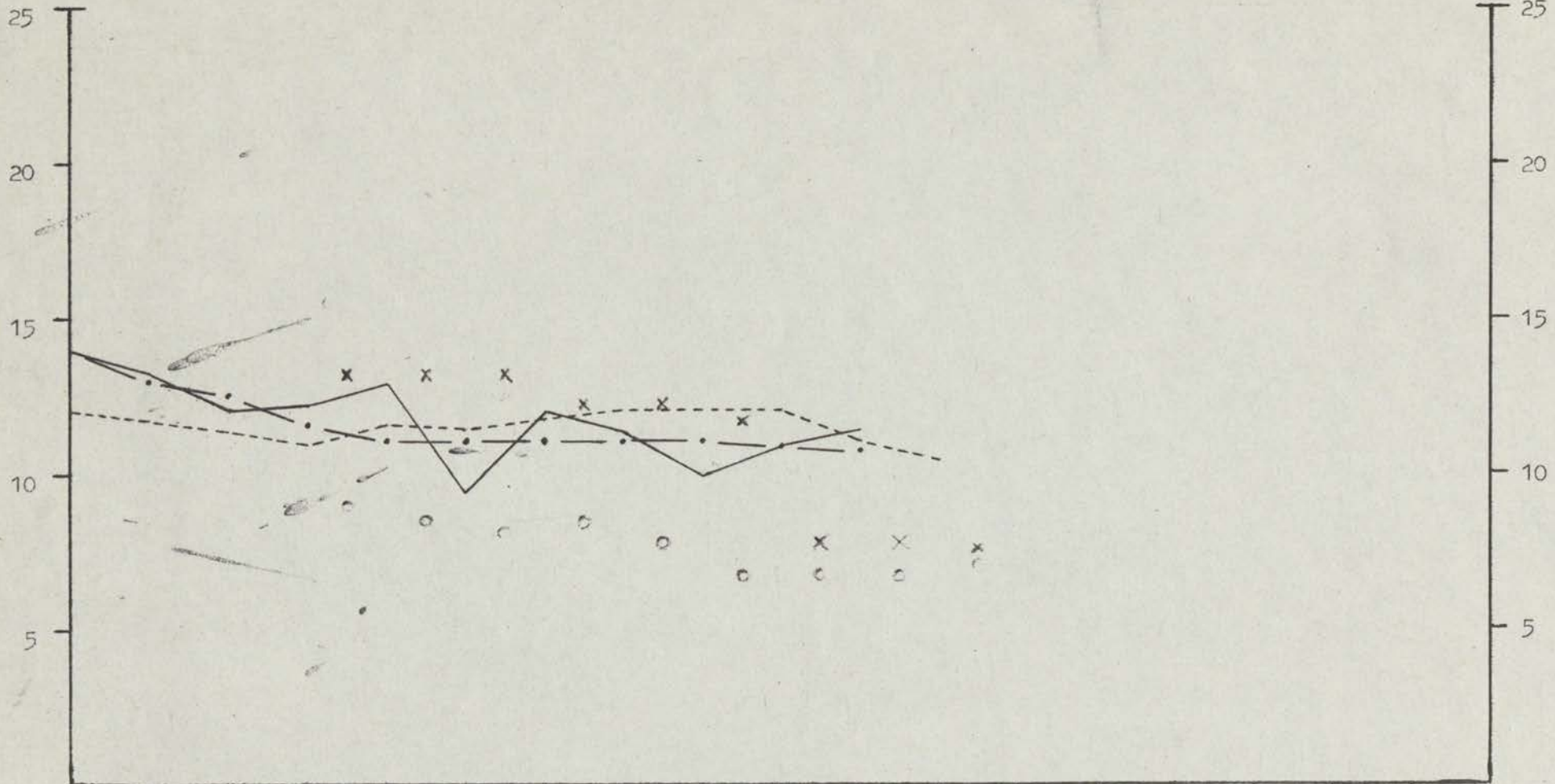
10. The real disposable income - taking account of the changes in earnings, prices and taxes - of a married man on average adult male earnings with a non-working wife and two children under 11 (with no other tax liabilities or allowances and not contracted out of the State Pension Scheme) fell by about 3 $\frac{1}{2}$ % in the year to January.

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TRENDS IN EARNINGS AND PRICES

% increase on year earlier

%



- Retail Price Index
- Average Earnings Index (whole economy)
- Underlying rate of increase in earnings
- x Public Sector Settlements)
- o Private Sector Settlements)

Cumulative Average Increase in Earnings

DISTRIBUTION OF SETTLEMENTS IN THE PRIVATE SECTOR BY LEVEL OF SETTLEMENT FROM 1 AUGUST 1981

Number of Settlements

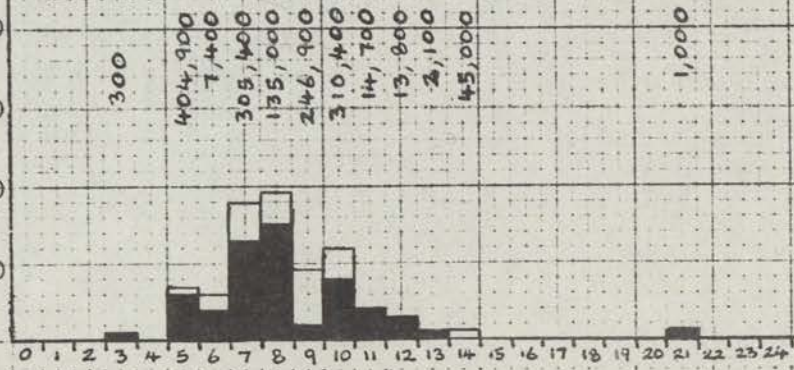
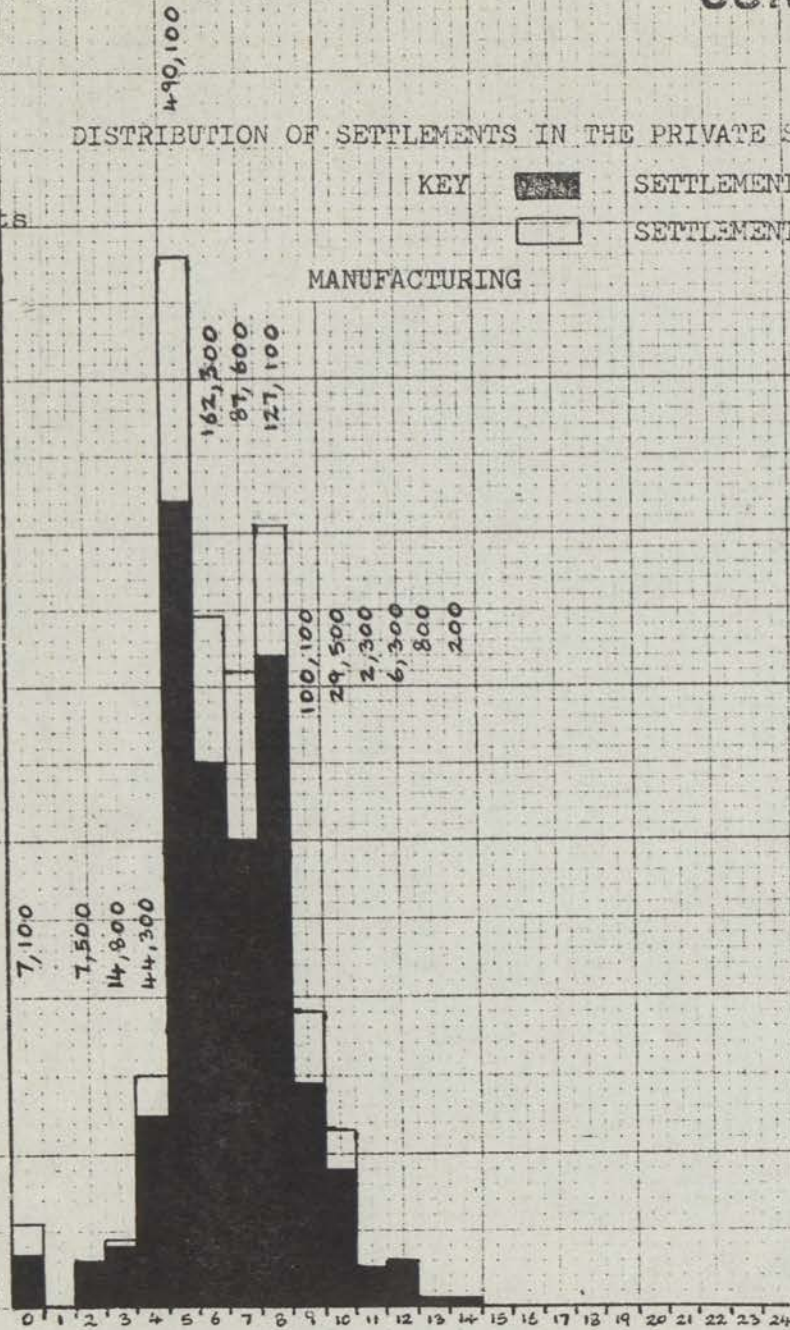
KEY [Solid Bar] SETTLEMENTS UP TO THE LAST PAY BRIEF
[Hatched Bar] SETTLEMENTS SINCE THE LAST PAY BRIEF

MANUFACTURING

NON-MANUFACTURING

130
120
110
100
90
80
70
60
50
40
30
20
10

130
120
110
100
90
80
70
60
50
40
30
20
10



LEVEL OF SETTLEMENT (ROUNDED TO THE NEAREST WHOLE NUMBER)

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