

ks

CONFIDENTIAL



Even Pol
Prime Minister (2)
MUS 30/7

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400
Switchboard 01-213 3000

Michael Scholar Esq
Private Secretary
10 Downing Street
LONDON SW1

MT

20 July 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
Marie Fahey

MISS M C FAHEY
Private Secretary

CONFIDENTIAL

PAY BRIEF: POSITION AT MID-JULY

SETTLEMENTS

1 Since the June pay brief 158 settlements covering 569,000 employees have been recorded. In the private sector (147 settlements covering 366,000 employees) the weighted average level of settlements in the last month was just over 6½%. The average in the public sector (11 settlements covering 204,000 employees) was just under 6½%. The principal settlements in the private sector were ICI Ltd (63,000) at 8% and a 2 year staged agreement, linked to the RPI, for Footwear Manufacture (40,000) giving 2.4% in the first year. In the public sector Electricity supply power engineers (29,300) settled for 7.4% and University non-clinical academic staff (39,000) for 5%, also NHS doctors and dentists were awarded increases of 5.7% to 8.5% (6.2% average).

2 The cumulative average level of settlements for the whole economy this pay round 1,048 settlements covering 8,503,000 employees - is 7%, similar to the last two months. About ¾ of employees about whom the Department expects to receive information have reached settlements.

3 In the Private sector the cumulative average remains unchanged at 7% for the fourth successive month (978 settlements covering 4,530,000 employees). For manufacturing the average level is just over 6% and in non-manufacturing is just over 7½%. About ¾ of settlements and of employees are covered by settlements in a 5% to 8% range.

4 In the Public sector (70 settlements covering 3,973,000 employees) the cumulative average is about 7%, similar to the previous two months. The average in the public trading sector is 7½% and in the services sector is just over 6½%.

5 About 2¼ million workers are covered by 27 separate Wages Councils. Twenty-six covering 2,784,000 workers have either made or agreed to make orders to come into effect during the current pay round. The average increase in representative minimum rate, which does not necessarily result in a corresponding increase in earnings, is 7½%.

6 Coverage: The limitations of the Department's coverage of settlements were explained in the March pay brief (para 5).

CONFIDENTIAL

CONFIDENTIAL

NEGOTIATIONS

7 In the PUBLIC SECTOR, Gas Supply staff (1 June - 57,700) have rejected an offer worth about 6% on average earnings. The claim is for an increase to maintain living standards and a reduction in hours. Meeting arranged for 29 July. An offer to Water Supply staff (1 July - 35,300) of 7% plus minor holiday improvements has been rejected. A further meeting has been arranged for 4 August. All three unions representing British Rail clerical and conciliation grades (19 April - 150,000) rejected an offer of 5% from 6 September. The offer was subsequently withdrawn. The unions' claims have been referred to the Railways Staff National Tribunal under non-binding procedure. The claims are for increases in line with inflation and other benefits. An offer to London Transport rail supervisory and conciliation grades (19 April - 18,000) of 5% on basic rates and, if the offer is accepted, an undertaking to review relativities, holidays and bonus arrangements, with a 1 hour reduction in the working week has been referred to non-binding arbitration. The hearing is expected to begin 29 July. The Engineering and Maintenance and Ground Service groups of British Airways (1 January - 40,000), traditionally the most militant, have accepted offers of 11% from 1 October to last to 1 January 1984. Similar offers are to be made to the other groups. Industrial Civil Servants (1 July - 140,000) have submitted a claim for an increase in line with the cost-of-living, shorter hours and other benefits. Offer of just under 6% (1st year cost) including 1 hour reduction from 1 January 1983 and $\frac{1}{2}$ day extra holiday is being put to union members without a recommendation. Response expected in mid-August. An offer of 5% on salary scales plus 0.25% for restructuring has been rejected by Local Authority APT & C grades (1 July - 590,000). The claim for an increase to protect living standards and a shorter week has been referred to arbitration. The hearing is unlikely to take place before September. In the National Health Service generally, the Secretary of State on 20 July reaffirmed that the global sum on offer was final. Co-ordinated industrial action is being taken by members of the TUC Health Service Committee unions. Support for the 3 day strike (19-21 July) was patchy and participation was no greater than in previous 1 day strikes. A further 5 days of intensified industrial action is proposed for 9-13 August. Two of the unions representing NHS nurses and midwives (1 April - 492,000) have rejected an offer of 6% for divisional nursing officers, 7.5% for grades up to and including senior nursing officer and 6% to 10.4% for tutorial grades - 7.5% overall on average earnings. The Royal College of Nurses is to ballot members without a recommendation. The result is expected on 26 August. The claim is for 12% increase in basic rates, reduced hours and extra holidays. NHS ancillaries (1 April - 211,000) have rejected an offer of 6% on rates (just under 6% on average earnings) and the staff side for the NHS admin and clerical

CONFIDENTIAL

CONFIDENTIAL

(1 April - 125,000) have refused to discuss a 6% offer. Extra funding has been made available for NHS Ambulancemen (1 April - 17,700) which will enable an offer of up to 6½% to be made - including about ½% for implementing a salaried structure, if found feasible. Management are to meet on 3 August to formulate proposals. All 3 NHS groups have presented similar claims to that for nurses. For the 1982/83 pay round, Coalmining manuals (1 November - 198,000) have lodged a claim for increases of £27.20 on rates (31% for surface workers) and other benefits.

8 In the PRIVATE SECTOR, British Sugar Corporation process workers (1 April - 4,000) have rejected an offer of 8% on basic rates, holiday bonuses and staff status, estimated to be worth 9.5% to 10% overall. With the craft workers accepting a similar offer the process workers may re-consider their position. In the Milk Industry (3 April - 94,500) an offer of about 7.4% on basic rates (8% on the wage bill) has twice been rejected following ballots of members. The unions will now re-submit the offer to members on 7 August with the alternative of industrial action. International Publishing Corporation clericals (1 April - 5,700) have submitted a claim for 20% on personal earnings or £30 per week on basic rates. An offer of a 2 year staged agreement of 8½% from 1 April 1982, with a further 8½% from 1 April 1983 may be put to union (NATSOPA) members soon. For the 1982/83 pay round Vauxhall Motors Ltd manuals (15 September - 15,600) have submitted a claim for £25 on basic rates, a shorter working week and staff conditions of service - estimated to be worth over 30%. Management are expected to reply at meetings on 25 and 26 August.

PRICES AND EARNINGS INDICES

PRICES

9 In June the year on year increase in retail prices was 9.2% compared with 9.5% in May.

EARNINGS

10 In May the year on year increase in average earnings for the whole economy was 10.3% compared with 10.2% in April. The underlying increase in May was 10% and this continues the steady downward trend in the underlying rate which began in January (11%

REAL DISPOSABLE INCOME

11 In April 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) remained at the same level as in April 1981.

CONFIDENTIAL

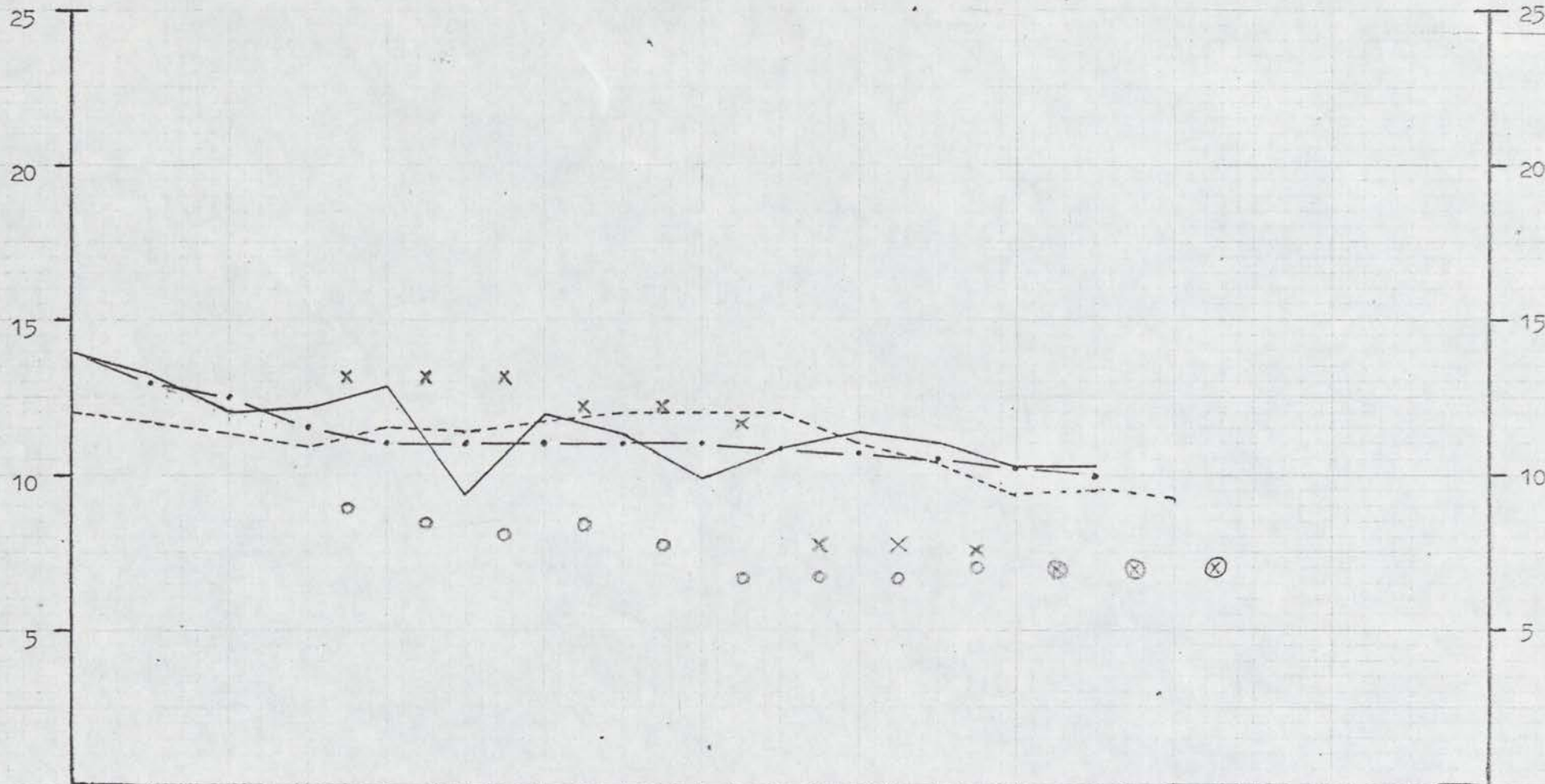
CONFIDENTIAL

APPENDIX 4

TRENDS IN EARNINGS AND PRICES

% increase on year earlier

%



MAY | JUNE | JULY | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEP | OCT
1981 | 1982

- 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

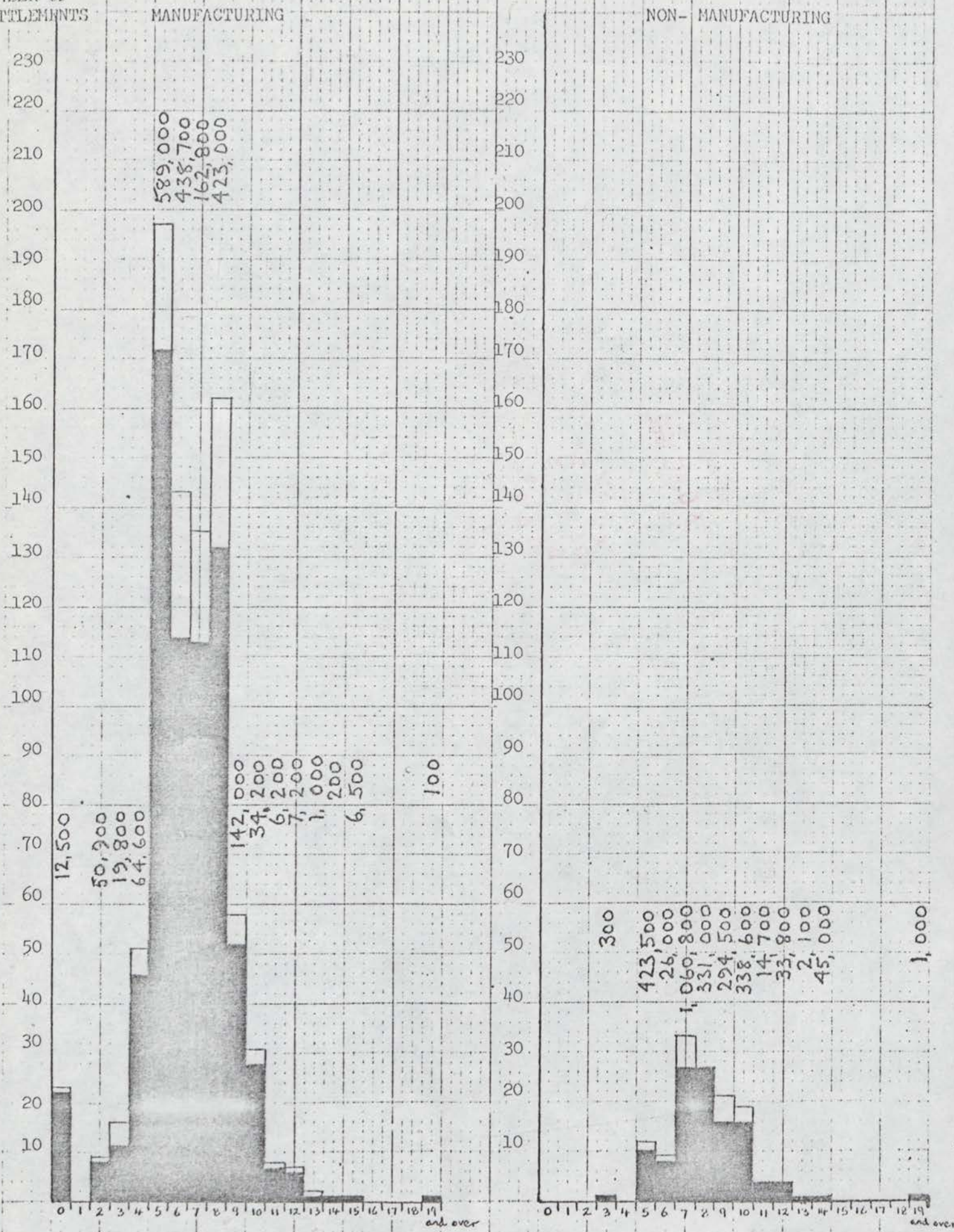
CONFIDENTIAL

FROM 1 AUGUST 1981

CONFIDENTIAL

E.R.
NUMBER OF
SETTLEMENTS

■ SETTLEMENTS UP TO THE LAST PAY BRIEF
□ SETTLEMENTS SINCE THE LAST PAY BRIEF



LEVEL OF SETTLEMENT (ROUNDED TO THE NEAREST WHOLE NUMBER)

NOTE - THE NUMBER OF WORKERS (TO THE NEAREST HUNDRED) INCLUDED IN THE SETTLEMENTS IS GIVEN ABOVE THE APPROPRIATE INDICATOR.

CONFIDENTIAL

30 JUL 1982

