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Prime Minister ²



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MS

21 January 1983

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

Felicity Everiss

MS F M EVERISS
Private Secretary

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PAY BRIEF: POSITION IN MID-JANUARY

SETTLEMENTS

1981/82 PAY ROUND

1 In the National Health Service, 2-year agreements have now been reached for all of the major groups, including Nurses and Midwives (1 April - 482,600) averaging 12.3% from 23 August 1982, Ancillaries (1 April - 211,800) and Ambulancemen (1 April - 18,100) averaging 6% from 1 April 1982 with a further 4½% from 1 April 1983.

2 After taking account of delayed settlements the revised cumulative average level of settlements in the 1981/82 pay round for the whole economy is just under 7%. The average in the public sector is just under 7% (trading just under 7½% and services just over 6½%) and in the private sector is 7% (manufacturing just under 6½% and non-manufacturing just over 7½%).

1982/83 PAY ROUND

3 Since the December pay brief 105 settlements covering 1,212,000 employees have been recorded. In the private sector (96 settlements covering 267,000 employees) the weighted average level of settlements in the last month is just under 6%. The average in the public sector (9 settlements covering 945,000 employees) is just over 4½%. Important settlements in the private sector are Vauxhall Motors (15,600) at 8.7%, Multiple Baking Production (20,000) at 7.0% and Philips Industries staff (15,000) at 5.2%. The principal settlements in the public sector are NHS nurses and midwives (482,600) and NHS ancillaries (211,800) at 4.5% and Coalmining staff (47,000) at 6.5%.

4 The 4.8% increase in national minimum rates for workers in Engineering (1 November - 1,500,000) has been ratified by both parties. (The National Engineering Agreement is excluded from the average settlement figures as pay, in general, is set by domestic agreements negotiated throughout the year.)

5 The cumulative average level of settlements for the whole economy this round (299 settlements covering 2,788,000 employees) is 5½%. Just over 20% of employees about whom the Department expects to receive information have reached settlements.

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6 In the private sector the cumulative average is 5½% (288 settlements covering 1,517,000 employees). The average for manufacturing is just under 5½% and for non-manufacturing is 5½%. On average, settlements are about 1% below those agreed in the same period last year. About 9/10 of settlements and of employees are in a 4% to 8% range, with about ½ of settlements and 4/5 of employees at 5% to 6%.

7 In the public sector (11 settlements covering 1,271,000) the cumulative average is 5½%. The average in the public trading sector is 6½% (Coalmining) and in the services sector is just under 5½%.

8 Coverage: The limitations of the Department's coverage of settlements were explained in the September pay brief (para 14).

9 The only Wages Council agreement since December is for Retail non-Food (512,800) at 8%. Twelve Wages Councils covering 1,835,600 employees have either made or decided to make orders to come into effect during the current pay round. The weighted average increase in representative minimum rates is just under 6%, with manufacturing at just over 5% and non-manufacturing about 6%. If these are added to 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 a little higher at just over 5½%, with manufacturing unchanged at just under 5½% but non-manufacturing slightly higher at just over 5½%.

NEGOTIATIONS

10 In the PUBLIC SECTOR, ASLEF rejection of the British Rail offer of £5 per shift (unconsolidated) additional responsibility payment for driver - only operation on the Bedford/St Pancras line is holding up an increase of 6% from 6 September 1982 for British Rail clerical and conciliation grades (19 April 1982 - 136,000), recommended by the Railways Staffs National Tribunal. ASLEF are referring the offer to arbitration. For the 1982/83 pay round, United Kingdom Atomic Energy Authority manuals (1 October - 4,760) are considering an improved offer of about 3¼% on average earnings. The claim is for a substantial increase.

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A meeting has been arranged for 3 February. Water Service manuals (7 December - 29,400) have rejected a 4% offer and balloted in favour of strike action - due to begin on 24 January. The claim is 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. The Employers have referred the case unilaterally to ACAS. ACAS is holding informal talks with both parties. Unions for Gas Supply manuals (16 January - 41,600) are considering an offer of just under 4% on earnings. The claim is for a substantial increase, reduction in hours, extra holidays and other benefits - estimated by the unions to be worth 13% overall on average earnings. A meeting has been arranged for 21 January. Electricity Supply manuals (20 March - 90,000) have submitted a claim for a substantial increase, reduction in hours, earlier retirement and other benefits. An offer is expected to be made on 3 February. A claim for a 9.5% increase has been submitted for British Steel employees (1 January - 103,700). The Chairman of BSC has stated that the industry cannot afford a national increase but there may be scope for local productivity bargaining. 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. Unions representing Local Authority manuals (4 November - 1,022,930) are to consult members on a 4½% offer and are expected to reply by 11 February. Civil Service (1 April - 500,000) unions have submitted a claim for a substantial increase with a flat rate increase of £12 per week on salaries up to £6,264 per annum, a minimum wage of £85 (18 and over) and a 35 hour week. Teachers E&W (1 April - 452,000) have submitted a claim for a substantial increase, permanent pay determination machinery within the Burham framework and other benefits.

11 In the PRIVATE SECTOR, claims have been presented for increases of at least 8% for London Clearing Banks Staff (1 April - 170,000). Management are expected to reply on 4 February. Unions representing Newspaper Publishers Association, printworkers (1 January - 33,000) are expected to put an improved offer of 4% on earnings to ballots of their members with recommendations to accept. A 5% offer to Guardian Royal Exchange staff (1 January - 8,700) has been rejected and a failure to agree has been recorded. Negotiations are continuing. The claim is for increases of 10% - 15% and 1 extra day holiday.

/In the Heating

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In the Heating and Ventilating Industry (1 February - 32,500) unions are consulting their Executive Committees on an offer of about 6%. The claim is for parity with the electrical and plumbing craft rate of £3 per hour - an increase of 17½% - plus extra holidays. A meeting has been arranged for 24 January. Negotiations in Road Haulage (1 January - 60,000) are continuing in 15 of the 21 areas on offers ranging from 0% to 5%. Four areas have already accepted increases of 3.3% to 5.8%. Industrial action is still being threatened in Scotland, South Wales and Metropolitan and South East. The claim is for £100 per week basic rate, a 35 hour week and 5 weeks holiday - estimated to cost about 40% overall. Most of the oil companies have now made offers to Oil Tanker Drivers (1 November - 7,500). Shop stewards at 3 major oil companies - Texaco, Shell and BP - have voted against putting offers of 6.4% to 7.0% on rates to ballots of members. The companies are not prepared to re-negotiate the offers. The claim is for a 14.5% increase. Petrofina (300) have accepted 7% on earnings and Total (300) 7.05% on rates.

PRICES AND EARNINGS

PRICES

12 In December the year on year increase in retail prices was 5.4% compared with 6.3% in November.

EARNINGS

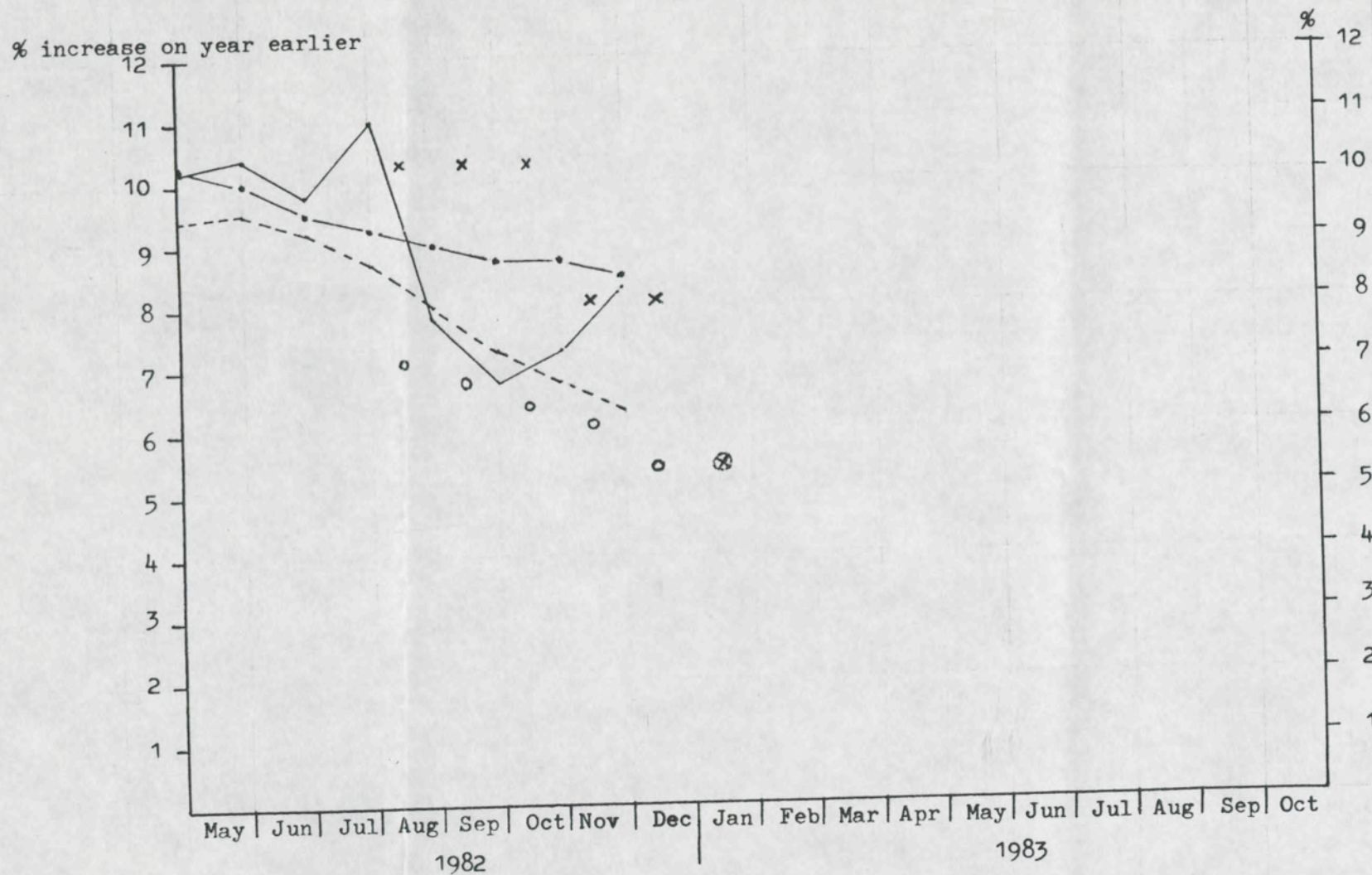
13 In November the year on year increase in average earnings for the whole economy was 8.3% compared with 7.3% in October. The November increase was affected by a number of temporary factors, notably back-pay in local government and the variation in the timing of annual settlements, the net effect being to slightly depress the actual increase. The underlying increase in November was 8½%; this continues the downward trend in the underlying increase which was 8¾% in October, having fallen steadily from 11% in January 1982.

REAL DISPOSABLE INCOME

14 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 the 3 month period ending November 1982 as in the corresponding period last year.

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TRENDS IN EARNINGS AND PRICES



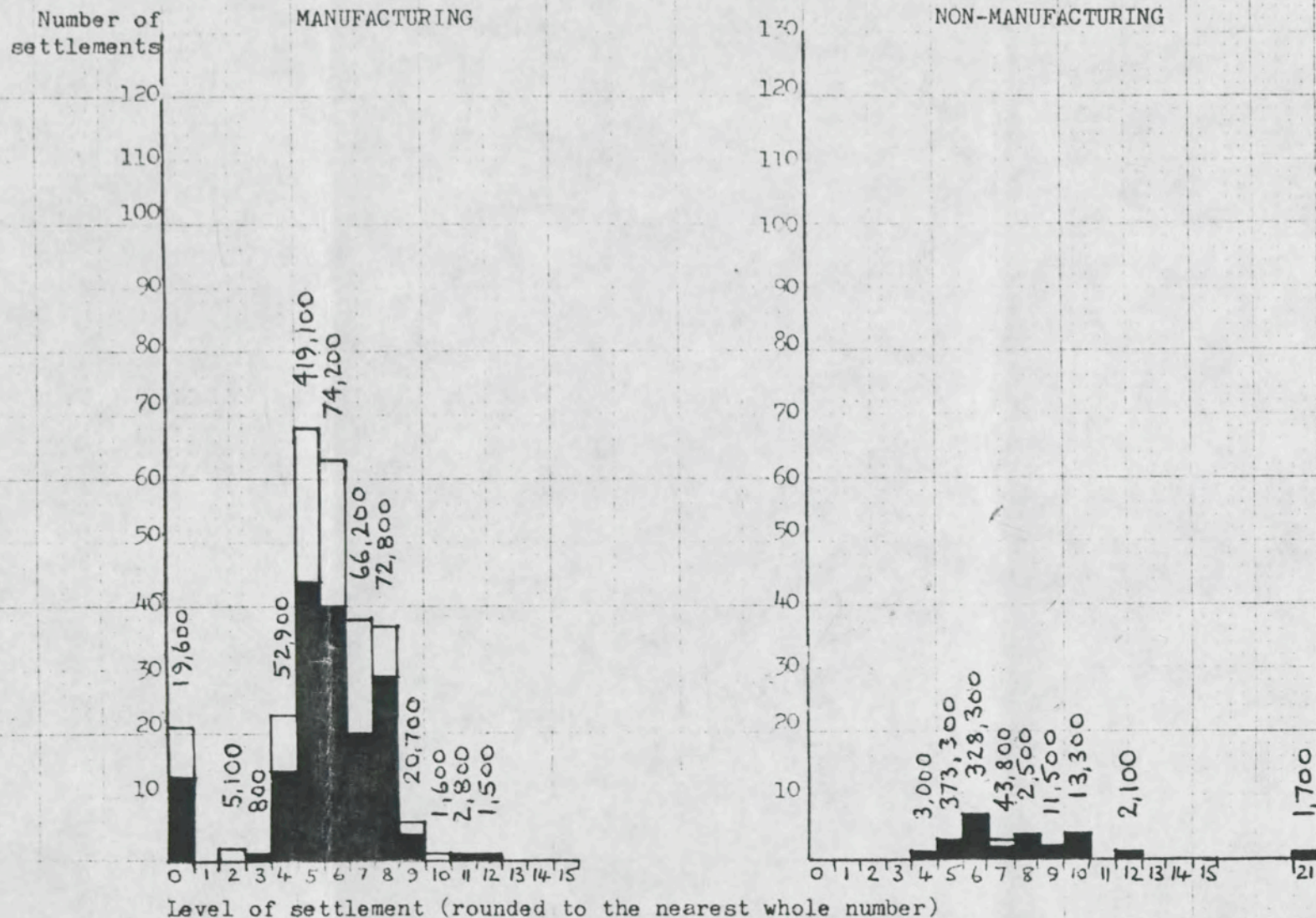
----- Retail Price Index
 _____ Average Earnings Index
 •—• Underlying rate of increase in earnings
 x Cumulative Average Increase in Earnings
 Public Sector Settlements
 o Private Sector Settlements

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

APPENDIX 2

KEY SETTLEMENTS UP TO THE LAST PAY BRIEF
 SETTLEMENTS SINCE THE LAST PAY BRIEF



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

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