

cc AD
TV



Prinister

PRIME MINISTER

TL

mt

19/12

PAY BRIEF

I attach my Department's pay brief for December. We have circulated briefs like this every month to E(EA) members. With the new arrangements for monitoring pay, I think it worth giving these briefs wider circulation. I am therefore copying this to members of E, E(PSP) and E(EA) Committees, and to Sir Robert Armstrong.

JP

JP
19 December 1980

CONFIDENTIAL

PAY BRIEF - POSITION IN MID-DECEMBER

SETTLEMENTS

1 Since the November pay brief 68 settlements covering 763,000 employees have been reported. Only 4 (257,000 employees) are in the public sector. The weighted average level of settlements over the last month was 9½% in the private sector and 10½% in the public sector.

2 The cumulative average level of settlements this round in the private sector has fallen again to 10½% (172 settlements covering 971,000 employees). Most of the settlements recorded so far have been in manufacturing industry, where the average level is just above 10%. Few settlements have been made in non-manufacturing industries: the average in non-manufacturing is 10½%, but this is heavily biased by the low settlement in Agriculture (9%). There is a wide range of settlements (see Appendix 4). Most are in the range 10% to 15%. About a quarter are in single figures, almost all in engineering and clothing industries.

3 In the public sector (12 settlements covering 423,000 employees) the cumulative average is 14%. The average for the services sector is 19½% and for the trading sector is 9½%. The major settlements in the public sector since the November pay brief are for Coalmining at 9.7%, with a new settlement date of 1 November 1981, and the 2 stage agreement for Fire Services which increases costs in the first year by about 16% and about 18% when fully implemented.

NEGOTIATIONS

4 In the public sector, negotiations are due to open shortly for Local Authority manuals (4 November - 1,100,000) and craftsmen (4 November - 95,000) who are seeking substantial increases and a reduction in hours. Offers in reply to similar claims by NHS auxiliaries (13 December - 211,000) and NHS ambulancemen (1 January - 17,000) will not be made until the NHS cash limits are announced. Preliminary discussions have begun on a claim by NHS craftsmen and maintenance workers (1 January - 74,500) for parity with the electrical contracting industry, estimated to be worth about 21%. A recommendation by Committee 'A' for a 13% increase for University Teachers (1 October - 38,000) was submitted to /DES

CONFIDENTIAL

CONFIDENTIAL

DES. An offer of 6% in line with the university cash limit has been rejected in the main negotiating committee (Committee 'B'). Gas Supply manuals (18 January - 41,000) have submitted a claim estimated to be worth 23%. Management will respond on 7 January. For Water Service manuals (7 December - 33,000) an offer of 9.0% on rates, estimated by the unions to be worth under 8% on earnings, has been rejected. Next meeting arranged for 6 January. Negotiations are continuing for British Airways (1 January - 50,000) where the proposal to defer the implementation of the settlement for 6 months and then to increase basic rates by 7½% has been rejected. National Bus Company (1 March - 38,930) and Municipal Buses (1 January - 20,750) platform and maintenance staff have submitted claims seeking substantial pay increases and other improvements. The main union representing British Steel manuals (1 January - 88,000) is expected to reject a suggestion for a pay freeze and to submit a claim at a meeting on 18 November.

5 In the private sector, unions on behalf of Ford manuals (26 November - 57,000) have rejected a 'final' offer of 9.5% on basic rates. The claim, which included a reduction in hours, is estimated to be worth 20%. Unions are to meet on 18 December to discuss future action. Merchant Navy officers (1 November - 36,000) and seamen (2 January - 26,000) have rejected offers of 9% and 10.5% respectively. Negotiations in Road Haulage (November 80/February 81 - 200,000) are taking place on a regional basis with the Road Haulage Association adopting a target of less than 10% in their regional negotiating groups. Settlements of between 4% and 6.8% have been reached in about half of the regions. Negotiations are continuing on a claim by Newspaper Publishers Association production workers (1 January - 33,000) worth 15%-16%. An offer of 5% has been rejected. Guardian Royal Exchange staff (1 January - 8,700) have been offered 9% in response to a claim for 14% with a reduction in hours. A 15-point claim for Oil Company tanker drivers (21 November - 8,500) has met with offers of 14.1%. Drivers at BP have accepted, but Shell, Texaco and Esso have rejected the offer. Talks have broken down on a final offer of 5.6% to 6.8%, according to grade, for workers in Motor Vehicle Retail and Repair NJC (1 January - 400,000). The Employers' Association has recommended that member firms implement the offer.

EARNINGS

6 In October the year on year increase in average earnings for the whole economy was 20.0% compared with 26.1% in September. Leaving aside temporary factors the September figure was about 21½%.

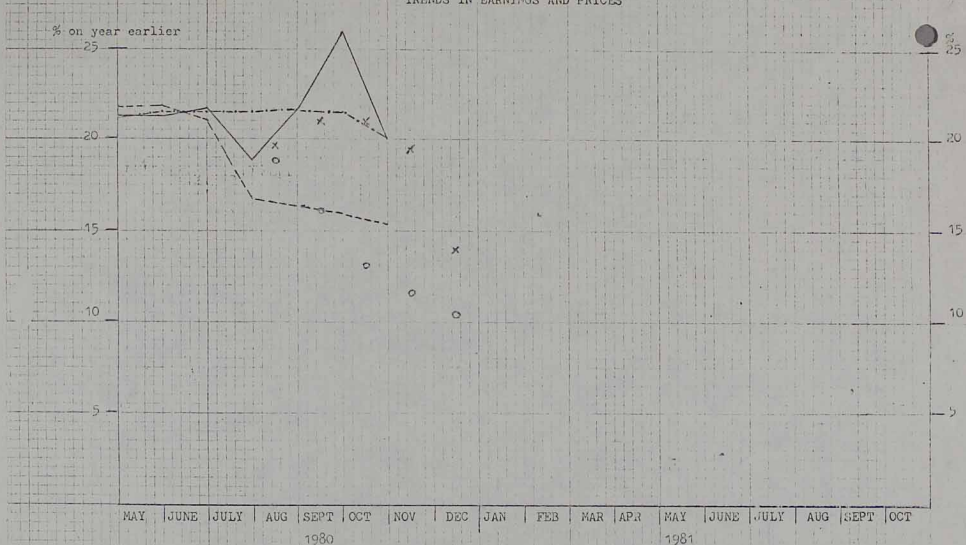
REAL DISPOSABLE INCOME

7 The real disposable income of a typical family (described in the mid-September Pay Brief) rose by about 3% in the year to September.

CONFIDENTIAL

CONFIDENTIAL
TRENDS IN EARNINGS AND PRICES

APPENDIX I



MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT

1980 1981

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

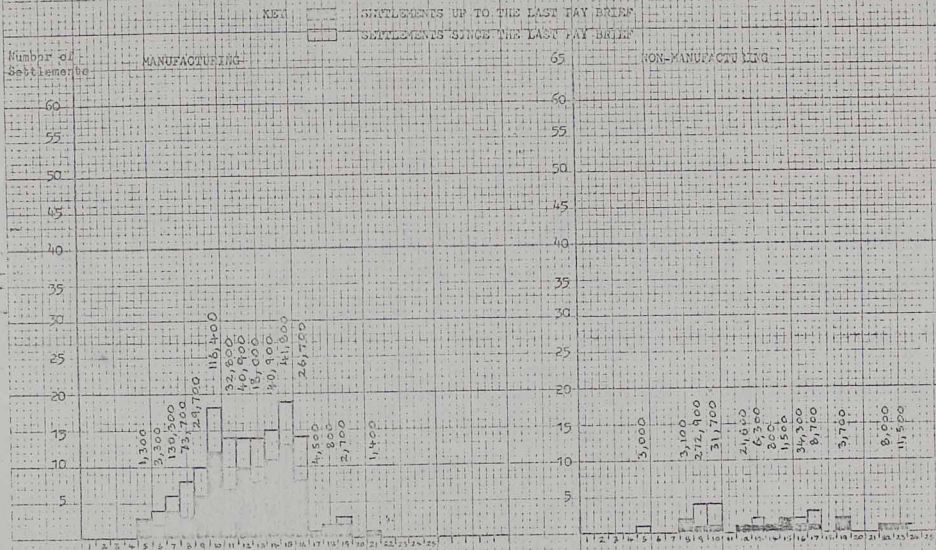
Cumulative Average Increase in Earnings (effective after 31 July 1980)

CONFIDENTIAL

CONFIDENTIAL

APPENDIX 2

DISTRIBUTION OF SETTLEMENTS IN THE PRIVATE SECTOR BY LEVEL OF SETTLEMENT FROM 1 AUGUST 1980



LEVEL OF SETTLEMENT (ROUNDED TO THE NEAREST WHOLE NUMBER)

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

CONFIDENTIAL