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CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

THE NEXT PAY ROUND

Memorandum by the Secretary of State for the Home Department

At an informal meeting of Ministers held on 18 June the Prime Minister asked me to arrange for the preparation of a paper setting out the timing of major pay claims over the next year, the problems which these could involve and the Government's options for dealing with them. I accordingly commissioned a report from officials in the Departments most closely concerned, which I now attach.

2. The Secretary of State for Employment and I have considered this report and broadly accept its analysis and conclusions. Point which I would underline to my colleagues are:-

(a) There is a chance that we will face fewer major strikes this winter than in the recent past of a kind which could inflict direct and severe damage to the economy. This does not mean that there will be no strikes - there could be a number - but rather that the possibility of strikes in the most vulnerable areas of our economy has been reduced by the general policies we are following - including particularly our refusal to countenance formal pay policies with "norms" and the rest of the paraphernalia and our acceptance of, and the unions' commitment to, comparability pay awards in the public services.

(b) Within the critical areas of the economy those with the highest risk of damaging industrial action in the next 12 months appear to be coal and rail. The unions here are militant and well aware of their industrial strength; this strength will be augmented next winter by the oil shortage and our international commitment to reduce oil use which means that we will be relying on them for a maximum effort to move coal to power stations in order to maintain electricity supplies; and both industries are deficit-financed by Government so that we have an inevitable involvement in the settlements they reach and the consequences which flow from them.

- (c) There is also a new area of uncertainty: throughout much of the public sector the main source of discontent this winter is likely to be actual, or feared, loss of jobs. Although experience suggests that employees are less likely to pursue sustained industrial action against job losses than in favour of pay claims a number of threats of non-co-operation have already emerged which could be troublesome. A good deal is likely to depend upon the manner in which redundancies are handled. Experience has shown that a sensitive approach to closures, and good redundancy pay, can have a very beneficial effect where jobs are to be shed as well as yielding net financial dividends. We should consider whether our cash limit procedures need to be adapted to exclude the "once-for-all" costs arising from redundancies.
- (d) Similarly we would do well, I think, to be prepared to be discriminating in our handling of small, non-repercussive, pay claims in areas of the public services where industrial action could be particularly damaging.
- (e) With my own particular responsibilities for law and order I am also concerned that substantial additional job losses in particularly sensitive areas of high unemployment, like the Clyde or Tyneside, could lead to disruption of a more widespread, semi-political, nature divorced from the normal processes of collective bargaining. Although this possibility extends well beyond the normal role of the Contingencies Unit I have asked them to consider how the consequences of a disruption of this type could be handled, if it happened.
- (f) Colleagues already know that contingency plans exist in some fields to ensure essential supplies and services to the community in an emergency. All of these are in the process of a routine revision to bring them up to date in the light of lessons learnt during the past winter and to ensure the political acceptability in each instance of the concept of military aid to civil Ministries. The result of this revision and recommendations for any change in contingency arrangements will be put to my colleagues in late September.
- (g) In some areas where industrial action could threaten essential supplies, it is impracticable to devise plans to protect the community against its effects; e.g. to keep power stations in operation because the technical skills are beyond the scope of Servicemen or other alternative labour. Even where plans do exist they do not, and cannot, provide a means of conducting "business as usual". They simply represent the capacity of Government to buy time, e.g. through stock-piling or curbing consumption; and they are designed to avoid extremes of hardship and threat to public safety which industrial action could

impose, e.g. in the gas industry where interruption in distribution is a safety hazard and domestic supplies have to be shut off. But their effectiveness and durability cannot be guaranteed; in almost every case, for instance, effective contingency arrangements depend upon the co-operation of supervisors.

- (h) Finally, the report stresses that the relative industrial peace foreseen for this winter may be bought at the expense of high wage settlements carrying severe implications for labour costs and consequently for employment and the general health of the economy. The extent to which this fear is realised will depend critically on the determination with which we carry through our macro-economic policies, e.g. on money supply, and do not flinch from allowing the consequences of excessive wage settlements to be visited on the firms and institutions which make them.

W.W.

Home Office
 Queen Anne's Gate
 19 July 1979

THE NEXT PAY ROUND

Note by Officials

Introduction

1. We were asked to report on the timing of major pay claims over the next year, the problems in terms of industrial action which these could involve and the scope for Government action in dealing with them. In order to limit damaging speculation we have kept our enquiries of Departments to the minimum but the Annexes to our report reflect Departmental information and views.
2. The note is primarily concerned with the prospects in those industries and services where industrial action is likely to have damaging consequences for the wider community. There could be sporadic or longer-lasting action among other groups of employees: how far this occurs will depend to a considerable extent on the Government's general approach to pay through its economic, monetary and fiscal policies, and is outside the scope of this note. Similarly, we have not taken a view on the size of wage settlements that might be reached, or whether these would be in some sense "acceptable" in terms of the broader policies. This note should therefore be read as complementary to the series of papers on Pay issues which have been prepared for E Committee.

The Timetable

3. Annex A sets out the most important pay settlements of the next year in chronological order, on the assumption - not necessarily still true -

that the normal 12 months interval between settlements will continue to obtain. It should be remembered that:-

(a) although pay bargaining has normally begun before these dates, actual settlements have often not been reached until the dates are well past.

(b) There are well-established customary links between some settlements, eg between manual workers in local authority health service and educational fields, and similarly with craftsmen in the same organisations. Moreover large unions are often involved in a series of negotiations spanning a range of industries and their negotiators have a natural tendency to 'read across' from one negotiation to another. Thus a settlement in one industry can often, in effect, determine by proxy the shape of a much wider range of negotiations and settlements. This is one of the main means by which the concept of a "going rate" of pay increase can develop. Union negotiators are well aware of these factors and sometimes seek, with varying success, to stage-manage the progress of individual negotiations to fit in with a wider strategy.

The critical settlements

4. The annual wage round has involved many thousands of separate negotiations. All are important for those engaged in them; all have bearing on the outcome of the round in terms of the national increase in earnings (and hence the national rate of inflation); and some,

especially in the public sector, have directly engaged Government. Within the total, however, only a relatively few negotiations are of critical importance, either because they carry the risk of direct damage to the life of the community should there be a breakdown leading to strike action, or because they have significant direct or indirect effects on the economy, or because they set the tone for a range of subsequent negotiations in the same, or other, industries.

5. Individual negotiations may be particularly important for more than one of these reasons. For example a strike in the water supply industry carries immediate risks to public health, could quickly disrupt much of our industrial life and, because of customary links with the pay of other groups, the level of an eventual settlement establishes a precedent on which union negotiators will seek to build. In other cases, eg in the coal and road haulage industries, the consequences of a strike depend on its duration. Thus a short coal strike might be wearable in terms of economic disruption, but its effects, particularly through electricity supply, could spill over within a few weeks into severe economic disruption and ultimately into a severe threat to services essential to the life of the community. It is also worth noting that the damage which a particular strike can inflict on the community depends, among other things, on the manner in which it is conducted. Prior to last winter, for example, the threat of a lorry drivers' strike would have been regarded with reasonable equanimity. But secondary picketing rapidly turned last winter's strike into a major threat to a host of essential services, as well as to the general economy. Union tactics have also become more sophisticated; in many important industries and services, selective action by comparatively few key workers (at small cost to union funds) can cause disproportionate disruption.

6. In the paragraphs which follow we seek to identify those wage negotiations in the next 12 months where industrial action could be particularly damaging (further factual information on each is given in Annex B); to assess, so far as we can, the likelihood of such action occurring; and to examine the options open to Government either to mitigate the effect of action if it occurs or to influence the context in which both sides of industry will determine whether they wish to take their negotiations to the point of industrial action.

The private sector

7. Relatively few private sector negotiations carry the risk of direct disruption of the economy. The most notable of these are: 'hire and rehire' lorry drivers, oil tanker drivers, refinery workers, seamen, dockers and the employees of the British Oxygen Company (BOC). However because there are comparatively few major public sector settlement dates in the early autumn, private sector settlements have tended to establish a "going rate" for the round as a whole. In particular because of the timing of their negotiations and the publicity which usually attends them, settlements at BOC, as well as in Ford, can have an important formative influence on other negotiations.

8. In the view of the Departments concerned, damaging strikes are unlikely in any of these groups over the next 12 months. It is true that the CEEU have circularised their members urging them to fight to obtain moderation in wage levels. Nevertheless road haulage employers are thought most unlikely to want to repeat last winter's trial of strength with their unions and, without the constraints of a formal pay policy, the judgement

is that the firms concerned in the critical cases referred to in the previous paragraph are among those who could most easily raise their prices to finance settlements and are likely to choose to settle rather than fight. There may well be strikes in other parts of the private sector but they are unlikely to be of a kind which would create a strong demand for Government intervention.

9. Throughout the private sector the Government's main influence on wage negotiations and settlements will come through its general monetary and fiscal policies; its willingness to stand aside when the consequences of a settlement bear heavily on the firm concerned; and its general campaign of economic education. Measures to redress the balance of trade union bargaining power are unlikely to exert more than a general psychological effect in the period under review.

The public services

10. There are many parts of the public services where industrial disputes can cause substantial inconvenience, and in some cases danger, to the public and to industry. But the risk of disruption in the 'law and order' services - police, fire and (provided the Government's reaction to the May Committee findings are seen by their employees to remove existing grievances) prisons too - is now very low. And in much of the remainder of the public services - the NHS, the industrial and non-industrial Civil Services and local authority employment - the progressive implementation of comparability awards stemming from past agreements and the studies of the Standing Commission on Comparability, should have removed the deep-seated sense of grievance which many brought to last year's negotiations. Thus for the

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first time in several years the staffs concerned will feel that they are negotiating for a 'normal' increase free of the belief that they are being actively discriminated against by the implementation of 'pay policy'. There is thus every expectation that pay as such will not be as explosive an issue in the public services over the coming 12 months as it has been in the last year.

11. This is not to say that there is no risk of trouble. In particular the prospect, or reality, of staff reductions following from public expenditure cuts, and the squeeze on cash limits, could well create conditions in which industrial action appeared, to the employees, to be a sensible defensive course to follow. A lot will of course turn on the actual scale of redundancies which emerges and on the financial arrangements adopted to compensate those who lose their jobs. The fact that the NHS is being largely shielded from public expenditure cuts may help to ensure reasonable peace in this particular, critical, sector. For the rest a lot will depend on the sensitivity with which staff reductions are handled in both central and local Government. There is however no reason to assume that major and painful disruption is likely in other critical services (eg those provided by the DHSS) and of course in many areas of the public services, eg education, strike action is annoying rather than economically damaging.

The public trading sector

12. The public trading sector includes a number of industries whose uninterrupted working is of vital concern to the economy - gas, electricity, telecommunications, rail transport, coal and the water industry which relate

closely to the public service group. These industries represent the areas in which industrial disputes could be very damaging and where there is a significant risk of trouble. They have no "comparability cushion" on which to fall back; some of the unions have a militant tradition; and the employees are only too well aware of the power they possess to create havoc. While some employees in this group have received recent substantial increases, in many cases this has been seen by them as merely restoring eroded differentials with other groups. On the other hand some of the industries are capital-intensive and financially able to finance large settlements without great difficulty, given flexibility to raise prices, even within a strict cash limits regime. Gas, electricity, telecommunications and water are perhaps the main examples here.

13. This leaves the coal industry and British Rail as potentially the most difficult cases for Government to handle in the public trading sector. Both industries are likely to need substantial sums of public money in the coming year (though the financial problems of the NCB need reassessing in the light of the latest increase in the price of oil); and both have a critical role to play in maintaining electricity supplies during next winter when stocks of coal at power stations are likely to be lower than for some years and the railways will be required to carry exceptionally high tonnages of coal to power stations if the use of oil is to be minimised. It is fortunate that the settlement dates for both industries fall after the worst of the winter is over though the miners are trying once again to bring forward their settlement date to November in order to enhance their, already considerable, bargaining power.

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The Government's response

14. Although the Government has no formal pay "policy" it has three required tasks bearing on wage bargaining:-

- (a) It needs to be ready so far as it can to ensure, in an emergency, the supplies and services essential to the life of the community;
- (b) It needs to set and convey conviction for the financial and monetary parameters within which private sector wage bargaining takes place; and
- (c) it sets cash limits for wide areas of the public services and financial limits for the public trading sector.

Civil contingency arrangements: the Government's contingency arrangements to deal with emergencies threatening supplies and services essential to the life of the community are described in Annex C. The important general point about these arrangements is that they are not, and cannot be, a means of maintaining "business as usual". In most cases the best that can be done is to buy some time by avoiding the extremes of hardship and threat to public safety which a strike in a vital service or industry could impose on the public, and in some cases it is not possible even to guarantee this. Moreover in almost every case the effective functioning of the contingency arrangements depends on the active cooperation of at least part of the

workforce (eg the power engineers in the case of a dispute with the electricity manual workers). Many of the civil contingency plans have of course been tested by real situations in the last few years and the process of bringing them up to date is a continuing one.

16. The parameters for the private sector: The Government's determination to set and stick to a disciplined framework within which responsible collective bargaining can take place is critical. To some extent this can be achieved by emphasising these points in public statements. But probably far more important are the actual responses the Government makes in individual cases, and how far it is in practice prepared in such cases to stand firm and let both employers and employees face the consequences of their actions. The additional threads of public education (through for example the "forum" and any coordinated approach with the CBI), and steps to redress the balance between unions and employers in collective bargaining are under active consideration by Ministers.

17. Cash limits, etc: The effectiveness of the Government's strategy as it affects the public services and the public trading sector is of critical importance and rests heavily on cash limits and other financial controls. These matters too are the subject of separate Ministerial consideration. The essential question is whether cash limits set in advance are seen as a means of influencing the level of future pay settlements and of improving efficiency or simply reflect the trend of settlements likely to arise in the areas of the economy outside the Government's direct responsibility.

SECRET

Conclusion

18. It is not possible to predict with any certainty the course or outcome of wage bargaining in the next 12 months. Circumstances will change and the unexpected is bound to happen. Nevertheless our general view is that, within the framework of the Government's present strategy, strikes within the private sector which threaten severe direct damage to the economy are unlikely. Similarly we judge the risk of damaging strikes in the public services to be lower than in the immediate past. If they occur they are as likely to result from a reaction against loss of jobs as from pay claims. (Strikes with this motivation would be fairly new to our national experience and might well be difficult to pursue successfully. The main area of danger remains the public trading sector. A lot will depend on the attitude the Government adopts and the degree of freedom it allows to the setting of prices in these industries. There is every reason to suppose that most of the nationalised industries whose products are essential to the running of the economy could buy peace with their workforce - though at a price that might not be acceptable on other grounds. The exceptions are coal (where Ministers will shortly be considering a review of the coal industry's prospects, being prepared by the Department of Energy) and British Rail.

19. None of the foregoing implies that strikes will not occur in both the private and public sectors. But there is a reasonable chance that, coal and rail apart, there will be no widespread repetition of the damaging strikes of recent years.

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SECRET

20. On the other hand, there is a high risk that the price of industrial peace will be a relatively high rate of wage, and consequently price, inflation in the short run, while those concerned bring old attitudes to a new situation. This underlines the need for the campaign of education under consideration by Ministers; and the effectiveness of the education programme will in turn depend on how the Government acts when specific difficulties arise. Actions will speak louder than words.

Cabinet Office

11 July 1979

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MAJOR PAY SETTLEMENTS: ANNUAL SETTLEMENT DATES

	<u>Continuing negotiations for settlement dates before August 1979</u>	<u>Number of employees</u>	<u>Unions involved</u>
17 Mar	Electricity supply - manuals	96,000	EETPU, GMWU, TGWU, AUEW
1 Feb	- engineers	29,000	EMA
April	National Engineering Agreement	2,000,000	CSEU
1 Apr	Post Office - clerical and executive grades	44,500	CPSA, SCPS
1 Jul	- engineering grades	125,000	POEU
1 Jan	- supervising and management grades	14,000	POMSA
8 May	Drugs and fine chemicals	20,000	GMWU, USDAW, CHEM. WKS UN.
8 May	Heavy chemicals	61,000	GMWU, USDAW, CHEM. WKS UN, TGWU
1 Jul	Industrial Civil Service	170,000	ASBSBSW, AUEW, GMWU, UCATT, EETPU
1 Jul	Local Authority - non-manuals	569,000	NALGO, COHSE, NUPE, GMWU, TGWU
1 Jul	Lucas Electrical	24,000	AUEW, EETPU
<u>AUGUST</u>			
3	Plumbing, Heating and Mechanical Services Contracting Ind. (E & W)	30,000	EETPU
9	Heating and Ventilating & Domestic Engineering	45,000	NUSMW
<u>SEPTEMBER</u>			
20	Vauxhall Motors Co Ltd.	24,127	AUEW, EEETPU, TGWU
26	British Oxygen Co - Gases Division - manuals	3,300	TGWU, GMWU
26	British Sugar Corporation	6,883	TGWU, GMWU, EETPU, NUAAW
<u>OCTOBER</u>			
21	Ford Motor Co Ltd - manuals	57,834	ASB, AUEW, APAC, EETPU, FIAT, GMWU
1	Newspaper Publishers Ass. - National newspapers	33,000	SLADE, NGA, SOGAT, NATSOPA, AUEW, EETPU

		<u>Number of employees</u>	<u>Unions involved</u>
1	British Nuclear Fuels Ltd - manuals	7,100	GMWU
1	UK Atomic Energy Authority - manuals	4,700	AUEW, TGWU
<u>NOVEMBER</u>			
	BL Cars - manuals	111,000	AUEW, TGWU, GMWU
4*	Local Authority - manuals	1,000,000	GMWU, NUPE, TGWU
4	Local Authority - building trade operatives (E & W)	90,000	TGWU, GMWU, UCATT
24	Oil Tanker Drivers - Shell, BP, Esso, Mobil	7,800	TGWU
<u>DECEMBER</u>			
7	Water supply - manuals	33,069	NUPE, GMWU, TGWU, NUAL
	- craftsmen	4,890	CSEU
13*	NHS - ancillaries	212,750	NUPE, GMWU, TGWU, COHSE
<u>JANUARY 1980</u>			
	Road Haulage drivers - negotiations are fragmented, beginning in September and extending to February. The majority have a settlement date of 1 January.	100,000	TGWU, URTU
2	Merchant Navy - seamen	45,000	NUS
1	British Airways - manuals	50,000	TGWU, AUEW, EETPU, NUS, GMWU, UCATT, ACTSS, ASTMS
1	BSC - process workers	59,000	ISTC
1	- craftsmen	30,000	NCCC
1	- blastfurnacemen	10,000	NUB
1	- clerical, supervisory and technical grades	40,000	ISTC, NCCC, NUB, MATSA, ACAS, ASTMS, APEX
	Gas supply - manuals	39,200	GMWU, TGWU
1	NHS - maintenance and electrical engineers	13,000	TGWU, GMWU, EETPU, CSEU
1*	- ambulancemen	16,600	NUPE, TGWU, GMWU, COHSE
1	Post Office - UPW grades	185,000	UPW
1	Hull, London, and Southampton Docks	10,000	TGWU, NASD
1	Shipbuilders - Swan Hunter, Sunderland, Govan, Yarrow, Vickers	25,300	CSEU
1	National Freight Corporation BRS - operating grades	14,100	TGWU, URTU
20	Agriculture (E & W)	256,000	WAGES BOARD

* Clegg Commission to report in August 1979 - providing stages payments from the previous settlement on 1.8.79 and 1.4.80

		<u>Number of employees</u>	<u>Unions involved</u>
<u>FEBRUARY</u>			
1	Electricity supply - Engineers	29,000	EMA
1	NHS Ambulance Officers	3,700	
<u>MARCH</u>			
1	Coalmining - manuals	241,400	NUM
	- clericals	14,300	NUM, APEX
	- deputies	18,000	NACODS
	- managerial grades	16,400	BACM
17	Electricity supply - manuals	96,000	EETPU, GMWU, TGWU, AUEW
<u>APRIL</u>			
1	Civil Service Non industrials	494,500	FDA, SCPS, IRSF, CPSA, IPCS, CSU
1	NHS - Administrative and Clerical	117,000	NALGO, NUPE, COHSE, TGWU, MATSA
1	British Nuclear Fuels Ltd Staff	4,800	IPCS, CPSA
1	NHS Doctors and Dentists	81,700	BDA, BMA
1*	NHS Nurses and Midwives	494,000	NALGO, NUPE, RCN, RCM, COHSE
1	Post Office - Clerical and Executive	44,500	CPSA, SCPS
1**	Teachers - Primary and Secondary (E & W)	500,000	NUT, AMA, NAHT, AAM
1	UK Atomic Energy Authority Staff	8,700	IPCS
1	Armed Forces	330,000	
1	British Airways - Engineering Officers/ Pilots	4,000	MNAOA, BALPA
1	BBC manuals and staff	25,000	ABS, NUJ, EETPU, NATTKE, SOGAT
3	Milk Distribution (E & W/NI)	80,120	USDAW, TGWU, GMWU, URTU, APEX
4	Retail Co-op Milk Workers	21,350	USDAW, TGWU
24	British Printing Industries Federation	120,000	NGA, SOGAT, NATSOPA
24	Newspaper Society - Provincial Newspapers	26,000	NATSOPA, NGA, SLADE, AUEW, EETPU
25	British Rail - Conciliation Grades	150,000	TSSA, ASLEF,
	- Workshop Grades	50,000	NUR, CSEU
25	LTE Rail Operating grades	14,690	NUR, TSSA, ASLEF
25	British Transport Docks - manuals	3,162	EETPU, NUR, CSEU, UCATT, TGWU

* Clegg Commission report due December 1979 - staging 1 August 1979 and 1 April 1980
 ** Clegg Commission to report - date unknown - staging 1 January 1980 and 1 September 1980.

		<u>Number of employees</u>	<u>Unions involved</u>
<u>MAY</u>			
1	Port of Liverpool	5,500	TGWU
1	Electricity Supply - clericals	50,000	NALGO
8	Drugs and Fine Chemicals	20,000	GMWU, USDAW, CHEM WKS
8	Heavy Chemicals	61,000	TGWU, GMWU, USDAW, CMI
<u>JUNE</u>			
1	Construction Industry	775,000	UCATT, TGWU, FTAT
3	Food Manufacture	200,000	TGWU, GMWU, USDAW
6	Imperial Chemicals Ltd - manuals	65,000	ASTMS, GMWU, TGWU, NERS
27	Civil Engineering Industry	175,000	UCATT, TGWU, GMWU
<u>JULY</u>			
	Lucas Electrical	24,000	AUEW, EETPU
1	English Clearing Banks	154,000	BIFU
1	ITV Companies	8,000	EETPU, NATTKE, ACOT
1	Industrial Civil Service	170,000	EETPU, ASBSBSW, AUEW, GMWU
1	Post Office Engineering Grades	125,000	POEU
1	Gas supply staff	56,400	NALGO
	Local Authority non-manuals (E & W)	569,000	(NALGO, COHSE,
	(Scotland)	63,500	(NUPE, GMWU, TGWU
1	Water service non-manuals	31,464	NALGO, GMWU, NUPE
1	Robation and aftercare services	5,161	NAPO

1. Coal
2. Gas
3. Electricity
4. Water
5. Oil tanker drivers
6. Oil refineries
7. Road Haulage
8. Railways and London Underground
9. British Nuclear Fuels Ltd
10. Civil Aviation
11. N.H.S.
12. Local Authorities
13. Civil Service
14. Post Office
15. British Oxygen Company
16. Ports
17. Seamen.

INDUSTRY/SERVICE: COAL

SETTLEMENT DATE

1 March

NUMBER OF WORKERS

290,000

UNIONS: NUM, NACODS, BACM

1. EFFECTS OF A STOPPAGE

40% of energy requirements are met by coal, including two-thirds of electricity production. Survival period depends on extent of picketing outside the industry itself. If there is secondary picketing, the extent of stockholdings that are not vulnerable to picketing.

2. EXPECTED CLIMATE

The introduction in 1977/78 of the productivity scheme put the miners comfortably on top of the earnings league and they are determined to stay there. Likely attitude in the coming winter hard to gauge. Annual Conference has called for 65% increase in basic rates for face-workers and 30% for surface workers. If they really mean to get increases of this order industrial action is likely. But equally the claim may be moderated as a negotiating tactic aimed at getting a "reasonable" settlement with undue trouble. May be influenced by proposals about pit closures arising from the Coal Review.

3. RELATED PROBLEMS

Power stations burning as much coal (instead of oil) as they can this summer and winter. Because of limited availability, transport constraints and low starting stock coal stocks at power stations are likely to be lower than the electricity authorities would like at the start of the winter. Thus a coal strike could begin to affect electricity supply within perhaps 3-4 weeks.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

Main influence through control of deficit and investment finance to NCB. But OPEC raising costs of coal's main competitor. Thus coal prices could rise by over 15% and still be competitive for power generation. NUM are well aware of these facts and in any case may be inclined to believe the Government cannot in the last resort refuse to bail the industry out.

5. CONTINGENCY ARRANGEMENTS

a. Services Contingency Plans

Plan CUTTER (9000 servicemen) to move coal from stocks to power stations and priority domestic and industrial consumers. 4,500 vehicles would have to be requisitioned. Nowhere near likely to cope with normal requirements. Plan under review.

b. Stockpiles For power stations already largely determined by available transport capacity during the summer.

c. Alternative Resources Almost no scope.

INDUSTRY/SERVICE: GAS SUPPLY

SETTLEMENT DATE

NUMBER OF WORKERS

Manuals

2 January

40,000

Staff

1 July

56,000

UNIONS: GMWU, TGWU (manuals), NALGO (staff)

1. EFFECTS OF A STOPPAGE AND TIMINGS

Gas accounts for nearly a quarter of all industrial energy used; over half domestic cooking and heating; and heating in many schools and hospitals. The problem is maintaining pressure in the mains: if air enters explosions can result. Action by staff manning distribution terminals would have immediate impact on supplies. A strike by manuals would mean leaks going unrepaired and parts of the system progressively having to be shut off. Industry would suffer first because easier and safer to cut off. A major effect on the economy would take time to develop, but severe local effects could occur very quickly.

2. EXPECTED CLIMATE

No tradition of militancy. Staff have still not settled in this pay round, but BGC do not anticipate strike action.

3. RELATED PROBLEMS

Action could be compounded by trouble in other energy industries.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

As for any statutory corporation. Cash limit (for amount repaid to Exchequer) is only a weak control. High profits. The weather can have more effect on out-turn than a few percent on wage bill. Domestic gas prices already lower than competitive fuels.

5. CONTINGENCY ARRANGEMENTS

a. Service Contingency Plans

Plan VIBRATE (some 4,000 servicemen in normal weather, up to some 7,000 in extended cold weather) to help maintain gas supply safety, by warnings to consumers, temporary repairs, monitoring gas pressure conditions. Not to assist in gas supply. Plan being re-assessed.

b. Stockpile Policy

Effectively no storage capacity for natural gas. Few days' partial supply of LNG only.

c. Alternative Resources

Firms on "interruptible contracts" (some 20% of total demand) have standby arrangements to use alternative fuels. Hospitals with gas

fired boilers generally have oil fired standby equipment.

d. Statutory Controls

Powers for allocation/reduction of supplies -

- (i) general powers of direction under Gas Act 1972
- (ii) emergency powers under Energy Act 1976.

<u>INDUSTRY/SERVICE:</u>	<u>ELECTRICITY SUPPLY</u>	<u>SETTLEMENT DATE</u>	<u>NUMBER OF WORKERS</u>
a. Engineers		1 February	29,000
b. Manuals		17 March	96,000

UNIONS: EEUPTU, AUEW(E), GMWU, TGWU (Manuals), EMA (Engineers)

1. EFFECTS OF A STOPPAGE AND TIMINGS

Withdrawal of manual labour, even assuming full co-operation from engineering staff, could cause an almost immediate loss of supplies of more than 70%. A combined stoppage by both manuals and engineering staff would bring the industry to a halt. Limited industrial action by manual staff could have the effect of reducing supplies by 10% - 30%, depending on how it was applied, at which level it would be possible with the co-operation of the engineers to operate a system of rota cuts which offer protection to essential services and users for a limited period. After this a cruder system of rota cuts would have to be introduced which could not protect essential services to the same extent, although supplies for coal mines, major airports, railways, very large continuous processes and major gas pumping stations could be maintained. Action by engineers alone would produce extreme difficulties and only very crude switching would be possible. Limited action by them would result in the loss of supply of the order of 10% - 30%. The cruder form of rota cuts would probably be applied right away. Serious interruptions in mains supply could have rapid effects on food production and supply, as well as on hospitals; essential Government operations could be at risk.

2. LIKELY MILITANCY

If the wage settlements currently being balloted (manuals) or negotiated (engineers) are concluded satisfactorily there should not be difficulty. (Unofficial action by Shop Stewards Committees has occurred in the recent past but is not expected). Electricity manuals would expect to keep pace with surface workers in the mining industry and engineers to maintain their differentials against the manuals.

3. RELATED PROBLEMS

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

Capital intensive, but good record of productivity, so wage rises would need to reflect to some extent in prices. Industry reluctant to raise prices because of competition with gas.

5. CONTINGENCY ARRANGEMENTS

a. Services Contingency Plans

None; tasks too technical.

b. Stockpiling Policy

CEGB policy is to ensure stocks of fossil fuels of 50 average winter days' consumption on 1 October; ancillary materials are at 6 weeks stocks (4 weeks for the South of Scotland Electricity Board). But fossil fuel stocks are currently forecast to be lower at the beginning of next winter than the industry would like.

c. Alternative Resources

Major NES hospitals have standby generators and PSA have a few to help meet essential needs (e.g. water or sewerage pumping). Some industrial firms have their own generators for regular use (4500 MW) or standby. Essential Government telecommunications and accommodation services for emergency staffs on Government business are also provided for.

d. Statutory Controls

Emergency regulations to control supply and consumption of electricity. (Energy Act (1976) or Emergency Powers Act (1920) as necessary).

INDUSTRY/SERVICE: WATER

SETTLEMENT DATE NUMBER INVOLVED

1. Manuals	7 December	33,000
2. Craftsmen		5,000
3. Supervisors		

UNIONS: GNMU, TGWU, NAAAW (manuals)
CSEU (craftsmen)
NALGO (supervisors)

1. EFFECTS OF STOPPAGE

The consequences would depend crucially on whether the supervisors continue to work or not; they would also be very different in different areas. Without supervisors neither water supply nor sewerage systems could survive more than a few days. Troops or contractors could not help without supervisors to tell them what to do. If craftsmen and manuals stop work, but supervisors try to keep the system going, we could probably manage, with some local difficulties, for 2 to 3 weeks before putting in troops to assist. Thereafter the system could keep going for about a further 3 weeks - though on an emergency basis (troops would provide 9000 men against a normal workforce of 33,000, manuals + 5,000 craftsmen). Maintenance work in the industry is normally done on a breakdown basis and so cannot readily be deferred. Selective action, short of all-out strike could also be troublesome because of fine tuning of distribution systems. Illegal acts - but very difficult to prevent - could isolate particular industries from supplies by altering remote valves. If labour were withdrawn water quality at the tap would deteriorate, river pollution would increase, flooding could occur at key sewage pumping stations and sewer blockage or collapse could cause flooding or health risk.

2. EXPECTED CLIMATE

Depending on outcome of Clegg for LA manuals, water workers may feel that they did relatively well, or badly, this year, and alter their expectations. Experience this year was of unofficial local strikes. A national stoppage would be very different - and is not entirely impossible. A lot of the 1979 settlement was attributed to productivity and so further large manpower reductions as offset would be difficult.

3. RELATED PROBLEMS

Interaction with NHS and Local Authority. Same unions. Local authorities maintain sewerage system as agents of water authorities.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

Negotiations carried out centrally by National Water Council. But financial pressure on industry is weak because wages are a relatively small part of costs. Consumers have no choice but pay charges which have been rising annually broadly in line with movement of the RPI.

5. CONTINGENCY ARRANGEMENTS

a) Services Contingency Plans (under review)

Plan NIIMROD (9000 servicemen + command and control) for water and sewerage in GB. Depends on availability of supervisors. Would take 2 weeks to activate from scratch since specific trades are required.

b) Statutory Controls

Emergency Regulations to limit uses of water, and relieve Water Authorities of certain obligations.

INDUSTRY/SERVICE: OIL TANKER
DRIVERS

SETTLEMENT DATE NUMBER OF WORKERS
24 November 7800

UNION: TGWU

1. EFFECTS OF STOPPAGE

Would quickly bring road traffic to a halt. After 2 weeks little non-essential movement. Industry at large would be out of fuel. Oil for heating would have run out at some schools, offices and factories within 2 days. Stoppages in even one company can have serious effects in certain areas.

2. EXPECTED CLIMATE

With restricted supplies, the TGWU are likely to be pushed to demand high settlements; if these are not readily conceded, threats of industrial action are likely. The success of the road haulage dispute early this year will be remembered.

3. RELATED PROBLEMS

Unions view tanker drivers as leaders for other haulage drivers.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

The oil companies coordinate their stance, although smaller companies can break ranks. They will want to decide their own response but will keep Government closely informed.

5. CONTINGENCY ARRANGEMENTS

a) Services Contingency Plans

Plan DRUMSTICK (8500) would provide a lift of about 20% of normal oil movement. It requires emergency powers to requisition oil tanker vehicles and assumes operators and staff are available at terminals.

b) Stockpile Policy

Average oil stock levels are likely to be 7-21 days of fuel oil by industrial consumers; 6-7 weeks of fuel oil by power stations; substantially larger stocks of heating oil on average by domestic consumers, small industrial and commercial consumers. (But if no new supplies are delivered at least 10% would be without oil within a week); 7-14 days of motor fuels by industrial and commercial consumers, eg bus companies, but 25 per cent would be out of fuel in the first week; 2-3 days of petrol/diesel at filling stations.

c) Statutory Controls

Emergency Regulations and Energy Act 1976.

INDUSTRY/SERVICE: OIL REFINING

	<u>SETTLEMENT DATE</u>	<u>NUMBER OF WORKERS</u>
Manuals	} different dates for different companies	18,000
Staff		

UNIONS: TGWU, ASTMS, Craft Unions (EERTU etc.). There is a broad spread of union membership; some refineries are not unionised.

1. EFFECTS OF A STOPPAGE AND TIMING

National refinery stoppage unlikely because different companies conduct industrial wage bargaining. In event of manuals' strike, white collar workers might carry out necessary jobs but this would depend on local inter-union relations. Lack of maintenance would lead to gradual shut-down.

2. EXPECTED CLIMATE

No history of militancy. Has been some unofficial trouble at individual refineries.

3. RELATED PROBLEMS

Refinery shutdown (e.g. of ESSO refineries) could result in shortage of supplies for CEGB. Difficult to recover shortfall in view of current oil market situation.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

No direct influence. Government generally has good relations with industry.

5. CONTINGENCY ARRANGEMENTS

a. Service Contingency Plans

None. Tasks too technical.

b. Stockpile Policy

Industry normally holds 1 - 2 months' stocks, but much of these are at minimum operating level.

c. Alternative Resources

Major consumers (e.g. CEGB) might be able to import supplies in a more normal oil market situation. Refining companies might import supplies from European refineries.

d. Statutory Controls

Energy Act 1976: powers to direct companies on supplies.

INDUSTRY/SERVICE: ROAD HAULAGE

	<u>SETTLEMENT DATE</u>	<u>NUMBER OF WORKERS</u>
Most regions & NFC	1 Jan	Private 250,000
Some	in Nov/Dec.	NFC 24,000

UNIONS: TGWU, URTU,
TSSA/BTOG for staff

1. EFFECTS OF STOPPAGE

Experience in January/February 1979 showed that, despite the diversification of road haulage capacity, militant strike action and associated picketing in the hire and reward sector can effectively halt most road movements and blockade ports, and other important sources of supplies.

2. EXPECTED CLIMATE

High claims (£100 pw; 35 hour basic week linked to 52 hour guarantee) already emerging and will be pressed hard. The Road Haulage Associations are more likely to settle than fight. Unions likely to attack weakest regions (Hull and West Midlands) first and then apply result nationally. Eventual introduction of tachographs will reinforce claims for high settlement.

3. RELATED PROBLEMS

Rail freight is already overstretched and could not supply much competition to restrain price rises. Few companies likely to be able to change to own account operation.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

Largely private sector, little or no influence available over RHA. Could put NFC into front line - but the unions would be likely to resist that ploy. And it would lower the value of NFC for a "BP-type solution" to have a damaging strike. Moreover unions are already determined to base next years' round on regional/company negotiations.

5. CONTINGENCY ARRANGEMENTS

a. Service Contingency Plans

No real alternative possible for general freight movements in an all-out strike

INDUSTRY/SERVICE: RAILWAYS
(including London Underground)

	<u>SETTLEMENT DATE</u>	<u>NUMBER OF WORKERS</u>
Rail	April	220,000
Tube	"	18,000

UNIONS: NUR, ASLEF, TSSA, CSEU.

1. EFFECTS OF STOPPAGE

BR Main effect of national strike would be on economy via freight. But commuter services can be severely and annoyingly disrupted by work-to-rule or 1 day strikes.

Tube A strike by very few signalmen could close Tube. Selective action could also be very troublesome. Concerted action between BR and Tube employees could effectively bring work in London to an immediate halt.

2. EXPECTED CLIMATE

Union Conference has left freedom for a "substantial" claim, (30-40% mentioned). Likely to see how other settlements, particularly miners, are shaping. Limited disruptive tactics more likely than all-out strike. Tactics could be affected by longstanding NUR/ASLEF hostility. Commuters mainly affected. Tube employers intend to enforce productivity changes as part of recent arbitration award, (first real test of new policy on pay and productivity).

3. RELATED PROBLEMS

Coal supply to power stations is already critically dependent on rail transport next winter. Action by BR staff could therefore repercuss to power supplies.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

BR is grant-aided in respect of its Public Service obligations, and has in recent years had a constant real terms cash limit. LTE is grant-aided by GLC. Labour intensive industry. Unions have in the past challenged validity of a fixed financial discipline from Government.

5. CONTINGENCY ARRANGEMENTS

a) Services Contingency Plans

System too complex for effective operational action. Emergency car parks in London parks via plan PUFFER (280 men).

b) Stockpiles

Only relevant for freighted items. Coal stocks are already determined for next winter.

c) Alternative Resources

Cars, buses, and planes could cope with intercity travel. In London and conurbations congestion would cause disruption. Road freight could not adequately substitute for specialist rail freight - eg merry-go-round trains to power stations.

d) Statutory Controls

Emergency Regulations to relax certain restrictions. Requisition road vehicles. 75

<u>INDUSTRY/SERVICE:</u>	<u>BRITISH NUCLEAR FUELS</u>	<u>SETTLEMENT DATE</u>	<u>NUMBER OF WORKERS</u>
	Manuals	1 October	7,100
	Non-industrials	1 April	4,800

UNIONS: GMWU, AUEW, TGWU, EEPTU (industrials).
IPCS, CPSA, SCPS, AGSRO (non-industrials).

1. EFFECTS OF A STOPPAGE AND TIMING

Main consideration public safety. Plant would need to be shut down and made safe. No safety problems in short term, provided small number of people had access; or in longer term (some months), provided deliveries of essential supplies took place. Effect on electricity supply: most stations would be able to last for no more than 4 - 6 months before storage ponds become full.

2. EXPECTED CLIMATE

No tradition of militancy (occasional unofficial action). Assuming current IPCS disputes resolved and restructuring agreed, no problem with non-industrials expected. No reason to suppose BNFL will not be able to reach agreement with industrials.

3. RELATED PROBLEMS

Possible repercussions of AWRE site allowance increases.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

No statutory powers: BNFL is Companies Act company.

5. CONTINGENCY ARRANGEMENTS

a. Service Contingency Plans

None: too technical

b. Stockpile Policy

Not relevant - dangerous to store materials outside BNFL sites.

c. Alternative Resources

No realistic alternatives.

d. Statutory Controls

None relevant.

<u>INDUSTRY/SERVICE:</u>	<u>CIVIL AVIATION (PUBLIC SECTOR)</u>	<u>SETTLEMENT DATE</u>	<u>NUMBER OF WORKERS</u>
	British Airports Authority	1 January	7,000
	Civil Aviation Authority	1 April	7,500
	British Airways (pilots)	1 April	4,000
	British Airways (other)	1 January	50,000

UNIONS: TGWU, AUEW, EETPU, NUSMW, GMWU, UCATT, ACTSS, APEX, ASTMS, BALPA, IPCS, SCPS, CPSA.

1. EFFECTS OF STOPPAGE

Action by firemen alone could close BAA airports. Could probably manage without other groups. Air traffic controllers could close all airports. Loss of all civil aviation would be tolerable for a time - though costly. In fact limited action is much more likely.

2. EXPECTED CLIMATE

No obvious indicators. CAA usually follows civil service. Employers particularly BAA, CAA, are likely to adopt a tough stance. None of them have much scope for raising charges, and CAA is anxious to eliminate grant in aid.

3. RELATED PROBLEMS

A civil service dispute could affect power supplies for air traffic control.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

Financial disciplines for profitable industry with little price flexibility.

5. CONTINGENCY ARRANGEMENTS

a) Services Contingency Plans

None.

b) Alternative Resources

In case of a BA strike other carriers could cope with the greater part of the load. In case of a BAA strike a small proportion of the traffic could still fly from municipal airports.

INDUSTRY/SERVICE: NHS

Ancillaries
Craftsmen
Ambulancemen
Admin
Doctors, nurses

11.
SETTLEMENT DATE NUMBER OF WORKERS
13 December 210,000
1 January 13,000
1 February 3,000
1 April 120,000
1 April 570,000

UNIONS: NUPE, GMWU, TGWU, COHSE, NALGO, MATSA, BMA, BDA, RCN, RCM

1. EFFECT OF STOPPAGE

Reductions in hospital services which are more likely to be caused by local, unofficial industrial action rather than by national action.

2. EXPECTED CLIMATE

Depends mainly on outcome of Clegg. Unions may feel satisfied or disappointed. Militancy may also be aroused by public expenditure cuts, and by issues like pay-beds.

3. RELATED PROBLEMS

Claims for ancillaries and ambulancemen are linked to local authority staff. Same unions involved. Picket lines may prevent fuel or supplies reaching hospitals.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

Through cash limits, which employers will respect. However they have no experience of negotiations within cash limits but without an explicit incomes policy. Problems are formidable.

5. CONTINGENCY ARRANGEMENTS

(a) Service Contingency Plans (under review)

Plans KINDLY I and BITTERN to maintain ambulance services, and KINDLY II to replace hospital maintenance staff in mechanical, laundry, stoking, electrical, driving, and general duties. (10,000).

(b) Stockpiles

Convenience foods and disposable linen in hospitals.
Standby generators.

INDUSTRY/SERVICE: LOCAL AUTHORITY
(MANUALS)SETTLEMENT DATE NUMBER OF WORKERS
4 November 1 m.

UNIONS: AUEW, NUPE, GMWU, TGWU, EETPU

1. EFFECTS OF STOPPAGE (Essential services only)

Evident last year - rubbish collectors; school caretakers; gravediggers and agency sewerage work for water authorities; road gritting.

2. EXPECTED CLIMATE

May be deterred by last winter's experience, particularly if the results of Clegg seem satisfactory. But they will be looking for updating in line with inflation and new grievances may be felt to arise over public expenditure cuts. The employers will be under a tighter cash squeeze than last year, because balances are lower: so likely to be tough negotiations. Action may vary from place to place.

3. RELATED PROBLEMS

Possible interaction with water or NHS dispute. Same unions involved.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

Negotiations conducted centrally by LACSAB, which is a cumbersome body, and not closely tied in with the local authority finance negotiators. Government influences via cash limits, - but authorities have freedom to raise own rate contributions.

5. CONTINGENCY ARRANGEMENTS

a) Services Contingency Plans

Plan NIMROD for sewerage maintenance and CATHEDRAL (300 men) for waste disposal in London. Could assist at burials and crematoria, if supervisors continued working. Plans currently under review with DoE in light of last year's experience.

b) Stockpiles

Plastic refuse sacks. Standby generators for pumping stations.

c) Other Resources

Contractors could provide some services, given supervisors and willingness to cross picket-lines.

d) Statutory Controls

Emergency Regulations for sewerage.

INDUSTRY/SERVICE:	SETTLEMENT DATE	NUMBER OF WORKERS
CIVIL SERVICE		
Non-industrial	1 April	566,000
Industrial	1 July	170,000
Printing	19 June & 26 July	

MAIN UNIONS: IPCS, CPSA, CSU SCPS, FDA, IRSF, EETPU, ABBSSBW (boiler workers and shipwrights), AUEW, GMWU, TGWU, NUSMWOCDE (sheet metal workers and coppersmiths), NGA, NATSOFA, SOGAT.

1. EFFECTS OF STOPPAGE

Action in civil service would almost certainly be selective, aimed at particular weak points, eg.

- computers
- customs and immigration control
- air traffic
- payment to contractors and collection of revenue
- payments of benefits (exempted from action last time but create quick effects - not all favourable to the union!)
- defence service (industrials as well as non-industrials)
- prisons
- parliamentary services eg. printing, heating, ventilation

2. LIKELY MILITANCY

Administration group satisfied by recent PRU settlements when fully implemented and unless new hostility arises over public expenditure proposals, or updating of pensions for inflation. Industrials (JCC) and print unions (non-JCC) negotiating and non-industrial scientific and technical grades are currently still in dispute; the future climate will depend on settlements reached.

3. RELATED PROBLEMS

Contingency plans involving use of other organisations (eg. Post Office banks) dependent for success on willingness of unions involved not to take sympathetic action. Picketing also interrupts deliveries of supplies, including mail and heating fuel for offices.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

Direct.

5. CONTINGENCY ARRANGEMENTS

a) Services Contingency Plans

Use of Services probably related only to MOD contingency plans (ie. to replace industrials).

b) Stockpiles and Alternative Resources

Use post offices for payment of benefits; banks for financial transactions. Very difficult to plan generally since the action will be aimed at the current points of weakness. Union knowledge of these likely to be up-to-date. Departments generally have made contingency plans related to the targets listed at 1. Effectiveness of plans heavily dependent on i) willingness of staff to undertake other than normal duties. ii) willingness of management to use available sanctions (eg. to increase significantly the numbers of strikers the unions have to finance.)

iii) availability of effective sanctions under present employment protection legislation.

c) Statutory controls

None.

INDUSTRY/SERVICE:	SETTLEMENT DATE	NUMBER OF WORKERS
POST OFFICE		
Engineers	1 July	125,000
Postal Workers	1 January	125,000
Supervisory	1 January	14,000

UNIONS: POEU, UPW, SPOE, POMSA (Telecomms)
UPW, POEU, POMSA (Posts)

1. EFFECTS OF STOPPAGE

Telephone system is almost entirely automatic for calls within the UK. If not deliberately sabotaged could run for say 2-3 weeks deteriorating gradually, and then more rapidly, as faults are not repaired. For overseas calls the system is 10% manual, so a stoppage would have some immediate effect. ITV programmes could be affected immediately by selective POEU action. It is likely that action aimed at vulnerable points would be used to achieve maximum disruption at low cost to unions.

Posts

No postal services or Crown Office counter services (including pensions, allowances insurance stamps, Giro, National Savings and Licences). Sub-post offices might continue to operate. Tolerable for a long time, with contingency plans in action.

2. EXPECTED CLIMATE

All-out strikes seem unlikely, but limited action may continue with possible increasing effect, unless settlements now given satisfy everyone. Staff are strongly opposed to splitting the PO and this could raise temperature. Employers would look to price rises to cover costs. Productivity deal for postmen rejected by ballot. Telecom. productivity has been substantially improved in recent settlements.

3. RELATED PROBLEMS

Contingency plans involve co-operation of DHSS staff - which might not be forthcoming.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

Sets financial target - but monopoly industry and difficult to measure efficiency.

5. CONTINGENCY ARRANGEMENTS

a) Services Contingency Plans

None except for essential strategic communications. Troops would be ineffective for assisting general services.

b) Stockpiling and Alternative Resources

Only limited action possible to use sub-post offices more. Private carriers for posts if PO monopoly relaxed. Alternative arrangements for pension payments.

INDUSTRY: BRITISH OXYGEN COMPANY

UNIONS: Manuals: TGWU, GMMU.
Others: ASTMS, MATCA, ACTSS.

SETTLEMENT DATE	NUMBER OF WORKERS
21 September to 1 October	3300 Manuals 1750 Graded 2000 Clerical 450 Technicians

1. EFFECTS OF A STOPPAGE

BOC hold 80% of the market for industrial gases; (their only substantial competitor is Air Products Limited which has little spare capacity). BOC is a monopoly supplier of medical gases used by hospitals. BOC maximum stocks are about 7 days supply; consumer stocks are likely to be from 2-14 days. Thus, should industrial action by BOC employees last more than 14 days serious problems for essential users would develop unless the Unions agreed to maintain emergency supplies. Critical areas are hospitals, pharmaceuticals, Atomic Weapons Research Establishment, artificial insemination centres, food manufacture and British Rail.

2. EXPECTED CLIMATE

The manual group tanker drivers have considerable industrial muscle. The unofficial strike of 1977 severely disrupted many sectors of industry especially steel, shipbuilding, motor vehicle and aircraft manufacture. Essential services such as hospital supplies, defence requirements, frozen foods, energy industries and sewerage are also vulnerable.

3. RELATED PROBLEMS

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

The Company have previously gone out of their way to clear their initial negotiating proposals with Ministers, and are usually forthcoming in keeping officials up-to-date. The eventual 1977 settlement included a self-financing productivity scheme which was subsequently found to be deficient and was publicly criticised by the Price Commission report on BOC in 1978. The 1978 settlement was for 9%. The unions' claim can be expected during August and is likely to be at least 20% and possibly 30%.

5. CONTINGENCY ARRANGEMENTS

a. Services Contingency Plans

None.

b. Stockpiles

BOC	7 days
NHS Hospitals	1-3 weeks oxygen
Defence	10-14 days liquid nitrogen (AWRE)
	10-14 " nitrogen gas (POLARIS)
MAFF	2 weeks liquid nitrogen (Artificial Insemination Centres)
British Rail	3 - 4 weeks.

c. Alternative Resources

Air Products Limited - but limited spare capacity, and in 1977 refused to supply BOC customers. No alternative for medical gases.

d. Statutory Controls

INDUSTRY/SERVICE: PORTS

	<u>SETTLEMENT DATE</u>	<u>NUMBERS INVOLVED</u>
Bristol, Hull,		
London, Southampton	- 1 January	
Liverpool, ETDB	- April/May	25,000
Small Ports	- September	

UNIONS: Registered Dock Workers: TGWU, NASD, GMWU.

Other staff: TSSA, NUR, GMWU, NALGO, and others.

(Militant unofficial National Shop Stewards' Committee has considerable influence)

1. EFFECTS OF STOPPAGE

A national stoppage would be very serious but is unlikely.

2. EXPECTED CLIMATE

Claims are negotiated locally. Major industrial action over pay is unlikely, but local strikes may occur. They may be stimulated by containerisation, or controversial plans eg PLA Corporate Plan, or possible closure of Preston.

3. RELATED PROBLEMS

None.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

ETDB is a nationalised industry with a financial target. London is in need of Government subvention, and Bristol is supported from the rates. Others do not rely on Government finance. Employers inform each other of negotiations, but their circumstances are different and individual settlements are made.

5. CONTINGENCY ARRANGEMENTSa. Services Contingency Plans

Plan (HALHERD - 12000men) to unload ships in docks and where necessary distribute perishable cargoes. Under review.

INDUSTRY/SERVICE: SEAMEN

<u>SETTLEMENT DATE</u>	<u>NUMBER OF WORKERS</u>
2 January	45,000

UNION: NUS

1. EFFECTS OF A STOPPAGE

About half UK exports and one third of imports are carried in UK ships. Subject to cooperation from non-UK unions a reasonable proportion of bulk cargoes could be switched relatively easily to non-UK ships. But there would be greater difficulty with other dry cargoes. Oil imports would be unlikely to be affected significantly. Problems would increase after (say) six weeks, especially because of congestion at ports.

2. EXPECTED CLIMATE

Serious industrial action is not thought at present to be likely; the depressed state of the shipping industry is likely to dampen union militancy. The industry's proposals for redundancies could prove difficult to negotiate; but again these seem unlikely to lead to major industrial disruption.

3. RELATED PROBLEMS4. GOVERNMENT INFLUENCE OVER EMPLOYERS

The shipping companies coordinate their stance through the General Council of British Shipping who negotiate on behalf of the bulk of the industry. They are likely to keep the Government closely informed.

5. CONTINGENCY ARRANGEMENTSa. Services Contingency Plans

No arrangements exist.

b. Stockpiles

Stockpiles of essential commodities eg food, oil, could be drawn upon.

c. Alternative Resources

Exporters and importers could switch to non-UK ships, subject to foreign union cooperation (see (1) above).

d. Statutory Controls

A state of emergency could be declared if essential supplies were threatened. Emergency regulations under the Emergency Powers Act 1920 could be used to prevent ships entering particular ports if they were becoming congested, and to control the departure of ships from the UK.

CIVIL CONTINGENCY ARRANGEMENTS

1. Successive Governments have established a Civil Contingencies Unit to provide an inter-departmental forum for co-ordinating the preparation of plans for ensuring essential supplies and services to the community in an emergency. It is chaired by the Home Secretary and includes Ministers and officials from other Departments as necessary. Outside an actual emergency the Unit usually comprises official membership only and is chaired by the Cabinet Office.

2. The contingency arrangements are designed basically to ensure in an emergency the supplies and services essential to the life of the community. But it must be remembered that the constraints imposed by contingency planning are significant; "business-as-usual" will not be possible and the timescale for taking emergency measures and maintaining them in operation is short. Arrangements already in being give some short-term protection against a strike and ensure that the Government is not completely at the mercy of threats to essential supplies and services. But experience shows that -

- i. some severe threats to the essentials of life cannot adequately be countered by contingency plans;
- ii. measures to mitigate the effects of a strike can be rendered nugatory by picketing or sympathetic action in other industries;
- iii. Servicemen can sometimes provide alternative skills and labour as a final line of defence, but their use is likely to be provocative;
- iv. it is often difficult accurately to assess, other than in the short term, the risk of industrial action breaking out, and the initiation of counter-measures may itself become provocative.

3. The Civil Contingencies Unit keeps under continuous review measures which will increase preparedness in emergencies arising from industrial stoppages in some 16 industries or services which are judged to be those in which industrial action can most seriously affect the life of the nation or threaten the health and safety of the community.

4. Four specific ways of mitigating the immediate effects of an industrial stoppage can be identified -

- a. curbing consumption;
- b. stockpiling essential supplies;
- c. providing alternative resources;
- d. bringing in substitute labour.

The remaining paragraphs of this Annex discuss the measures available, under each of these four headings.

a. Curbing Consumption

5. Statutory control of fuel consumption can be achieved under the Energy Act (1976). Orders and directions can be introduced quickly and effectively in the case of oil to ensure that supplies from filling stations are confined to priority users or to enforce a percentage reduction in deliveries across the board. In the case of coal a voluntary scheme would be used at first to achieve the same result; only in the event of very severe shortages would the statutory measures which are available be taken. Controls of electricity consumption can also be introduced under the Act or under Emergency Regulations: such controls would take the form of restrictions on consumption and/or rota disconnections; rota cuts are effective but indiscriminate, and the domestic user cannot readily be made subject to statutory control. The Emergency Regulations allow resources to be controlled in the use of water, sewerage, road and rail transport. These powers are,

however, primarily to allow the bodies concerned to refuse supply or to give dispensation from contractual or statutory obligations. In general, the curbs on consumption depend as much on public co-operation as on statutory measures. The availability and cost of substitutes is also a factor. No effective means are available for controlling the consumption of water and gas by domestic users except, in the case of water, in extreme situation, turning off the domestic supply.

6. Coupon rationing provides a means of fair distribution to consumers of such products as food and petrol. It requires a long lead time and considerable administrative effort to introduce it, and it is unsuitable for emergencies of short duration. Ten weeks would be required, for example, to issue petrol coupons to 20 million vehicles and to set up an organisation to deal with appeals and supplementary applications. Coupon rationing of food would require extensive preparation; because of the wide choice of alternative and the manifold sources of production and supply of food, resort to coupon rationing would be an extreme measure.

b. Stockpiles

7. A stockpile is valuable in so far as it protects against disruption caused by industrial or other action elsewhere. Its effective use will depend upon the existence of distribution arrangements and the co-operation of workers in the industry or service using it. Most large businesses carry stocks of fuel and raw materials as part of their normal trading cycle; in times of uncertainty they will decide to hold relatively high stocks, but this is for them rather than for the Government, to determine the finance in the light of their commercial judgement. Contingency plans cover stockpiles of two resources: fuel and food.

8. The oil industry is required to hold stocks equivalent to 85 days' consumption in the previous year. The precise pattern of holding varies amongst particular products and according to the time of year. In addition the Government holds stocks equivalent to 5 days' consumption. The main value of these stocks is to guard against interruptions in overseas supply, but it may also help in the case of a refinery strike. For some products about 45 days' supply is needed in the pipeline to ensure uninterrupted distribution to consumers; below this level there may be delays and local shortages. If distribution workers were on strike, the stockpile would be of no use, unless alternative arrangements could be made to move the stock across picket lines. Similar considerations apply to fuel stocks for electricity generation. These are valuable only if they are on site or can be got there without crossing picket lines, and the necessary ancillary stocks are also held.

9. A strategic food stockpile is held for civil defence purposes; its availability for civil emergencies is a secondary consideration and it has recently been drawn on (in the case of sugar) to meet a temporary shortage arising from market conditions. The stockpile comprises flour, sugar, fats, biscuits, yeast and boiled sweets. The choice of these items, and the level of stock, are not related to civil emergency needs. However 50 per cent of our food is imported; a prolonged dock strike, aided by panic buying, could deplete food stocks rapidly.

10. Hospitals hold stocks of convenience foods and disposable linen. Their value depends on whether other hospital personnel continue to work. Disposable linen is not suitable for use in long-stay hospitals.

c. Alternative Resources

11. Standby power for the generation of electricity can, in the nature of things, supply only a small part of normal power requirements at vital installations. On the other hand the existence of standby generating plant on the Government estate enables the Government of the day to entertain the possibility of recourse to rota disconnections without the fear that the most vital services will not be protected. In the private sector also electricity generating capacity can make a valuable contribution in an emergency.

12. On the Government estate standby generators have been provided for those vital services where the possibility of even minimal interruption of power cannot be entertained. Such services would include -

- i. Telecommunications and/or teleprinters and accommodation services for Ministers and officials, in HQ and Regional offices and Regional Emergency Committee offices, who would be actively dealing with such an emergency. The Departments concerned would be mainly the Cabinet Office, the Treasury, the Civil Service Department, the Home Office, the Department of the Environment, Health and Social Security, Employment, Energy, Trade and Industry, the Ministry of Defence, the Ministry of Agriculture, Fisheries and Food, and the Scottish and Welsh Offices;
- ii. Computers necessary for the payment of pensions, social security or unemployment benefits and other computers essential in the context of the emergency situation;
- iii. Services on the Government estate essential for health or safety reasons.

Standby power has also been provided outside the Government estate for services essential for health and safety: these mainly comprise hospitals and sewerage and water installations.

d. Substitute Labour

13. Getting others to undertake the jobs of those engaged in an industrial dispute is difficult. It risks prolonging the dispute and will certainly embitter it; others may join in against the 'blacklegs'. In any event the operation of supervisory staff, which will not always be forthcoming, would be needed. In many industries, there is no substitute for the manpower on strike. Contingency plans exist for the use of Servicemen, but they can only provide a reduced service for a short time, and Ministers have in recent years shown reluctance to employ troops in any role where their use would probably lead to a rapid escalation of the dispute and its extension to other essential services. Apart from their limitation in skills and numbers, Servicemen need a degree of notice before contingency plans can be implemented, and the co-operation of supervisory and managerial staff is an essential pre-requisite. Of the current Service plans all but 4 of the 19 in existence are currently under review in the course of the seasonal reappraisal of contingency plans.

14. There are no plans for the employment of volunteers in an industrial situation, since they may exacerbate a dispute; but volunteer bodies such as the Red Cross, St John's Ambulance, Women's Royal Voluntary Service etc would help local authorities and others with compassionate services in a disaster. There may be scope for volunteers, organised discreetly on a local basis, to help out at hospitals in short-lived emergencies. But the greater the skill required and the greater the risk of industrial confrontation the less benefit volunteers could bring. Even if the Government accepted that volunteers were devoid of political motives, their employment to break a strike in a major industry could lead to it spreading, and to the alienation of management and supervisory staff. Law and order could be threatened if they attempted to break picket lines. Where an emergency service was being maintained by strikers (eg ambulance drivers) the presence of volunteers might lead to its being withdrawn.

15. Some contingency plans depend on the use of civil servants to undertake additional duties, such as the requisitioning of vehicles. The increasing militancy of some Civil Service unions makes it uncertain that they would invariably countenance this. A total stoppage by civil servants may be unlikely, but selective strikes in key areas of certain Departments could seriously undermine the machinery of Government and might, in some cases, affect the essentials of life. An assessment of the implications of industrial action in the Civil Service is now to be brought up-to-date by the Civil Service Department in consultation with departmental Establishment Officers.