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Treasury Chambers, Parliament Street, SW1P 3AG 01-233 3000 N

January 1980

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BSC STRIKE

I enclose a note answering the questions posed by the Prime Minister yesterday about the strike income of BSC workers.

I am copying this letter to the Private Secretaries to the Secretaries of State for Industry, Employment, and Social Services, and Sir Robert Armstrong.

In w.

M. A. HALL

T. P. Lankester, Esq.. No.10.

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1. PAY. When not striking the average BSC worker receives £116 a week gross pay; only some 10% earn less than £77 a week. This compares with an average for all workers in manufacturing industry of £104, for all workers of £101, and for all manual workers of £9% (males throughout).

All BSC workers on strike are receiving no pay, except that where pay clerks are still working (Scotland and Wales, see below) there is still a residue of overtime etc payments for December for the weekly-paid, while overtime payments for December will be due to all monthly-paid workers at the end of January; in a few individual cases these sums could be significant.

The few BSC workers not on strike (furnace maintenance, some clerks etc) are receiving normal pay - by cheque from the management, where pay clerks are on strike.

2. TAX REBATES. PAYE rebates, one of the major sources of income for strikers, arise because workers pay tax weekly, or monthly, on the assumption that their pay will continue at approximately the same rate throughout the year; if a worker's income falls because he has gone on strike, he therefore becomes entitled to a rebate. In a typical case (gross earnings of £110 per week during the tax year to date) these would amount to -

£11-19 per week for a married man (irrespective of family size)

£7-44 per week for a single man

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The legal position is that an employer is required to make a tax rebate to his employee on each of the latter's ordinary pay days during a strike, that is to say, at weekly or monthly intervals (depending on whether the employee is weekly or monthly paid). If the employer either cannot or

prefers not to make the refund, he may relieve himself of the obligation to do so by providing the Inspector of Taxes concerned with information about the striking employee sufficient to calculate the level of refunds due (but he must do this not later than the first usual pay-day during the strike). In that case, the tax office is legally obliged to make the repayments and while in practice some delay might occur it is not possible legally deliberately to delay repayment.

In practice, where pay clerks are not on strike (ie in Scotland, where they belong to a non-striking union APEX, and in Wales, where there is a dispensation agreement covering some essential ISTC staff) they are handling the payment of rebates. Where they are on strike (in England) the Inland Revenue believe it likely that BSC have not yet made the requisite information available to the local tax office.

- 3. SUPPLEMENTARY BENEFIT. This is payable to a married man for the whole duration of a strike: but it is a gross figure against which tax rebate is deductible, except for the first £4 of that rebate. Single men are only entitled to SB in exceptional circumstances of need, and then to a limit of £12-50 a week. A married man without children, earning £110 per week, would receive £24-65 a week gross SB; a married man with two children £28-2 a week gross SB; the entitlement continues to rise with the number of children, and also varies with their age.
- 4. STRIKE INCOME COMPARED WITH NORMAL INCOME. Leaving aside any residual pay in respect of December overtime (see paragraph 1 above), a striker's net income from supplementary benefit netted off against tax rebates (except the first £4 as described) would thus be about £21 per week in the case of a married man with two children

normally earning £110 gross a week; rent payments might are themselves payable in frue and ret payments (mysble in strike), would take the take this to around £30. This is to be compared with the same man's net weekly pay when not striking, post-tax and national insurance contributions, of about £83-50.

In the case of a single man, strike income would be limited to about £7-50 per week strike tax rebate, as compared with about £79-50 when not on strike.

5. ASSESSMENT. Strike income is on the face of it low, and it could take steelworkers six weeks at work to recoup (after tax) the income foregone in each week of the strike.

Nonetheless, financial pressure is unlikely to force an early return to work. Many wives have jobs; in some areas there is much scope for moonlighting. Payment of electricity, gas and telephone bills can be delayed, and it takes many months of bureaucratic process to catch up on this. Workers may use their personal holiday savings to buy food. In sum, striking workers should manage, with some tightening of belts, for two or three months at least.

