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CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

PUBLIC SECTOR PAY: FACTUAL BACKGROUND

Note by the Secretaries

The attached Note by Officials sets out some of the factual background, including a timetable of the main public sector pay settlements over the coming year, estimates of increases in earnings and prices which could influence comparability studies and pay bids, and assessments of the consequences of industrial action in the public sector which might follow any pay disputes.

Signed ROBERT ARMSTRONG
P Le CHEMINANT
D J L MOORE

Cabinet Office

15 June 1980

SECRET

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62

PUBLIC SECTOR PAY: FACTUAL BACKGROUND

Note by Officials

1. Annex I to this note lists the main public sector pay negotiations in date order over the coming year. It starts with the major settlements which have still to be negotiated in July 1980. The settlements fall into three broad groups in which the most important are:-

- (i) July: local authority staff, civil service industrials, Post Office clericals, executives and engineers.
- (ii) November-January: local authority manuals, NHS ancillaries, water workers, the miners, British Steel Corporation.
- (iii) April: most other major groups.

2. The Chancellor of the Exchequer envisages (Annex A of E(80)46) that:-

- (i) the cash limit for the Rate Support Grant should be announced in mid November and decided in October or very early November;
- (ii) the external financing limits for the nationalised industries should be set in mid-November and negotiated in September and October.
- (iii) cash limit factors governing nearly all other public service pay should be settled around mid-November.

Firm decisions on this timetable have not yet been taken.

3. Of the total of approximately 5,600,000 public sector employees listed in Annex I, the pay of:-

1,100,000 is subject to formal comparability

165,000 to indexation

4,300,000 to negotiation (of which about half were dealt with exceptionally by the Clegg Comparability Commission last year).

Thus, unless Clegg, or some similar body, continues to operate the majority of public sector employees' pay will be settled by negotiation and not by comparability.

4. Of the 5,600,000, the Government controls directly the pay of about 2,000,000 - namely, the Civil Service, the Armed Forces and the NHS.

/5.

5. Annex II is a note by the Treasury giving estimates of earnings and prices in 1980-81 which could influence comparability studies and public service pay bids. This suggests that:-

- (i) by the end of 1980 the year on year increase in earnings might be 16-22%; and
- (ii) by April 1981 when many of the main settlements, including the Civil Service non industrials, take place the year on year increase might be 12-18%.

6. Annex III is a series of notes assessing the consequences of industrial action which might follow pay disputes in the Coal, Gas, Electricity, Water and Rail industries; the NHS; local authorities; and the Civil Service.

MAJOR PUBLIC SECTOR PAY NEGOTIATIONS

Settlement Month	Group	Approximate Numbers	Approximate Wage Bill /	Negotiating Arrangements @
			£ million	
July	Local Authority staff	600,000	2600	N (in house comparability study in 1979)
	Civil Service industrials	157,000	750	C
	PO administrative	45,000	200	N
September	PO telecommunications	200,000	1000	N
	Police	150,000	1000	I
November	Firemen	54,000	200	I
	Local Authority manuals	1,000,000	2350	N (Clegg last round)
December	NHS ancillaries	210,000	900	N " "
	Water manuals	33,000	170	N
January	NCB all employees*	270,000	2150	N
	BSC all employees	140,000	1100	N
	Gas manuals	40,000	350	N
	Ambulancemen	17,000	110	N " "
March	Electricity manuals	95,000	580	N

* Settlement dates for NCB employees are January and November 1981; they will probably start negotiations in the autumn each year.

/ Wage bills are shown as at June 1980

@ C = comparability

I = indexation

N = negotiation.

Settlement Month	Group	Approximate Numbers	Approximate Wage Bill £ million	Negotiated Arrangements
April	Civil Service non-industrials	548,000	3800	C
	Prison Officers	24,000 ⁴	250 ⁴	C
	Armed Forces	330,000	2100	C
	Doctors and Dentists	75,000	1300	C
	Nurses and Midwives	495,000	2400	N (Class last)
	Professions supplementary to medicine (therapists etc)	25,000	180	N
	NHS administrative and clerical	117,000	600	N
	Teachers	600,000	4500	N
	PO Postal staff (main grades)	156,000	950	N
	British Rail	200,000	1300	N
	British Shipbuilders	73,000	360	N

⁴ Included in Civil Service numbers and wage bills shown separately.

FORECASTS OF EARNINGS AND PRICES 1980-81

Note by the Treasury

PRICES

On the basis of the government's forecasts published in April and those prepared by outside bodies - and taking into account recent developments - our best estimate of the annual inflation rate by the end of 1980 is 16.5%-19%. The inflation rate by the summer of next year may be towards the upper end of the government forecast of + 13.5%* (\pm 5.5%).

EARNINGS

2. No figures for the growth in earnings were given in the government forecast published in April. Forecasts produced by outside bodies suggest an increase in earnings of 15-20% over 1980, and an increase of 11-16% over 1981. The Department of Employment's central estimates for the increase in average earnings between July 1979 and July 1980 is 22-23%. This comprises 21.5% for the private sector, 21% for public corporations and 18% for public services (plus a further 10% for Clegg and other comparability awards). DE's projections seem to be above most outside forecasters, and if they prove correct (recent developments being in line with their projection) the starting point for the next round will be higher than forecast by outside bodies. Adjusting for this would indicate an increase in earnings of 16-22% in 1980 and 12-18% for 1981.

3. Summary of best estimates based on published government and outside forecasts

Year on Year Percentage Increases

	RPI	Earnings
End 1980	16.5% - 19.0%	16% - 22%
Spring 1980/Spring 1981	13.5% - 19%	12% - 18%

* As measured by year on year changes in the retail price index (RPI)

SECRET

SECRET

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<u>INDUSTRY/SERVICE:</u> COAL	<u>SETTLEMENT DATE</u>	<u>NUMBER OF WORKERS</u>
<u>UNIONS:</u> NUM, NACODS, BACM	1 January 1981 (& 1 November 1981)	290,000

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 and, if there is secondary picketing, the extent of stockholdings that are not vulnerable to picketing. The relevant provision of the Employment Bill is of course intended to limit the likelihood of secondary picketing.

2. EXPECTED CLIMATE

The introduction in 1977/78 of the productivity scheme put the miners comfortably back on top of the earnings league and they are determined to stay there. However, improved production and productivity in recent months have produced very high earnings and there is no present sense of militancy (eg. the vote by Welsh miners in February against industrial action). Likely attitude in the coming winter hard to gauge. Annual Conference wages resolution in July will provide some indication of the mood, but has by no means been followed in detail in the past. NCB have a very severe financial target which requires a tougher approach to pit closures. Related improvements in redundancy pay and transfer allowances may cushion this. Higher coal imports productivity by the BSC, could also be an emotive issue. Overall effect on morale difficult to judge.

3. RELATED PROBLEMS

Coal burn in power stations likely to remain at high level. Coal stocks position at present reasonable and on current assumptions about burn and deliveries is likely to be sufficient to meet at least 5-6 weeks requirements around the turn of the year.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

Main influence through control of deficit and investment finance to NCB, both covered by the EFL. NCB can raise prices, but constrained by need to remain competitive with oil prices (and imported coal). Prices have risen 20% already this year. There is still headroom below oil prices; but the

SECRET

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SECRET

64

68

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76

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80

82

84

58

86

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88

62

SECRET

NCB's 5-year understanding with the CEGB limits the scope for raising prices above general inflation without losing sales. The NUM are aware of this position, and of the severe financial target for the industry.

5. CONTINGENCY ARRANGEMENTS

a. Services Contingency Plans

No plans involving servicemen now considered practicable. NCB policy to distribute as much coal as possible to consumers. In the event of a strike NCB, with the co-operation of the NUM, to operate a system of priorities for supplies to essential users (hospitals, food industry etc.) Coal merchants to establish a priority system for aged, infirm and sick.

b. Stockpiles

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

c. Alternative Resources

Almost no scope. Higher imports could not significantly offset the loss of home supplies.

d. Statutory Controls

Regulations to control supply and use of coal and electricity under Energy Act 1976.

SECRET

SECRET

<u>INDUSTRY/SERVICE:</u>	<u>GAS SUPPLY</u>	<u>SETTLEMENT DATE</u>	<u>NUMBER OF WORKERS</u>
	Manuals	20 January	43,000
	Staff	1 July	63,000

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 not yet 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. EFL (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 5,400 servicemen) to help maintain gas supply safety, by warnings to consumers, temporary repairs, monitoring gas pressure conditions. Not to assist in gas supply. Plan being modified to take account of different numbers of servicemen available, and possibility that staff and manual workers might support each other.

b. Stockpile Policy

Storage capacity needed to meet peak winter demand for natural gas

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.

INDUSTRY/SERVICE:	ELECTRICITY SUPPLY	SETTLEMENT DATE	NUMBER OF WORKERS
a.	Engineers	1 February	28,000
b.	Manuels	17 March	92,000

UNIONS: EMA (Engineers)
EEPTU, AUEW(E), GMWU, TGWU (Manuels)

1. EFFECTS OF A STOPPAGE AND TIMINGS

Withdrawal of manual labour, even assuming full co-operation from the engineering staff, could cause an immediate loss of supplies, perhaps by as much as 70%. A combined stoppage by both manuels 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. Providing the co-operation of the engineers was obtained, it would be possible to operate a system of rota cuts offering protection to essential services and users. In the absence of such co-operation, a cruder system of rota cuts would have to be introduced which could not protect essential services to the same extent, although every attempt would be made to maintain supplies for coal mines, major airports, railways, very large continuous processes and major gas pumping stations. Action by engineers alone would produce extreme difficulties and only very crude switching would be possible. Limited action by them would result in loss of supply of the order 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.

2. LIKELY MILITANCE

None - the engineers and manuels have both settled in the 1979/80 pay round, and there are no indications at present of special problems to cause militancy in the next pay round. Workers in the industry have not been militant by tradition.

3. RELATED PROBLEMS

Fuel supplies do not appear to present difficulties. Interruption to coal or oil supplies through industrial action in those industries later this year could affect electricity supply; the industry aims for fuel stocks at a level to sustain endurance for some weeks at the peak winter consumption period.

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

Recent pay settlements have been broadly in line with the rate of inflation.

64

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84

86

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88

62

SECRET

The Government are putting pressure on the industry through the EFL and a reference to the Monopolies and Mergers Commission to contain its costs, including labour costs.

5. CONTINGENCY ARRANGEMENTS

a. Services Contingency Plans

None - tasks too technical.

b. Stockpiling Policy

CEGB policy has been to hold fossil fuel stocks of 50 average winter days consumption in the peak January/February period; ancillary materials are held at corresponding levels. Current forecasts of demand and fuel supply indicate that winter fuel stocks should be adequate to meet this level of endurance; and Ministers will be reiterating the importance they attach to this.

c. Alternative Resources

Major NES hospitals have standby generators and PSA have a few to help meet essential needs. (eg water or sewerage pumping). Some industrial firms have their own generators for regular use (4500 MW) or standby. Essential Government tele-communications 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).

SECRET

SECRET

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INDUSTRY/SERVICE: WATER (ENGLAND AND WALES) SETTLEMENT DATE NUMBER INVOLVED

1. Manuals	7 December	33,000
2. Craftsmen		5,000
3. Supervisors		34,500

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

1. EFFECTS OF STOPPAGE

The consequences would depend crucially on whether the supervisors, i.e. foremen, professional and managerial staff, continue to work or not; they would also be very different in different areas. Without supervisors neither water supply nor sewerage systems could curvive 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 say 2 weeks before putting in troops to assist. Thereafter the system could keep going for about a further 4 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

Depends very much on general industrial relations mood. Water workers could press for updating of last year's comparability award as well as increase for inflation. Official or non-official action cannot be ruled out if, as might well happen, employers take harder line this time and also seek manpower reductions. But reduction in working week due in December 1980 and benefits of two successive annual pay settlements may dampen enthusiasm for militant action at grass roots. The supervisors can no longer be relied on to support employers but much will depend on the outcome of their own settlement due in July 1980.

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 tends to be weak because wages are a relatively small part of costs. However water charges, which have been rising annually broadly in line with movement of the RPI, are now a matter of public concern.

5. CONTINGENCY ARRANGMENTS

a) Services Contingency Plans (under review)
Plan NIMROD (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.

SECRET

110
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64

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62

b) Statutory Controls
Emergency Regulations to limit uses of water, and relieve Water Authorities of certain obligations.

INDUSTRY/SERVICE: RAILWAYS
(including London Underground)

SETTLEMENT DATE
Rail April
Tube "

NUMBER OF WORKERS
220,000
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 at little cost to railwaymen.

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

After union talk of a "20% demand" plus "20% catching up" award, BR's 20% settlement this year is, in some senses, a good one - particularly in light of the unions new commitment to productivity. But the settlement involves a 'lead-in' payment and if the productivity does not materialise and BR management take tough unilateral action (c.f. British Leyland) then industrial unrest is likely. Another high wage demand followed by tough negotiations can be anticipated in the next round. Tubemen too are being pressed on productivity and are known to have been spoiling for a strike for over a year now (NB left wing infiltration of union branches). But on both networks limited disruption affecting London commuters more likely than all out stoppage

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. Productivity underlined by BR and GLC/LTE but still union resistance at grass-roots level.

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5. CONTINGENCY ARRANGEMENTS

a) Services Contingency Plans

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

b) Stockpiles

Only relevant for freighted items. Coal stocks are already determined for next winter. (Dept of Energy to check this point).

c) Alternative Resources

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

d) Statutory Controls

Emergency Regulations to relax certain restrictions. Requisitioning of vehicles.

INDUSTRY/SERVICE: NHS	SETTLEMENT DATE	NUMBER OF WORKERS
Ancillaries	13 December	
Craftsmen	1 January	210,000
Ambulancemen	1 February	14,000
Admin	1 April	17,000
Doctors, nurses	1 April	120,000
		450,000

UNIONS: NUPE, GMWU, TGWU, COHSE, NALGO, ASTMS, EMA, BDA, RCN, RCM

1. Effect of stoppage

Reductions in hospital services.

2. Expected climate

Probably soured by disappointment of unions: at Clegg awards in 1979/80 and failure of 14 per cent settlements to protect from inflation in 1980/81. (Possibility of disputes in current year from groups who have not yet settled or from claims to reopen 14 per cent settlements). Risk of official, national disputes if cash limits again require settlements significantly below RPI and overall movements in pay and if 'falling behind' remains an unsolved problem (nurses, professions supplementary to medicine (therapists etc)).

3. Related Problems

Claims from ancillaries and ambulancemen are linked to local authority staff; same unions involved. Picket lines may prevent fuel or supplies reaching hospital.

4. Government influence over employers

Through cash limits, which employers will respect.

5. Contingency arrangements

a. Contingency Plans including use of troupes: Plans KINDLY II and BITTERN, Plan KINDLY I to replace hospital ancillary staff in mechanical, laundry, stoking, electrical, driving and general duties. All plans recently revised and NHS advised to undertake own local contingency planning. Plans capable of dealing with scale of industrial action experienced in early 1979, but in the unlikely event of an all-out strike of all NHS ancillaries and ambulancemen, it would be very difficult to maintain an adequate level of emergency services.

b. Stockpiles: Convenience foods and disposable linen in hospitals. Standby generators.

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<u>INDUSTRY/SERVICE</u>	<u>SETTLEMENT DATE</u>	<u>NUMBER OF WORKERS</u>
Local authority (manuals)	4 November	1m

UNIONS

AUEW, NUPE, GMWU, TGWU, EETPU

1. EFFECTS OF STOPPAGE (Essential services only)

Rubbish collectors; school caretakers; gravediggers and agency sewerage work for water authorities; road gritting.

2. EXPECTED CLIMATE

In the light of subsequent settlements, last annual settlement will be regarded as low and unions will be looking for updating of Clegg settlement, increases in line with inflation and reduction in working week. Developments in union stance on public expenditure cuts and reactions to inroads on manning levels will influence attitudes. Expected that employers will take a tough line in face of increasing financial constraints and this seems bound to lead to pressures for official industrial action with strong possibility of, at least, selective unofficial action. However winter 1979 will not be easily forgotten and prospect of prolonged loss of earnings will be important factor influencing attitudes of rank and file in low paid groups. Possibility of more local settlements than usual in authorities opposed to government policies if there is industrial action.

3. RELATED PROBLEMS

Possible interaction with water or NHS dispute. Same unions involved

4. GOVERNMENT INFLUENCE OVER EMPLOYERS

Government influence via RSG settlement and cash limit only. This is first freely negotiated local government settlement in pay round which takes account of RSG/cash limit but is made before rates are fixed. NJC negotiated last year with cash limit constraint in mind but it was not overriding; attitude this year may depend upon political balance in employer side of NJC but implications of ignoring cash limits for

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INDUSTRY/SERVICE:	CIVIL SERVICE	SETTLEMENT DATE	NUMBER OF WORKERS
	Non-industrial	1 April	548,000
	Industrial	1 July	157,000
	Printing	19 June & 26 July	

MAIN UNIONS: IPCS, CPSA, CSU SCPS, FDA, IRSF, EETPU, ABBSSBW (Boiler workers and shipwrights), AUEW, GMWU, TGWU, NUSMMWCHDE, (sheet metal workers and coppersmiths), NGA, NATSOPA, UCATT, SOGAT.

1. EFFECTS OF STOPPAGE

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

- a) computers (this is a specially vulnerable area);
- b) customs and immigration control;
- c) air traffic;
- d) payment to contractors and collection of revenue;
- e) payments of benefits (exempted from action last time but would create quick effects - not all favourable to the union!);
- f) defence service (industrials as well as non-industrials);
- g) prisons;
- h) parliamentary services eg. printing, heating, ventilation etc.;
- i) courts service.

2. LIKELY MILITANCY

Administration Group, although generally satisfied with the recent PRU settlement, have expressed annoyance with Government interference in the agreed procedures and will seek an assurance of full implementation in the 1981 negotiations. Failing such an assurance industrial action is a real possibility. The 1980 central pay settlement for P & T grades has been imposed by administrative action. This will not improve relations with the IPCS, who are also strongly dissatisfied with the erosion of differentials for P & T grades who supervise industrials. Selective industrial action (mainly affecting Defence and PSA) is probable. The position is likely to be made worse when the Science Group pay negotiations get under way. In general any attempt by the Government to oppose next April something less than a "fair comparison" settlement would very likely provoke industrial action. Another likely basis of discontent among the Civil Service unions

generally during 1980 is the whole area of manpower economies, and the proposals arising from the Ravner Report. Protests are likely. The introduction of new technology by administrative action, in default of agreement, may lead to calls for industrial action, but may not command widespread support. Similarly the changes in employment legislation and reductions in accommodation standards are unlikely to spark off much militancy.

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

- i) listed at 1. Effectiveness of plans heavily dependent on
 - ii) willingness of staff to undertake other than normal duties
 - iii) willingness of management to use available sanctions (eg. to increase significantly the numbers of strikers the unions have to finance.)
- availability of effective sanctions under present employment protection legislation.

c) Statutory controls

None.

INDUSTRY/SERVICE: POST OFFICE

SETTLEMENT DATE NUMBER OF WORKER

Engineers	1 July	131,000
Postal Workers	1 January	196,000
Supervisory	1 January	42,000
Clerical/Executive	1 July	45,000

UNIONS: POEU, UPW, SPOE, POMSA, SPCS, CPSA (Telecoms)
UPW, POEU, POMSA, NFSP (Posts)

1. EFFECTS OF STOPPAGE

Telecommunications

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

a 17% pay deal for postmen, incorporating various efficiency measures, has been accepted by the UPW after a branch ballot. No formal pay claims have yet been lodged by the telecommunications unions; very difficult negotiations are expected as the Post Office attempts to introduce a common pay and grading structure in the business. All-out strikes seem unlikely; but limited action may be resorted to again, with possible increasing effect, unless satisfactory settlements are reached in the telecommunications business. Employers would look mainly to price rises to cover increased costs. Staff in both businesses are strongly opposed to relaxation of the postal and telecommunications monopolies and this could raise the temperature.

3. RELATED PROBLEMS

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