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CONFIDENTIAL

Miss Margaret O'Mara  
Private Secretary to the  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG

2 March 1984

Dear Margaret

GAS MANUALS PAY NEGOTIATIONS

My letter of 6 February reported the BGC offer averaging 4.3% on earnings which the trade union negotiators had agreed to recommend to their members.

The main union, the General Municipal Boiler Makers and Allied Trades Union, which covers some 80% of union membership among BGC's manual workers, has this week rejected the offer and on the strength of that rejection the union side of the National Joint Industrial Council wrote to the Corporation seeking an improved offer.

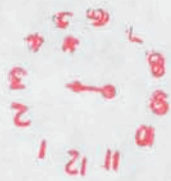
The Corporation have replied to the NJIC saying they have nothing else to offer. It now rests with the unions to decide what, if any, action to take. Official industrial action would require a two-thirds support by the membership and a ballot would take at least a week to organise following the GMBATU'S next meeting on 12 March if that route is chosen. The Corporation are not unduly worried at this stage especially since the delegate conference which votes by Regions, rejected the offer by 9 to 3 and was not unanimous. Meanwhile they are prepared for some pockets of unofficial action once the Corporation's rejection of the NJIC approach becomes known.

I am copying this letter to the private secretaries of the Prime Minister, Members of E(PSP) and Sir Robert Armstrong.

Yours  
Michael

M F REIDY  
Private Secretary

Nat Ind Gas & elec  
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Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

8 March 1984

M F Reidy Esq  
Private Secretary to the  
Secretary of State for Energy

*Dear Mr Reid,*

GAS MANUALS PAY NEGOTIATIONS

*with AT.*

Thank you for your letter of 2 March, keeping us in touch with developments in these negotiations.

The Chancellor hopes that the British Gas Corporation will stand firm, particularly because of the effect any increase in the offer could have on negotiations elsewhere in the energy sector.

I am copying this letter to those who received yours.

*Yours sincerely,*

*Margaret O'Mara*

MISS M O'MARA  
Private Secretary

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

9 February 1984

M F Reidy Esq  
Private Secretary to the  
Secretary of State for Energy  
Department of Energy  
Thames House South  
Millbank  
LONDON SW1P 4QJ

*Dear Michael,*

GAS INDUSTRY MANUALS' PAY NEGOTIATIONS

You reported the outcome of BGC's negotiations with its unions in your letter of 6 February. The Chancellor was pleased to see that Mr Walker's meeting with Sir Denis Rooke had such a satisfactory result.

We understand that the increase in average earnings from the settlement now in prospect would be 4.3 per cent (or a shade under), nearly 1 per cent lower than the settlement for this group last year. The Chancellor regards this as a satisfactory outcome both for the gas industry, and also for negotiations elsewhere in the public sector, not least in the energy field. He particularly welcomes the fact that BGC has avoided making any costly concessions on hours of work or retirement age.

Copies of this letter go to the Private Secretaries to the Prime Minister, the other members of E(PSP) and Sir Robert Armstrong.

*Yours sincerely,*

*Margaret O'Mara*

MISS M O'MARA  
Private Secretary

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SECRETARY OF STATE FOR IRELAND  
THE IRISH CONSUL  
MILLBURN HOUSE, MILLBURN

01 211 6402

Miss Margaret O' Mara  
Private Secretary to the Chancellor  
of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

6 February 1984

Dear Margaret

John Neilson's letter of 2 February spelled out the direction in which BGC's pay negotiations with its manuals were proceeding. We have now learned the outcome of the formal meeting on Friday 3 February.

After protracted discussions the union side accepted a package which it will now put to its members. This consisted of an increase in basic rates ranging from 4.15% for the lowest paid to 4.9% for the highest paid and averaging 4.6%. There were a number of minor benefits offered, with some compensating benefits on the Corporation side, and in total the package, if accepted, is estimated to cost the Corporation in the region of 4.3%, or a fraction less, on the pay bill.

Thus the negotiation moved more speedily to a conclusion than we had expected, but the outcome was consistent with the objective which my Secretary of State urged on Sir Denis Rooke. It is also below the latest year on year inflation rate, notwithstanding the recent profit record of the industry.

I am copying this letter to the private secretaries of the Prime Minister, Members of E(PSP) and Sir Robert Armstrong.

Yours sincerely  
Michael

M F REIDY  
Private Secretary

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Public Sector  
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Miss Margaret O'Mara  
Private Secretary to the  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

The Minute

To note

2 February 1984

3/2

Dear Margaret

**GAS INDUSTRY PAY NEGOTIATIONS**

There is to be a formal meeting between the two sides on 3 February when it is likely, but not certain, that an offer will be placed on the table.

There are two important factors about the current pay round in the gas industry. First, the gas unions are likely to make a major issue of the fact that last year their settlement was at the bottom of the public sector league. Second, there has been a major change in the unions' negotiating team. The new negotiator will obviously endeavour to show that he is doing better than his predecessor.

My Secretary of State has been in close contact with Sir Denis Rooke, and has impressed on him the importance of obtaining the lowest possible settlement in this pay round. The Gas Corporation are endeavouring to see that agreement is reached in the region of 4.3%.

The package in the claim made by the unions is complex, and involves an unquantified increase in basic rates, reduced working hours, and consolidation of special payments. So far BGC have concentrated on technical discussion of matters other than the basic rate. On the basis that an understanding is reached in these informal discussions, they anticipate making an offer along the lines described above. This will not be a simple across the board increase; it is likely to include consolidation of certain existing payments and an element of differentiation between the various grades.

We will keep you posted on developments.

I am copying this letter to the private secretaries of the Prime Minister, Members of E(ESP), and Sir Robert Armstrong.

Yours  
John

J S NEILSON  
Private Secretary

Public Sector Party Pt 11

(with AT)

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