

MEMORANDUM FOR THE CABINET BY THE PRIME MINISTERThe Minimum Wage

Following consideration of Memo No. 1506, it was approved in Cabinet on the 12th March, 1970, that the minimum wage should be increased to 155/- x 8/6 - 178/- per week all inclusive with effect from the 23rd December, 1969, and that Groups I and II of the Standardisation of Wages Scheme should be amalgamated into one group.

2. This offer was communicated to the representatives of the General Workers' Union, Government Section at a meeting held on the 18th March. The Union's reaction, arrived at in the Executive Council of the Union, were communicated to Government on the 28th March, 1970, and are as follows:

(a) The offer is completely unacceptable and the Union is not prepared to accept anything less than 166/- x 8/6 - 200/- all inclusive. The Union is not prepared to negotiate on this request further, and expect a reply not later than Wednesday 1st April, 1970.

(b) The Union does not accept the amalgamation of Groups I and II and consider that Group II should be absorbed into Group III.

(c) The Union expects the revision of the Minimum Wage to be followed by a revision of the wage of all Groups in the Standardisation of Wages Scheme. All inclusive wages of these Groups are at present as follows:

Groups I and II	155/- x 8/6 - 178/-
III	161/- x 8/6 - 188/6
IV	176/6 x 8/6 - 205/6
V	181/- x 8/6 - 209/6
VI	197/9 x 8/6 - 251/-
VII	217/- x 8/6 - 275/6

3. The Union's request for the minimum wage to be increased to an all inclusive rate of 166/- x 8/6 - 200/- per week is not considered justified. Indeed in Memo No. 1506 it was pointed out that, on the basis of the average minimum wage at present payable in private industry, there is no justification for any increase in the minimum wage payable in Government service and the offer of 155/- x 8/6 - 178/- was made by way of concession in view of the implied promise for an increase contained in the Press Release issued on the 10th January, 1970.

4. Acceptance of the Union's request for the revision of the wages of all Groups in the Standardisation of Wages Scheme will imply in effect that the wage structure established by the Salaries (Anomalies) Commission will go by the board as any changes in the relativities in the industrial grades must inevitably reflect on the non-industrials.

5. The increase of the minimum wage from the present maximum of 165/- per week to 200/- per week, amounts to an increase of 35/- per week per employee. This is estimated to cost about £280,000, i.e. about £180,000 more than the approved offer of 155/- to 178/- a week. Assuming that the wages of all industrial employees will go up at least 35/- per week, the additional cost is estimated at about £470,000 a year and the total additional expenditure would thus amount to about £750,000 a year.

6. It is highly doubtful whether the Union will be content with just a flat increase of 35/- per week, which is on the minimum wage amounts to an increase of 21%. An equal percentage on the maximum wage of Group VII, i.e. 275/- per week, would come to 58/- per week. The additional yearly expenditure, if the Union's requests are acceded to, is more likely to be in the region of one million pounds. This apart from all the other implications obviously involved.

Working hours

7. The Union representatives also rejected the Government's offer to reduce the working hours of industrial employees to 42 hours per week with effect from a date in the future to be agreed. They said that they could not accept less than what has been agreed to by the Services, i.e. an immediate reduction to 41½ hours per week, with an undertaking that the position will be reviewed in January, 1971.

8. Ministers are asked to consider what reply should be given to the General Workers' Union.

31 MAR 1970
