

PREM 19/1084

PART 3 ends:-

FM to PM 29.4.83

PART 4 begins:-

MCS to D. Ev. 3.5.83

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(82) 13 th Meeting, item 4	21/04/1983
CCU(83) 21 st Meeting, only item	20/04/1983
CCU(83) 20 th Meeting, only item	21/04/1983
CCU(83) 25	07/04/1983
CCU(83) 21	18/03/1983
CC(83) 8 th Meeting, item 4	10/03/1983
CC(83) 7 th Meeting, item 4	03/03/1983
CC(83) 6 th Meeting, item 4 Limited Circulation Annex	24/02/1983
CC(83) 6 th Meeting, item 4	24/02/1983
CCU(83) 18 (Revise)	22/02/1983
CCU(83) 18 th Meeting, only item	21/02/1983
CCU(83) 18	18/02/1983
CCU(83) 19	17/02/1983
CCU(83) 17 th Meeting, only item	17/02/1983
CC(83) 5 th Meeting, item 4	17/02/1983
CCU(83) 15 th Meeting, only item	15/02/1983
CCU(83) 14 th Meeting, only item	14/02/1983
CCU(83) 15	11/02/1983
CCU(83) 13 th Meeting, only item	10/02/1983
CC(83) 4 th Meeting, item 4	10/02/1983
CCU(83) 12 th Meeting, only item	09/02/1983

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed J. Gray

Date 17/4/2013

PREM Records Team

Prime Minister

29 April 1983
Policy Unit

Agree I write as

at X?

MCS 29/4

Yes - what
was the point of
having the
Peter Hill
if we were
to do it
attach it
or

PRIME MINISTER

FUTURE PAY BARGAINING IN THE WATER INDUSTRY

(attached) The DoE's letter is incredibly feeble and does not begin to answer the points raised by the Chancellor and by the Policy Unit last year.

What was the point of abolishing the National Water Council if not to decentralise pay bargaining?

If the DoE sees advantages in decentralising negotiations about productivity and conditions of employment, why not about pay too?

Why should we be ashamed of being seen to interfere in the cosy little arrangement between the Chairmen and the national union officials, if we genuinely believe that decentralisation would help to reduce costs in a public monopoly?

The water industry, as you know, is not labour-intensive. But exactly the same arguments are being used by Departments in claiming that decentralisation is impossible in industries which are labour-intensive, such as the railways. I think it is important, therefore, that we get the arrangements in the water industry right, and get them right now in the wake of a strike which has shown up the fallacy that national pay bargaining puts the employers on equal terms.

I do not see how this can be settled without a meeting. In the first instance, I suggest that you ask Tom King for a possible plan of action if he were to insist on decentralisation. Our impression so far is that no such plan of action has been seriously considered, and that the DoE is just doing what the water authority Chairmen want them to do.

FERDINAND MOUNT

fm

eg no



2

Prime Minister

 2 MARSHAM STREET
 LONDON SW1P 3EB
 01-212 3434

Mr King argues against
 decentralizing pay bargaining in the
 Water Industry.

My ref:

Your ref:

I find this wholly unconvincing.

27 APR 93

Dear Chancellor of the Exchequer, MS 29/4

FUTURE PAY BARGAINING IN THE WATER INDUSTRY

The National Water Council have formally notified the unions of their intention to terminate the national agreements on terms and conditions of service when the Council is abolished. This naturally applies to the agreements for the white collar as well as the manual groups, and will effectively terminate the closed shop agreement for the manuals as well as the existing arbitration provisions.

The regional water authority chairmen and the water companies have taken a firm decision not to reinstate the closed shop agreement. This I regard as a key item especially since the strike has demonstrated that the emergency cover clause in that agreement is not as significant as we had thought; indeed some authorities found it to be more of a hindrance than a help. The chairmen are not sure what the practical effects would be of a successful ballot by the manuals unions on the issue even though they recognise that it would not put them under a legal compulsion. But this is a bridge to be crossed if and when they get to it.

As I told you last October the RWAs and the companies took the view that bargaining on basic pay and the items directly associated with it should remain centralised but all other matters including productivity bargaining should as far as possible be devolved.

They reiterated that approach a few weeks ago in light of further study and of their experiences during the strike, and the Annex shows those items which they would now like to negotiate centrally and locally under new agreements.

Giles Shaw recently met all the available RWA chairmen on my behalf and put to them on a most carefully prepared basis the arguments in favour of full decentralisation, reflecting those points which you and others put to me in your responses to my letter last autumn and also lessons of the strike as we saw them. He emphasised particularly that, in the future, improvements in real pay should increasingly be related to performance and this could most readily be achieved at least cost if all pay bargaining were devolved. They accepted that this is a unique opportunity for them to make changes to improve their bargaining situation and they recognised the force of many of

the points put to them, but they argued that in their view other considerations, which I will briefly describe, were more potent.

Looking to the lessons of the strike, they insist that it would be utterly illogical not to exploit in future negotiations the ascendancy which their success in withstanding the strike gives them. They do not accept that they could do as well in regional/company situations because they would not have the same mutual support and because there would be a considerably greater risk that the essential support of key white collar staff, particularly supervisors, would not be available. This would arise from the much narrower focus of the negotiations and the greater identity of interest between the groups of workers at the regional level as well as from a greater inclination by NALGO to take an active supportive stance in local situations. The chairmen rightly consider that the continued separation of the manuals from the other groups must be a key objective, and they believe that national bargaining best achieves this.

They take a very firm view that decentralised bargaining would not in the foreseeable future lead to differential rates of pay but attempts to achieve this would provoke a rash of industrial action on the locally co-ordinated basis they fear. That situation would be exacerbated by the ability of unions to continue to operate nationally in the industry and to bring concerted national pressures to bear on individual employers, coupled with the greater involvement of union regional officers whose motivation would often be unpredictable. The chairmen saw no reason at all to expect lower settlements as a result of regional bargaining.

On the other hand their proposals do represent a real shift to the regional level of those items which are the most responsive in this industry to local conditions and working practices, and they would give individual managements greater control over costs, performance, and motivation. There is already a tradition of regional variations in the earnings capabilities of both manual and non-manual workers. An extension of these would not create the same problems as for basic pay though the changes may not all be easy to negotiate initially.

It is inevitable that any direct involvement by us in this matter would become public knowledge, or would be assumed if the employers' position, which has in general terms been widely reported since last autumn, suddenly changed. Also, it would be difficult to justify such intervention in view of our formal position and the public statements we have made (originally in the consultative document on the Water Bill) that this is entirely a matter for the employers and unions to decide.

Although it is possible to take issue with the chairmen's arguments and proposals as Giles Shaw has already done, the issues are not in my view so clear cut nor do the advantages of decentralisation so outweigh the risks in this industry that it would be prudent for us in the circumstances to do other than allow the employers to proceed on the basis of their

If they believe

that's, they'll

believe

anything.

MS

??

carefully considered proposals provided they stand firm on their decision not to renew the closed shop; they take appropriate provisions for arbitration which exclude unilateral reference; they do their best to ensure the continuation of the April settlement date for the manuals; and they do not give way on key items which they propose to devolve to the regions.

It is essential that the new agreements are in place by 1 October when the existing ones lapse and the employers are therefore understandably anxious to begin what could be protracted negotiations as soon as possible. I would be grateful therefore for any comments you and your colleagues to whom I have copied this might have by the beginning of next week.

I am copying this to the Prime Minister, to Norman Tebbit, Nicholas Edwards, Peter Walker and to John Sparrow and Sir Robert Armstrong.

Yours sincerely

Helen Quinn

TOM KING

Approved by the
Secretary of State and
signed in his absence.

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
SW1P 3AG

CONFIDENTIALFUTURE BARGAINING ARRANGEMENTS IN THE WATER INDUSTRY
PROPOSALS BY RWA CHAIRMEN

NATIONAL NEGOTIATIONS

Basic rates
 Hours of work
 Overtime rates
 Shift, stand-by and call-out allowances
 Leave (holidays, maternity)
 Sickness
 Superannuation
 (The manuals broadbanding structure and the craft task structure (involving job evaluation) to be retained as part of national conditions).

REGIONAL

Productivity (ie discontinue Water Industry Pay and Productivity Scheme (WIPPS) once all authorities have concluded local agreements under its general provisions)

Car allowances

Subsistence

Health and Safety (some national co-ordination)

Job evaluation for non-manual staff: gradings would be determined locally within national salary scales

London Weighting

Disturbance Allowances

Severance Schemes

Post-Entry Training

Time off for Trade Union Duties

Apprentices

New Technology

Recruitment/Promotion

Home Telephones

Periods of Notice

Displacement of Employees

Indemnification

First Aid

Discrimination

Part-time employees

*Payment of Wages

*Flexible hours

DISPUTES AND APPEALS

A national facility to deal with disputes about matters in the national agreements; otherwise issues to be settled locally.

ARBITRATION

Currently no provisions which would mean that access would only be by joint agreement.

* as agreed in recent settlement

27.11.1983

131234
1234567890



QUEEN ANNE'S GATE LONDON SW1H 9AT

19 April 1983

2

Prime Minister

Dear Sir,

FIRE SERVICE PENSIONS

ms

MUS 20/4

I was grateful for the support of yourself and other colleagues in response to my letter of 14 April. I can now report the outcome of the Joint Pensions Committee meeting, and my decision.

As expected, all three of the employer associations agreed that the pension contribution should be increased by 2% from 1 May and 2% from 1 November. They were supported by the associations representing the officers and the chief officers. As also expected, the Fire Brigades Union contested the Government Actuary's figures, argued that no case had been made for any increase, and said they regarded the proposal as a political attack on their pay formula.

Having taken into account the views expressed by the Committee, I have decided to order the increase agreed by a majority of its members: a 4% increase, 2% from 1 May and 2% from 1 November. The decision has been conveyed to the organisations concerned. It remains to be seen whether the FBU will take industrial action: this is something which the Civil Contingencies Unit will be considering tomorrow.

I am copying this letter to the Prime Minister, the Secretaries of State for Education and Science, Northern Ireland, Defence, Scotland, Wales, Social Services, Employment and Environment and the Lord Privy Seal, and to Sir Robert Armstrong.

Yours faithfully
William Whitely

The Rt. Hon. Sir Geoffrey Howe, QC., MP.

LOCAL GOVT. Pay of LA Manual Workers
Pt 3

19 APR 1983



CONFIDENTIAL

~~#~~ CC/NO

2



Prime Minister

MUS 19/4

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon William Whitelaw CH MC MP
Secretary of State
Home Office
50 Queen Anne's Gate
London SW1H 9AT

18 April 1983

R. White

[Handwritten mark]

FIREMEN'S PENSION CONTRIBUTION RATE

Thank you for your letter of 14 April to Geoffrey Howe updating us on the position of the various parties involved in the dispute over the increase in the firemen's pension contribution.

If the employers put forward their unanimous view on phasing this increase in pension contributions that it is likely to avert the threatened industrial action, I agree with your judgement that we should accept. If this is not the case then it seems to me that the gesture is hardly worth making. We should still be faced with providing emergency cover and all that that entails. For the moment we must continue the preparatory action for an industrial dispute. In addition, in view of possible future developments for other public sector pension groups it will need to be made absolutely clear that phasing beyond 7 November will not be contemplated.

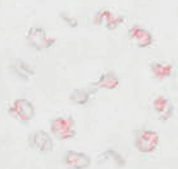
I am copying this letter to the recipients of yours.

[Handwritten signature]

LEON BRITTAN

LOCAL GOVT: Pay of LA Manual Workers

PT 3





SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CC NO
2

Prime Minister

CONFIDENTIAL

The Rt Hon William Whitelaw CH MC MP
Secretary of State for the Home Department
Home Office
Queen Anne's Gate
LONDON
SW1H 9AT

MUS 18/4

18 April 1983

Dear Home Secretary

Thank you for sending me a copy of your letter of 14 April to Geoffrey Howe on the latest developments about the pension contribution rate for firemen.

I am in full agreement with you that we should accept the proposal you expect from the employers' associations that the increase should be staged, with 2% imposed immediately and the remaining 2% from 7 November. Although like you I would have preferred to see the full 4% payable from 1 May, there can be little doubt that a staged settlement offers the best way forward. To have held to our original proposal would almost certainly have led to prolonged and expensive strike action, involving damage to property and perhaps loss of life; I do not think that we would be justified in going down this road, if all the employers' associations are in favour of the staged settlement. I can confirm that the Convention of Scottish Local Authorities now support staging.

I also share your view that we must continue our planning through the CCU. It is unlikely that the FBU will take an immediate decision as to their future action and it is important not only that we are ready to meet any possible emergency but that we are seen to be so.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for Education and Science, Northern Ireland, Defence, Wales, Social Services, Employment and Environment, the Lord Privy Seal and Sir Robert Armstrong.

W. Whitelaw
W. Whitelaw
Approved by the Secretary of
State and signed in his absence

CC NO
Local Govt

NBPM

Mus 18/4

NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ



SECRETARY OF STATE
FOR
NORTHERN IRELAND

The Rt Hon William Whitelaw MC MP
Home Office
Queen Anne's Gate
London SW1

15 April 1983

Dear Willie

FIREMENS PENSION CONTRIBUTION RATE

Requested.

I have seen your letter of yesterday to the Chancellor outlining the way you think the JPC will go on Monday, namely a phasing of the proposed 4% pension contribution with 2% applying from the 1 May and 2% from the 1 November. Subject to any overriding views of the Chancellor I think a 2% deferment in the increase until November is a small price to pay for industrial peace in this vital protective service and it has my full support.

I am copying this letter to those who received yours.

*Yours
John*

Local Government: Pay of LA Mammals
Water + firemen
P73

11 APR 1983



CONFIDENTIAL



QUEEN ANNE'S GATE LONDON SW1H 9AT

14 April 1983

Dear Jeffrey

FIREMEN'S PENSION CONTRIBUTION RATE

Since my Private Secretary's letter of 31 March there have been developments on the new pension contribution rate for firemen of which you will wish to be aware.

The Joint Pensions Committee, with representatives of both sides concerned with financing the pension scheme, is to meet on 18 April to consider our proposal that the firemen's contribution rate should be raised by 4 per cent on 1 May. When deciding on the new rate I have to take account of the views expressed at that meeting.

During the last week we have been trying to ascertain the attitude likely to be taken at the meeting on 18 April by the various organisations represented. It now seems certain that the three employer organisations will all agree that the contribution rate should rise by 4 per cent. This is much better than I feared, and represents a considerable shift in the position of the Association of Metropolitan Authorities in particular. The Fire Brigades' Union will contest the actuarial basis of our proposal. We shall resist this, and the Government Actuary himself will attend the meeting, but we do not expect the Union to accept a 4 per cent increase.

I am sure that we must hold fast to the 4 per cent increase and implement it in the order. It represents a substantial, permanent increase in the level of firemen's pension contributions.

It seems clear that the employers' associations will also be united in the view that 2 per cent of the increase should be imposed immediately and the remaining 2 per cent with the next pay settlement on 7 November. The two officers' associations seem likely to go along with this line.

Acceptance by the employers of a 4 per cent increase and their unanimity on how it should be imposed represents a considerable achievement. If they put this forward on 18 April as the unanimous view of the employers' side of my advisory body I feel that I must accept it. The six months' postponement of 2 per cent of the increase is a small price to pay for securing the permanent 4 per cent increase. Not to accept the local authority associations' view might also have the effect of splitting the employers in their joint effort to minimise the next pay settlement, and of prejudicing our longer term and major objectives for the fire service, in particular the revision of standards of fire cover.

I believe that the plans being made through the Civil Contingencies Unit to cope with possible industrial action after 26 April must continue, and we are

The Rt. Hon. Sir Geoffrey Howe, QC., MP.

CONFIDENTIAL

/cont

CONFIDENTIAL

- 2 -

to meet at Ministerial level on 20 April to consider the next steps, which will be overt. By then I shall need to be in a position to announce my decision on the new contribution rate.

I am copying this letter to the Prime Minister, the Secretaries of State for Education and Science, Northern Ireland, Defence, Scotland, Wales, Social Services, Employment and Environment, the Lord Privy Seal and Sir Robert Armstrong.

Gas

W. H. ...

CONFIDENTIAL

CONFIDENTIAL



Prime Minister

4

Ms 14/4

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 20/17/6

13th April 1983

ms

De Wither

Thank you for copying to me your letter of 24th March to Geoffrey Howe concerning the proposed increase in the pension contribution of firemen.

We are in touch about arrangements for emergency cover in the event of industrial action but I should also like to record my view on the quantum of the contribution. In logic, the police and firemen should contribute similarly for similar benefits; though I recognise your difficulties and note your proposal that the contribution rate for firemen should be increased only to 10 $\frac{3}{4}$ % with effect from 1st May 1983. However, with the police and the armed forces already paying a contribution in excess of 10 $\frac{3}{4}$ %, I should be most unhappy to see firemen contribute at less than that rate and I support your intention to hold to the figure.

I am copying this letter to the recipients of yours.

Yours ever
Michael Heseltine

Michael Heseltine

The Rt Hon William Whitelaw CH MC MP

CONFIDENTIAL

LOCAL GOV : Pay dr Friedman : Pt 3

11 APR 1983

11 12 1 2 3 4
5 6 7 8 9

MR SCHOLAR

Please see, too, the

12 April 1983

cc Mr Mount

Home Secretary's
latest letter (attached).

MLS 14/4

FIRE SERVICE PENSIONS DISPUTE

The Home Office letter of 5 April, copied to you, alerted to the possibility of a firemen's dispute.

The firemen were awarded a pay increase of 7½% effective from 7 November last year. The announcement of such a substantial award was qualified by references to a likely increase in the firemen's pension contributions. It is proposed that this contribution should increase by four percentage points of gross income, from 6¼% to 10¼% - to slightly less than that of the policemen. The Home Secretary is due to consult the Joint Pensions Committee on 18 April and will announce his intentions on or soon after that date.

The Home Office advise that the Fire Brigade's Union is quite likely to call a one-day national stoppage, to be followed by further one-day stoppages in selected urban areas, called at 24 hours' notice. The Civil Contingencies Unit accepts the view that these stoppages would require a substantial deployment of Green Goddesses and troops (15,000) to provide adequate cover, due presumably to the unpredictable pattern of stoppages and the judgement that the fire officers could not cope by themselves. There is the possibility therefore that the firemen will succeed in causing maximum inconvenience at the least cost to themselves.

The Home Office is likely to come forward with a proposal to phase the 4% increase, over six months or perhaps over two years, rather than implement it on 1 May as was recently proposed. This of course carries with it the danger that the increases will run into, and influence the next pay settlement in November, at the very beginning of the public sector pay round. It would also mean that the exceptional award of last November will be offset by considerably less than was anticipated. Indeed, the firemen will already have had the benefit of their pay award for six months before any additional pension contribution is required from them.

One suspects but cannot demonstrate that the consequences of the threatened action are being exaggerated: fire services are over provided and the firemen would respond if life was at risk. However, the Home Office believe that phasing the pensions contribution would avert any action. It is important, I think, that the Home Secretary should concede as little as possible on this and that colleagues should have an adequate opportunity to consider his proposals. I would suggest, therefore, that you contact his Private Office to register the Prime Minister's interest in what he proposes.

NICHOLAS OWEN



Prime Minister

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

8 April 1983

Mus 11/4

C J Walters Esq.
Private Secretary
Home Office

Dear Colin,

FIREMEN'S PENSION CONTRIBUTION RATE

Thank you for your letter of 31 March reporting the outcome of the Home Secretary's meeting with officials of the FBU. I have also seen a copy of your letter of 5 April to Richard Mottram about authorising discussions between interested parties in preparation for possible industrial action.

The Chancellor agrees entirely with the Home Secretary's judgement that the proposals made in his letter of 24 March should not be altered. The intention to raise contributions, in the same way as for the police, was important in minimising the repercussions from the firemen's 7.5 per cent pay settlement in the Autumn, and he believes we should not retreat from it now. To do so would also make for difficulties with the police, where a similar increase in pension contributions was linked with the 1982 pay increase.

The Chancellor also agrees that covert action should be put in hand to prepare the way for emergency cover in the case of industrial action. However, he would be grateful if officials here could be brought in at an early stage on any discussions about costs and their recovery from local authorities, certainly before any irrevocable commitments are made to them.

I am copying this letter to Michael Scholar (No.10), the Private Secretaries to the Secretaries of State for Education and Science, Northern Ireland, Environment, Scotland, Wales, Social Services, Defence, Employment and to Richard Hatfield and Bill Moyes at the Cabinet Office.

Yours sincerely,

Margaret O'Mara

MISS M O'MARA
Private Secretary

CONFIDENTIAL

cc NO
Local Govt
wm
7/4



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~230 7022~~ 218 2111/3

MO 25/17/6

6th April 1983

Dear Colin,

FIRE BRIGADES' UNION: PENSIONS DISPUTE

My Secretary of State has seen your letter to Richard Mottram dated 5th April. As I informed your office on the telephone Mr Heseltine would be content for covert consultations to begin as soon as possible between Chief Executives, Chief Constables, Chief Fire Officers and District Commanders.

I am sending copies of this letter to those who received copies of yours.

Yours ever
Nich Evans

(N H R EVANS)

C J Walters Esq
170

CONFIDENTIAL

Local Government
Pay of Manual Workers
(Green) Pt 3



010



Prime Minister

CC N.O.

The Home Secretary proposes to authorise on 6 April emergency planning for fire cover by the armed forces in case the fire brigades union goes on strike at the end of April.

HOME OFFICE
QUEEN ANNE'S GATE LONDON SW1H 9AT

5 April 1983

A.J.C. 5/4

Dear Richard

FIRE BRIGADES' UNION: PENSIONS DISPUTE

You may be aware that the Fire Brigades' Union is recalling its Conference on 26 April to consider a recommendation that, if a 4% increase in the firemen's pension contribution remains the Government intention, a series of one day strikes should begin before 1 May 1983.

We shall not know until the conference on 26 April whether the strike call will be endorsed. Even if it is, there will be doubts about the extent to which members in brigades will respond. There is also uncertainty about whether the threatened one day strikes will be national, or in selected brigades only. We must nevertheless consider the provision of emergency fire cover, in the form of Green Goddesses manned by the armed forces, even though we would not propose to deploy the vehicles to brigades until individual fire authorities make a request.

The Home Secretary will be making a final decision on whether the increase should be 4% between 18 and 26 April, but to be ready for industrial action sometime after the latter date a decision on the provision of emergency cover will have to be made fairly soon. In the past we have always considered it important that emergency planning between Chief Executives, Chief Constables, Chief Fire Officers and District Commanders should begin at the earliest possible date. Consequently the Home Secretary would like to issue authority for this action on 6 April, subject to the agreement of your Secretary of State. This action will, of course, be covert and every step possible will be taken to maintain confidentiality. While we have obtained assurances on this score from the Association of County Chief Executives we cannot, however, be certain that some word will not leak.

Once I have your confirmation that your Secretary of State agrees that the "four wise men" discussions should be authorised on 6 April our officials will co-ordinate the issue of the necessary notification with yours.

I am sending copies of this letter to David Edmonds (Environment), (and would be grateful to know that Mr. King is also content), and for information to Michael Scholar (No 10) and Private Secretaries to the Chancellor of the Exchequer, the Secretary of State for Northern Ireland, the Secretary of State for Scotland and the Secretary of State for Employment and to Bill Moyes (Cabinet Office).

Yours sincerely
C. J. WALTERS

APR 1983

1234567890

CONFIDENTIAL

MS 31/3

HOME OFFICE

QUEEN ANNE'S GATE LONDON SW1H 9AT

31 March 1983

Dear John

ms

FIREMEN'S PENSION CONTRIBUTION RATE

In the Home Secretary's letter of 24 March he explained our proposals for the introduction of a new pensions contribution rate for firemen. He also said that he had agreed to see the President and General Secretary of the Fire Brigades' Union today. Since then you may have seen press reports of a threat by the FBU to seek a mandate from a recalled Union conference on 26 April to hold a series of one day strikes beginning some time before 1 May.

The Home Secretary saw the two FBU officials today as planned. They expressed their concern about their apparent inability to negotiate on the matter and they warned that there was a real threat of industrial action, but otherwise no new points arose. The Home Secretary explained that no final decision would be taken until after the meeting of the Joint Pensions Committee on 18 April, but that he would take note of their position.

The Home Secretary's judgment is that we should not alter the proposals made in his letter of 24 March and we must face the possibility of some form of industrial action by whole-time firemen after 26 April, although there may be some wild cat action before. We understand that there is likely to be some reluctance on the part of many firemen to take industrial action on this issue. To try to ensure that the facts of the case are clearly known at local level we have forwarded details to Chief Executives and Chief Fire Officers with a request that they be brought to the attention of members of brigades.

In view of the time necessary to make the preparations, we must also take covert action to prepare the way for provision of emergency cover using the Green Goddesses manned by troops, and we have taken the first step in this process.

If we have to deploy emergency fire cover there will be a difficult financial problem to be resolved. We have in the past advised fire authorities, whose statutory duty it is to provide fire cover, that they would be expected to pay the costs of preparing and deploying the emergency cover, though in the event these charges were waived both in 1980 and 1982. They will argue that on this occasion it is central rather than local government which has provoked the strike and that once again central government should pay; we shall have some difficulty in refuting their argument but we will press for them to pay at least the cost of deploying the cover to brigade areas. We shall be writing separately about this.

I am sending copies of this letter to Michael Scholar (10 Downing Street), the Private Secretaries to the Secretaries of State for Education and Science,

CONFIDENTIAL

CONFIDENTIAL

2.

Northern Ireland, Environment, Scotland, Wales, Social Services, Defence and Employment, & the Lord Privy Seal and Richard Hatfield (Cabinet Office).

Yours sincerely
C. J. Walters

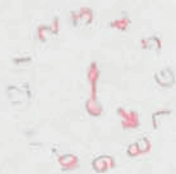
C. J. WALTERS

J. O. Kerr, Esq.

CONFIDENTIAL

Local Gov : Pay of Local Authorities = Pt 3
Mammal Workers.

1983





QUEEN ANNE'S GATE LONDON SW1H 9AT

24 March 1983

Dear Joffey

MBPM

MS 2573

FIRE PENSION CONTRIBUTION RATE

I know you will be as disappointed as I was to find that the date for the introduction of a new pensions contribution rate for firemen has had to be put back to 1 May. We could not get all of the extra data from the local authorities as quickly as expected, despite the application of all possible pressure, and it was imperative to allow the unions reasonable time to examine the Government Actuary's revised evaluation of the pension scheme before the statutory consultation, now arranged for 18 April, which must precede the fixing of a new rate.

The revised evaluation puts the value of the scheme at 38% of salary. This happens to be the same figure given by the evaluation of the police pensions scheme on which last year's increases in the police contribution rates were based. The evaluated figures are not as precisely comparable as they appear on the surface but it is clear that an increase in the firemen's contribution rate from 6 $\frac{3}{4}$ % to 11% of salary would be justified and would, I know, be generally appealing to colleagues. However, moving to that rate would mean a greater increase for firemen than that imposed on policemen last September, when the contribution rate for the latter went from 7% to 11% of salary. In view of the longstanding differential between the contribution rates for the two services and the general relationship between them, I am satisfied that a 4% increase in the firemen's contribution rate, to 10 $\frac{3}{4}$ % of salary, would be more equitable and, incidentally, more likely to meet with acceptance, although I cannot be sure of avoiding industrial action. I have accordingly authorised the issue of a paper in which an increase in the contribution rate to 10 $\frac{3}{4}$ % with effect from 1 May 1983 is officially proposed.

This has provoked a request from the President and Secretary of the FBU to see me and I have agreed to see them on 31 March. Subject to what they say then and to the views expressed by the Unions generally and by the local authority at the 18 April meeting, or immediately afterwards, George Younger and I propose to take a decision to amend the firemen's pension scheme, by Order, with effect from 1 May 1983.

/I am

The Rt Hon Sir Geoffrey Howe, QC, MP

I am copying this letter to the Prime Minister, the Secretaries of State for Education and Science, Northern Ireland, the Environment, Scotland, Wales, Social Services, Employment and Defence, the Lord Privy Seal and Sir Robert Armstrong.

M
P
L

25 MAR 1983



old

Covent Govt



Caroline
Pindym
arrange
1/2 hr?

Prime Minister

Agree to a talk with

Mr Tebbit?

PRIME MINISTER

CF
arranged for
11.30 on
Tuesday 29th
Nov.
c. 23/3

(I wonder if Mr Lowry is

aggrieved by or dissatisfaction
with his performance?)

NATIONAL WATER STRIKE

MUS 23/3

I have discussed with Mr Pat Lowry the course of this dispute and the role played in it by ACAS.

Mr Lowry was not inclined to offer an opinion as to whether the decision of the employers to make an offer of 4% rather than 6% was decisive in bringing about a strike. He well understood the interaction between the teachers pay arbitration and the NHS dispute which in turn affected the level of offer made to the water workers.

He felt that the employers had perhaps been unwise to opt for arbitration as early as they did though he accepted that to do otherwise ran the risk of elevating the floor from which arbitration would take place. However on balance he did not take the view that having wrung all they could from negotiation the unions would inevitably have sought to put more icing on the cake by arbitration.

Mr Lowry claims that ACAS did not put pressure on the employers to agree to the terms of the Buchanan initiative. He does however feel strongly that the employers made a serious error of judgement by accepting the Buchanan findings immediately they were published without either rejecting the implications of para 8 of the report (which pointed to increased earning opportunities) or being very much clearer what the acceptance of this paragraph would entail.



Mr Lowry accepts that the statement which he made on 9 February and which was read as favouring the unions against the employers was a mistake.

(find
this
hard to
swallow
ML)

He does however firmly rebut the suggestion that Dr Johnston allowed negotiations to take place within the forum of the Committee of Inquiry which eventually led to resolution of the dispute. Certainly he agrees that Mr Keys (SOGAT) as one of the side members sought to give that impression. However he has explained to me that Dr Johnston felt strongly that there had to be consultation especially with the employers in order to assess the cost and practicality of proposals which he was considering. Having heard all that Mr Lowry had to say on that point I conclude that he is right.

Mr Lowry's general view was that the employers conducted their negotiations with a considerable lack of competence and he accepted my observation that the dispute was characterised by an excess of activity, initiatives and proposals. He saw the employers talk of £5-£10 being available from productivity as a particularly damaging example. As I have mentioned he accepted that his own statement of 9 February was open to criticism though he saw it as being intended to stifle initiatives until the time was ripe to achieve a settlement, and to put firmly on record that the dispute could only be resolved by a reference to arbitration or to some other third party for a final decision (ie arbitration by other means).

I put to Mr Lowry the issue of the "secret letter" to the employers. He told me he had never before written such a letter and would never do so again. He said that he had written at the request of Mr Hill to guard the latter against any criticism if the unions reneged on their commitment.



Although he did not put it in these words I formed the impression that Mr Lowry felt that ACAS should not be expected to reinforce weak and incompetent negotiations on either side, and that ACAS had done as much as it could or should to save the employers from themselves. He also mentioned that the settlement had been drawn up so as to minimise the likelihood of knock on effects elsewhere. That seems to have been borne out by events.

I asked Mr Lowry if he had any criticism of the role of Government. He said that as he was not privy to what Government had said to employers it was difficult for him to make criticisms except in one particular respect. That was that he wished he had been given a clear indication in advance that it would not be acceptable to appoint a Judge to head the enquiry.

I would welcome a word with you about my conversation with Mr Lowry.

I am copying this to Tom King and to Sir Robert Armstrong. The minutes of Cabinet on 24 February invited me to report on the working methods of ACAS. I see this as my report, which I would not like to have circulated more widely.

NT

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22-1. March 1983

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LOCAL GOV.

10 DOWNING STREET

From the Private Secretary

14 March 1983

Water Charges Rebate

The Prime Minister was grateful for your Secretary of State's minute of 10 March, which she has noted without comment.

I am sending copies of this letter to the Private Secretaries to the other members of the Cabinet and to Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

David Edmonds, Esq.,
Department of the Environment.

Prime Minister

The DoE calculate that the average domestic consumer pays about 10 p a day for his water and that a rebate of say £3 would



No
mb

therefore compensate for a number's disconnection - though this of course takes no account of hardship. Do you wish to

Prime Minister

WATER CHARGES REBATE

There has been some correspondence about the basis of the rebate scheme proposed by the water industry for those consumers who were deprived of their water supply during the strike. *increase his jumper?*

It has become apparent that individual water authorities have taken local judgements about the scale of rebate to be offered in their areas. My Department has had discussions with the National Water Council and the individual authorities and has emphasised the importance of the rebate as a gesture of goodwill.

WML
n/s

The scheme of which you were earlier informed rests on a minimum refund of £1 paid to any consumer who was without water for 3 or 4 days. The scale then rises to a maximum of £4 or £5. Other authorities have adopted a higher starting point and there is some variation in the minimum number of days without supply consumers have suffered before qualifying for a rebate.

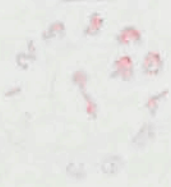
The events of the last week suggest that this less-than-uniform response has not caused problems. My Department is keeping in continuing touch with each and every authority. We are reassuring Chairmen that the scale of rebates should be set at the most generous level thought to be reasonable. In cases of individual difficulty we are encouraging generosity rather than parsimony.

I am copying this to Cabinet colleagues and to Sir Robert Armstrong.

T K

10 March 1983

Local Govt,
Part of LA
Manuals, Pt 3



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CONFIDENTIAL

JL



LOCAL GOVERNMENT

10 DOWNING STREET

From the Private Secretary

2 March 1983

Dear Julian,

Water Charges Rebates

The Prime Minister has seen a copy of your Secretary of State's letter of 28 February to Mr. Giles Shaw, Parliamentary Under Secretary of State at the Department of the Environment.

The Prime Minister has commented that there is no parallel between the situation in water, and that in gas and electricity. The latter are paid for by measured use.

I am copying this letter to the Private Secretaries to the members of Cabinet and to Richard Hatfield (Cabinet Office).

Yours sincerely,

Michael Scholten

Julian West, Esq.,
Department of Energy.

CONFIDENTIAL

cc 20

SECRETARY OF STATE FOR ENERGY
THORNHILL HOUSE SOUTH
MILLEBANK LONDON SW1P 4QJ

01-211-6402

Prime Minister

(2)

MUS 1/3

Giles Shaw Esq MP
Parliamentary Under Secretary
of State
Department of the Environment
2 Marsham Street
London
SW1P 3EB

*There is no parallel -
Gas - electricity are price fo-
by increased use
net.*

28th February 1983

Giles

WATER CHARGES REBATES

Your wrote to me on 24 February about the proposed rebate on domestic water charges for consumers deprived of supply during the recent strike.

While you say that the scheme should not be seen as a precedent elsewhere, I believe it will inevitably be so regarded if there should be a gas or electricity strike. We may or may not then be able to contain pressures for similar rebates of standing charges depending on the circumstances. However, provided colleagues accept the risk of such pressures I would not wish to oppose the proposal.

I am copying this to the Prime Minister, members of the Cabinet and Sir Robert Armstrong.

Nigel Lawson

NIGEL LAWSON

Local Govt.
Part of LA Manuals,
p. 3

Handwritten notes, possibly "Handwritten" and "Part of LA Manuals".

Handwritten notes with a red stamp that reads "APR 1963".

CONFIDENTIAL

Local Govt
MR SCHOLAR ✓

Prime Minister

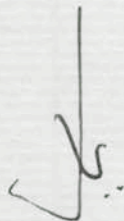
Local Govt
cc Mr Mount
Mr Ingham

Mus 28/2

LOCAL AUTHORITY MANUALS

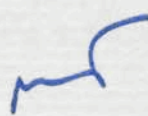
Today's settlement with the local authority manuals is good news - no-one would have been surprised if the unions had held out for more, following the water strike. But we must be careful not to welcome it, because it is considerably higher than the Civil Service is going to be offered (I have checked that Mr King has also been warned about that).

I am told that the employers stuck to the 3.25% on basic rates at the lower levels, but graded it up to 3.75% at the top end, thus raising the average earnings increase from 4.5% to 4.87%. I understand there are no hidden snags and that the deal is not dependent on consultation with members.



JOHN VEREKER

28 February 1983



CONFIDENTIAL



*withdrawn
by DOE*

DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET LONDON SW1P 3EB
01-212 3434

SV

My ref:
Your ref:

25 February 1983

Michael Scholar Esq
Private Secretary
10 Downing Street
LONDON SW1

Prime Minister

(1)

*10p a day takes no account
of any reimbursement for hardship.*

Dear Michael

Agree, nevertheless, to Giles

WATER CHARGES REBATES

I understand that the Prime Minister has suggested that the water charges rebate scheme described in Mr Shaw's letter of 24 February should be based on a minimum rebate of £5.

Shaw's proposal?

The basis of rebate proposed by the industry is a proportion of the consumer's bill to reflect the number of days he was without a piped supply. The average domestic consumer pays just under £67 per year for all the water services, and more than half of this is for sewerage and environmental services. So he pays less than 10p per day for his water. Consequently on a proportional basis the refund to many consumers would be less than £1. The water authorities are proposing that in such cases the refund would be rounded up to £1.

MU 25/2

If the minimum repayment were £5, the rebate to the average domestic customer would be equivalent to two months' charges; this is out of all proportion to the typical case of the period for which supply was discontinued. It seems entirely reasonable that there should be a link between the daily cost of water and the amount of the refunds. The water authorities are anxious to maintain this link so as not to call into question the way they are exercising their statutory powers under Section 30 Water Act 1973.

Another important consideration is that as most householders pay their water charges on a rateable value basis, there is at best only a rough link between the size of bill and water usage. Water undertakers as monopoly suppliers of the service will be able to make up any shortfall in revenue occasioned by rebates that cannot be covered by operational savings by a general increase in charges in future years. The incidence effect as between rebated customers and others might worsen rather than diminish the unfairness of the present RV based charge.

The water authorities will of course be making rebates under their normal charging powers and are fully seized of the value of very early publicity. I understand that in a number of cases plans are well advanced to announce them publicly in the very near future.

*with
rec*

For these reasons I hope that the Prime Minister will accept that a £1 minimum rebate should be maintained.

I am copying this to the Private Secretaries to members of the Cabinet and Sir Robert Armstrong.

Yours ever

R D

R D NEVILLE-CARLE
PRIVATE SECRETARY

25 JUN 1983
FEB 1983

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COMMODORE



local Govt
file Kb

10 DOWNING STREET

From the Private Secretary

25 February 1983

WATER CHARGES REBATES

Your Minister sent the Prime Minister a copy of his letter of 24 February to the Secretary of State for Energy about water charges rebates.

The Prime Minister has commented that the minimum rebate of £1 is wholly inadequate. She suggests that the minimum rebate should be £5 if possible.

M. C. SCHOLAR

Mrs. Joan Dunn,
Department of the Environment.

CONFIDENTIAL

xb

PRIME MINISTER

2
MCS

Wrong Figures from the DoE

Tom King's office humbly apologise for giving us wrong figures on the numbers of workers in the water industry. The figures they gave us today - an England, Wales and Northern Ireland total of 75,507 in March, 1979, 74,309 in March, 1981 and 70,485 in December, 1982 - are the right figures. The figures on their factsheet, which they produced early on in the dispute and repeated (of 61,634 in 1975, 66,482 in May, 1979 and 61,863 in December, 1982) are incorrect. They exclude the employees of the private sector water industry. This was a sheer mistake in the DoE's Water Division, and I have said that it was unforgivable in a factsheet which was produced at leisure.

On Tom King's 2%, Mr. King says that there has been a misunderstanding and he apologises if he has misled you. He was not entirely sure about the 2% figure at Cabinet this morning and his confirmation was intended to be of the 9% figure *for last year's settlement.* I have told ^{his office} him that he gave us the 2% figure, several times. I think, at earlier meetings. But he does not recall this, and his briefs from the Department nowhere contain the 2% figure.

MCS

24 February, 1983

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✓ CCTV



DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET LONDON SW1P 3EB
01-212 3434

My ref:
Your ref:

The Rt Hon Nigel Lawson MP
Secretary of State
Department of Energy
Thames House South
Millbank
LONDON SW1

24 February 1983

Frankly - I think rebate is long overdue
2. I think it possible
Prime Minister
Some water rebate.

Dear Mr Lawson

ML 24/2

WATER CHARGES REBATES

During the debate on 14 February on the recent industrial action, I announced that the water industry had been asked to consider as a matter of urgency the circumstances in which it would be right to give rebates on domestic water charges where consumers had suffered clearly identified hardship.

The industry (both authorities and companies) has now come forward with its proposals. It suggests that rebates should be confined to domestic customers who were continuously deprived of a piped supply for at least a few days (those that had a piped supply but had to boil it would not qualify), and that abatement should be related to water supply charges only (not sewerage charges). The industry are also proposing a minimum rebate of £1.

In welcoming the industry's proposals, I am suggesting that all domestic customers deprived of a piped supply for the qualifying period should receive a minimum rebate of £1.

There is no legal liability on the industry to make rebates. The scheme has been developed expressly as a mark of goodwill to domestic consumers who have suffered considerable hardship as a result of the strike. In all some 84,000 customers will qualify for rebates at a total cost of £4m. The scheme should not be seen as a precedent elsewhere. As its presentational value would be greatly enhanced if notices could be issued with the annual statement of charges in March, the industry wishes to announce the proposal this week.

I am copying this to the Prime Minister, members of the Cabinet and Sir Robert Armstrong.

Joan Brown

for GILES SHAW
(Agreed by Mr Shaw and signed in his absence)

24 FEB 1983

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FILE 80

PRIME MINISTER

Wrong Figures from the DoE

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MCS

24 February, 1983

Water Industry (Dispute)

3.31 pm

The Secretary of State for the Environment (Mr. Tom King): With permission, Mr. Speaker, I wish to make a statement to the House about the water industry dispute. The House will note that, following the findings of the chairman of the committee of inquiry set up by ACAS, agreement was reached last night in the National Joint Industrial Council for a settlement of the pay dispute and an end to the strike.

The terms of the settlement are as follows:

i. the increase in the base rate should be 7.3 per cent. over 16 months, equivalent to 5.5 per cent. on an annual basis. This is exactly as recommended by the mediator a month ago on 23 January;

ii. a number of the employers proposals made in their offer on 6 February were adopted. These were improved payments under the national productivity scheme equal on average to approximately 55p per week; an extra day's holiday for employees with 10 years service; the introduction of a scheme for the payment of wages by credit transfer, for which the chairman proposed £75 rather than the employers offer of £50 as a single lump sum payment; and a minimum rate of £5 for employees taking part in local schemes for greater flexibility in working hours rather than the £4 offered by the employers which will apply to only a limited number of employees. In addition, there will be, with effect from 1 April 1984, a one hour reduction in the working week.

iii. the chairman's findings and the settlement go beyond what had previously been on offer in only two significant respects—

a. £5 of bonus payments are to be consolidated into the basic rate, which will increase average earnings by about 2 per cent. and

b. the service supplement payable to those with over five years' service is to be paid to those with more than two years' service and to be raised, as in the employers' offer, from 2.5p per hour to 5.2p per hour. This adds 0.4 per cent. to average earnings over and above the employers previous offer.

The House will note that the chairman made no recommendation in support of the unions' central claim for comparability with other groups.

I should now tell the House the present position in the country. Ninety-one thousand properties are without normal mains supplies and 8.2 million people have been advised as a precaution to boil water. The quality of effluent from many sewage treatment works has deteriorated but there have been very few serious effects on rivers. The House will appreciate the hardship and distress represented by the figures. None the less, it will also recognise the fact that after a four and a half weeks strike over 99 per cent. of users continue to receive their water supplies.

The water authorities and companies deserve every credit for this substantial achievement in keeping their systems running. The exceptional efforts of their staffs have maintained this essential service and safeguarded public health, and I pay full tribute to them. [HON MEMBERS: "And the unions".] Having said that, the House will recognise how damaging this dispute has been for all

concerned. The water authorities and companies have been unable to maintain their normal service to all their customers, many of whom have suffered real hardship.

The manual workers went ahead with the strike in spite of an offer worth more than £10 per week on average. They have gained little more than £3 per week on average on top of that offer. In the process, they have lost many hundreds of pounds. For many of those involved it will take two to three years to recover the difference.

The cost of the water settlement cannot be found by raising water charges this year. Nearly all the water authorities have already set their budgets for next year. It will have to be met by further economies in operating and manpower costs.

The message of this dispute is clear. In industrial action of this kind there are no winners. There were always arbitration procedures available in the industry to resolve this dispute without a strike. The employers offered this on 11 November and again throughout the dispute. It has been an unnecessary strike. I trust that normal working will be resumed immediately and a full service restored to every customer as quickly as possible.

Mr. Gerald Kaufman (Manchester, Ardwick): The Opposition share the satisfaction that will be felt throughout the country, though, if the evening press is to be believed, not by the Prime Minister, at the ending of this unnecessary and damaging dispute, but the House will have listened to the Secretary of State's sour and ungracious statement with a good deal of distaste. It was flavoured with the arrogance and insensitivity that provoked the strike in the first place. It was also irresponsibly provocative. Has the Secretary of State considered what the effect of belittling the settlement might be on workers considering their union's recommendation to return to work? If the unions have gained so little from the strike, why were they not offered this settlement in the first place, last November?

Can the right hon. Gentleman say how long it will take for the water system to get back to normal, when those having to use standpipes will regain their domestic supply, and when those now boiling water will no longer have to do so? What will be the cost of putting right the damage to the system?

In the debate last week, when I pressed for the inquiry that in fact took place—[*Interruption.*] Oh, yes; we asked for the inquiry. At that time, the Secretary of State stressed the importance of both sides accepting the inquiry's findings. I trust, therefore, that he will be gratified that both sides have accepted its findings and that the unions have honoured their agreement.

Has the Secretary of State reflected that if he had not intervened so damagingly on 11 November there would have been no strike, no hardship to householders, no pollution of rivers, and no costly damage to the system; and almost certainly a negotiated settlement last autumn would have been at a lower level than the one now accepted?

Has not the Secretary of State's intervention turned out to be a very expensive affair? Will the Government now abandon their invidious, discriminatory, back-door incomes policy, conducted by the arm twisting of willing employers? If the right hon. Gentleman, the Secretary of State for Employment and, above all, the Prime Minister have learnt their lesson, it may be that some good will come out of this sorry affair.

Mr. King: The House will be interested to recall the right hon. Gentleman's opening words, when he accused me of making a sour and ungracious statement. I must tell him that, if the cap fits, wear it. His attempt to rewrite the history of the dispute makes no impression on anybody who knows its background. If he has made any attempt to study the matter, he must know that many people in the union movement predicted that there would be industrial action in the water industry. It was to be the focus of pressure this year, and people know that to be the case.

The idea that a change being made in any opening offer provoked industrial action that would otherwise not have taken place is a total fallacy. The right hon. Gentleman must be about the only person in the country who still thinks that if a higher opening offer had been made there would have been a lower ultimate settlement. That is absolute rubbish.

The right hon. Gentleman attempts to claim the credit for suggesting the format of the committee of inquiry, but he does no credit to the employers who offered that on 4 November, and continued to offer it throughout the dispute. It was enshrined in their national agreement.

The disgrace that the right hon. Gentleman bears is that at no time did he call upon the unions to honour the national agreement. Every old person who, during the past four and a half weeks, had to go to a standpipe in freezing weather has noted that he made no effort whatsoever—and nor did his right hon. and hon. Friends—to ensure that national agreements were honoured and that the strike was avoided.

The right hon. Gentleman asked when service would return to normal. Obviously that will vary in different parts of the country. I wish to make it clear to the House that, in the interests of all those suffering the present hardship and distress, I have asked the water authorities to ensure that normal service is resumed as soon as possible and that they use all available means to achieve that.

Mr. Tony Durant (Reading, North): Does my right hon. Friend accept that many of the workers in the water industry were very worried by the strike and did not wish to participate in it but that the closed shop arrangement forced them to do so? Does he further accept that the settlement will, in the long run, cost jobs in the industry?

Mr. King: There is no question but that I and any hon. Member who has spoken to constituents who are water workers know that they fervently hope that there will never be another water strike. Even if the right hon. Gentleman denies it, they know all too well just how expensive it has been and the losses that they have incurred. It is a staggering thought. It was exactly a month ago that the mediator made his recommendations. They did not have to accept them, but could have gone to arbitration. Had they done so, no one would have lost a day's pay and they could have still pursued the claim. Now, as a result of union leadership, they have lost hundreds of pounds which, I estimate, will take them between two and three years to recover.

Mrs. Shirley Williams (Crosby): I offer the Minister my contribution to a shrivelled bouquet to the right hon. Member for Manchester, Ardwick (Mr. Kaufman), who obviously single handedly sorted out the strike. Will the Minister ponder on the fact that the result of the settlement is not that there are no winners, but that the country is to

some extent the loser? Will he confirm that there has been a substantial deterioration in what was already a ramshackle water system?

As 2 million people are waiting to make wage settlements during the next few months, will the right hon. Gentleman assure the House that the 9 per cent. annual rate that will emerge from the settlement will not be regarded as the norm? Will he tell the Opposition the extent to which, if one gives people with muscle well above the inflation rate, those without muscle end up either receiving less or with no jobs at all? Will he confirm that many water workers made a substantial contribution to maintaining emergency supplies?

Mr. King: I respond immediately to the right hon. Lady's last point. I pay tribute to those workers who honoured the emergency cover, but I am afraid that it was a far from uniform practice. There were some extremely unattractive incidents when arguments occurred about whether old people in difficult circumstances represented an emergency. But I pay tribute to those who honoured the emergency cover.

One of the lessons we learnt from the dispute is not how ramshackle is the water system—obviously with bursts there are problems—but how well the system performed. Some of the more modern plants performed extremely well. I have no doubt that one of the effects of the dispute—under which the system was put to a real test—will, as my hon. Friend the Member for Reading, North (Mr. Durant) said, will mean greater automation and mechanisation, more modern plants and, I am afraid, some reduction in manpower costs that will obviously fall on the workers.

On the annual rate, certain factors in the water industry concern the amount of bonus, which is outside the basic rate. The mediator and the chairman of the committee both confirm the going rate at 7.3 per cent. for 16 months, which establishes an annual rate of 5.5 per cent.

Mr. Robert C. Brown (Newcastle upon Tyne, West): Is the Minister aware that I appreciate his difficulty because he has finished up with egg on his face? Will he be a little more generous and concede that 99 per cent. of water consumers received their supplies due in no small measure to the sense of responsibility of employees in the industry?

Is the right hon. Gentleman aware that each region of my union was in touch with the health authorities about the cases to which he referred concerning the elderly, those on dialysis machines and so on? He should be generous enough to concede that point.

Has the right hon. Gentleman now learnt his lesson? Does he realise that the dispute would not have occurred had it not been for his flat-footed intervention? Has he learnt the lesson of honouring the Prime Minister's election pledge to allow free collective bargaining to operate?

Mr. King: The hon. gentleman referred to contact with health authorities. I must tell him that part of the procedure for emergency cover under the closed shop arrangement was that there should be contact with water authorities. Many needy cases are not brought to the attention of the health authorities. They may be dependent on the social services departments of local authorities, and urgent action may have been required. If the hon. Gentleman is not

aware of that, he should be. There were a number of distressing cases, something which I hope he would not condone.

The hon. Gentleman cannot honestly believe that the strike was caused through an argument about an opening offer. He knows that the union claim was in excess of 20 per cent. The unions were determined to achieve that figure. They have fallen far short of it. He should not refer to egg on my face. He is a Member of Parliament sponsored by the major union concerned in the dispute. No doubt he will wish to discuss with his members why they were led into industrial action by their leaders that has resulted in a loss of earnings for them this year.

Several Hon. Members *rose*—

Mr. speaker: Order. I propose to call four hon. Members from each side and then move on to the other two statements.

Mr. Jim Spicer (Dorset, West): My right hon. Friend has made it clear that the wage award will not be passed on to consumers this year. As the fact that that applies to this year only will be in everyone's mind, will he give an assurance that it will be an ongoing process and that the consumer will not be allowed to suffer as a result of wage awards above the rate of inflation?

Mr. King: As my hon. Friend knows, the Government have taken a close interest in the performance of water authorities. We have set performance aims for each authority which clearly set out manpower costs. I was glad that the chairman of the negotiation committee, Mr. Len Hill, confirmed that those aims will be adhered to. The only way in which that can be done is through economies in costs, not by passing on charges to the consumer.

Mr. Peter Hardy (Rother Valley): Does the right hon. Gentleman accept that much of the problem arose from his reorganisation of the water industry? Does he accept that if the employers had not been facing the possibility of new jobs there might have been a more peaceful situation earlier?

Mr. King: I do not accept that at all. Anyone who knows the background to this knows that the issue of comparability with gas and electricity workers had been in existence for three years. The pressure had been building up and it is sad that a dispute of this kind was inevitable, but the background is a great deal longer than some people suggest.

Mr. David Madel (Bedfordshire, South): Will the Government make an announcement soon about rebates for people who have been without water for some time? Does my right hon. Friend agree that the very least that those people can expect is some form of rebate in view of all that they have suffered during the strike?

Mr. King: I well understand the concern about that. Clearly there is a valid point, as people who pay through a meter system do not have to pay for a supply when they are disconnected. The National Water Council is considering the matter and I hope that it will be possible to make a further statement later.

Mr. James Lamond (Oldham, East): If we are to believe the Minister's desperate attempt to talk down the settlement reached as a result of the strike, may we take it that if other public service unions seek settlements at similar percentage levels there will be no ginning from him

or from anyone else on the Government side and that he will try to deflect any anger in Downing Street if other unions manage to achieve the same moderate increases that he has tried to tell us were forced on the water workers?

Mr. King: I am not trying to do anything of the kind. My duty in making a statement to the House—no Minister would dare to do otherwise—is to give the facts. I have to make clear the figures involved in the settlement. I have seen some propaganda and I have heard some people shouting about victory. I well understand the reason for that, as some of their members may be having second thoughts about why they were led out in the first place. It is my duty to make the facts clear.

As the hon. Gentleman knows, I followed the matter very carefully and the facts that I have given are correct. I believe that the going rate increase of 5.5 per cent. approved by the mediator and the chairman is too high. It is much more than will be obtained by workers in private industry and by many people in far less secure jobs. Nevertheless, that is the decision and it must be accepted, but I hope that the country realises the implications.

Sir Kenneth Lewis (Rutland and Stamford): Does my right hon. Friend agree that the most important thing now is to get back to normal working in the interests of the consumer and especially of those who have been badly affected by the dispute and have had no water for the past few weeks or have had to get it from standpipes? Will he therefore press the authorities to use every means—I believe that that was his own phrase—including the use of private contractors, to put the system right as quickly as possible and not to wait for that to be achieved through overtime working, which would take far longer?

Mr. King: As I said, I have asked the water authorities to use all available means. Obviously I hope that the manual workers will return to work immediately and make their contribution, but it would clearly be intolerable if the authorities did not use every other means available to them. The suggestion that people should be kept waiting for three or four weeks to be fitted into an overtime rota would, I believe, be totally unacceptable to everyone in this country. Therefore, I wish the manual workers to make a major contribution and I want contractors to come in as well so that those who have already suffered distress for far too long may be reconnected at the earliest possible opportunity.

Mr. David Penhaligon (Truro): Will the Minister explain the position of local authority employees who do the same or very similar work? Does he agree that they are now at an unfair disadvantage?

Mr. King: I certainly hope not. There are separate negotiations for the separate groups of workers. On the wider issues, as the hon. Gentleman knows, both the mediator and the chairman specifically declined to make any recommendations in respect of any comparability claim in this matter. That is a very important decision.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): Does my right hon. Friend accept that this has been one of the most botched-up wage negotiations in recent times? Does he further accept that this will be one of the most damaging and divisive settlements in this wage round? Does he agree that if gas, electricity and other public service workers seek the same increases, inflation

[Mr. Anthony Beaumont-Dark]

will rise again and workers in the private sector will be disadvantaged? Is it not time that public sector workers were told that prices cannot continue to rise if industry is to recover?

Mr. King: I certainly endorse the second part of my hon. Friend's remarks. That is exactly the feeling of what I said about the going rate established in this case. It is far too high. It is significantly above the current rate of inflation and it is more than can be justified. I very much hope that all public sector workers recognise, as I am sure that many do, the importance of settling for sensible pay levels because the most important thing for them and for all of us is to see private industry recover as well.

Mr. Terry Davis (Birmingham, Stechford): In the light of the settlement and the doctrine of collective responsibility, how does the Secretary of State justify the Government's refusal to make better offers to those who carry out vital life-saving work in the Health Service?

Mr. King: As I have made clear, each claim must be settled on its merits and it would not be right for me to comment on other claims now. In this dispute, the Government followed the proper procedures for the case. Negotiating procedures were available and open to be used, and it was obligatory on those concerned to use them. The challenge and the tragedy of this dispute is that the unions declined to observe the final stages of an existing national agreement. It was indeed an unhappy dispute, but the problem originally stemmed from failure to honour the national agreement.

Foreign Affairs Council (General)

3.57 pm

The Minister of State, Foreign and Commonwealth Office (Mr. Douglas Hurd): With permission, Mr. Speaker, I will make a statement on the general aspects of the Foreign Affairs Council which met in Brussels on 21 and 22 February, at which my right hon. and noble Friend the Secretary of State for Trade and I represented the United Kingdom. With the permission of the House and, I gather, at the request of the Opposition, I will deal with trade matters separately.

The Council agreed that the 1984 elections to the European Parliament should be held throughout the Community in the period from 17 to 20 May 1984. This means that we in the United Kingdom will vote on Thursday 17 May 1984.

The Council had a further discussion of the European Parliament's proposals for a uniform procedure for future elections to that Parliament. It is now accepted that it will not be possible to reach agreement on a uniform procedure in time for the 1984 elections, but the Council decided that a further effort should be made to see whether agreement could be reached on a common basis for extending the franchise.

There was a first discussion of the Commission's paper on Greenland's application to withdraw from the Community. This subject will be on the agenda of the March Council, when there will be a more detailed discussion.

Ministers took note of the Commission's report on seals. This report will provide the basis for a review by the Environment Council on 28 February of the case for further Community action.

The Commission introduced briefly its green paper on the future financing of the Community, which is one of the documents debated by the House on Monday. The Council agreed to discuss the paper further at its March meeting. I reminded my Community colleagues that the United Kingdom would certainly wish these budgetary matters to be discussed at the European Council—that is, at the summit meeting—on 21 and 22 March.

There was a preliminary discussion in the Council of the Community's attitude towards a new international sugar agreement. I made clear our support for the Community joining a new agreement and pressed for the Community to play a realistic, full and constructive part in the negotiations.

Finally, there was a ministerial negotiating conference with the Spaniards at which Community declarations on the customs union and on the European Coal and Steel Community were presented to the Spaniards.

Mr. Ioan Evans (Aberdare): Hon. Members know that direct elections are to be held between 17 May and 20 May. Opposition Members are pleased to note that there is a failure to agree on a uniform electoral system. We welcome the decision that the European elections in the United Kingdom will be conducted not on a proportional representation system but on the traditional British system of first past the post. We support opposition to the proportional representation system because it provides no real connection between the electors' first preference and the final result. It also breaks the vital link between specific communities and their elected representatives.

PRIME MINISTER

Mr. Wm
24/2

Statements on Water and the Foreign Affairs Council

Water Mr. King's statement came across well. Mr. Kaufman overdid the insults. The SDP were clearly behind the Government. There were many more Conservative Members in the House than on the Opposition benches. The most telling point that Mr. King made was that this was no victory for the water workers since it would take most of them 2-3 years to recoup the pay that they had lost.

Mr. Kaufman said that Mr. King had made a sour and ungracious statement which displayed his characteristic arrogance and insensitivity. It was Mr. King who had provoked the strike in the first place. If there had been no Government intervention in November, the hardship of a strike would have been avoided, and a lower settlement achieved. The Government's "back door" incomes policy was in ruins. He ended by trying to claim credit for the setting up of the Inquiry; he said that he had always pressed for an Inquiry, and hoped that both sides would accept its findings.

Mr. King said that it was nonsense to think that the strike could have been avoided by a higher offer in November; the unions claim had been for 20%, and the unions had been set on industrial action. It was ridiculous for Mr. Kaufman to claim credit for calling for an Inquiry; the employers had offered an Inquiry in November under the agreed procedure for arbitration, and had maintained that position throughout. It was a disgrace that Mr. Kaufman had not called on the unions to honour their national agreements, and the public would understand where the blame lay. The increase of 5.5% on the base rate was much too high; settlements in the private sector and the rate of inflation were much lower. He had heard the unions and Members opposite talking about victory, but that was a hollow claim: the water workers would soon realise how much they had lost from their action, and would recognise that they had been led down the garden path by their leaders. As for the present, he had / asked

asked the water authorities to resume normal services as soon as possible. The NWC were considering the question of rebates.

Shirley Williams, who followed Mr. King, joined in the attack on Mr. Kaufman. She said she was not sure there were any winners, and ~~that~~ the country was clearly the loser. Its water services had been damaged, and the knock-on effects of the settlement on the 2 million workers yet to settle in this pay round were frightening. One clear message was that those workers without monopoly muscle would be the real losers in the pay round.

Foreign Affairs Council

Mr. Hurd made 2 statements: one on the non-trade aspects of the Council, and one on the trade aspects. This was at the request of the Opposition who wanted to put up different front bench spokesmen on the two aspects of the Council.

Questions on the first statement concentrated on the Council's agreement that a uniform electoral procedure could not be put in place by 1984. Ioan Evans attacked the idea of proportional representation, and the Liberals, led by Alan Beith, predictably supported it. Mr. Hurd said that it would not be a simple matter to get the 10 to agree on a uniform procedure, whatever the procedure might be.

On the second statement, Mr. Hurd faced questions from both sides of the House calling for faster action on trading imbalances with Japan and Spain. Bob Cryer and Teddy Taylor also argued that our deficit in manufactures with the Community was just as great a problem as imports from Japan. The other main theme of questions was concern that we might be slipping into a "subsidy war" with the Americans on agricultural products.

23 February, 1983.

WR

PRIME MINISTER

Local
Govt.
24/7

MCS

SECRETARY OF STATE FOR THE ENVIRONMENT

I propose to take the following line at the 11.00am Lobby.

I shall adopt a somewhat relaxed approach, designed to demonstrate the Government is not panicking and that its resolve is unimpaired.

- The trade unions have orchestrated the outcome of a rather curious committee of inquiry as "a great victory";
- no doubt they needed to because their members will come to see it as a most expensive affair;
- first, looked at in hard cash, it will take them at least two, and many getting on for three, years to recover what they have lost having first an overtime ban and then going on strike. That is the time it will take to recoup the difference between the money on offer before the strike and the additional money resulting from the committee of inquiry;
- they will not necessarily recoup much in repairs overtime; a lot of that work is already in the hands of contractors;
- second, they have failed completely to secure their so-called upper quartile objective and this morning have demonstrated that claim in all its glorious nonsense; I shall come back to that;
- third, as Len Hill has repeatedly said, they have failed to improve on the mediator's award of a basic rise of 7.3% over 16 months which comes down to what might be termed a going rate of 5.5% over 12 months;
- fourth, to the extent that the rest, probably adding up to something under 8% in total, cannot be offset by productivity, jobs - water-workers jobs - will clearly be put in jeopardy. Len Hill has made it clear the industry will have to live within its budgets over the coming year;

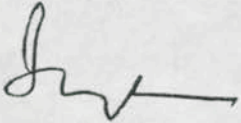
- fifth, the unions have themselves proved conclusively that we can withstand a water and sewage strike for weeks and probably months, rather than for the few days all of us had been led to believe before this wholly unnecessary strike.

How many weeks we can stand it even at the depths of winter with a prolonged cold spell, is not clear.

But what is clear is that the waterworkers have with their own hands destroyed their own secret weapon - the lethal nature of a water and sewage strike. This will introduce an entirely new balance of power in the industry.

- sixth, some very serious questions must now be asked about manning levels in the industry when the nation is able to cope for this long with water and sewage workers on strike; and the Government getting nowhere near even seriously contemplating the use of troops;
- on the wider industrial relations scene Mr Basnett, in proclaiming "a clear victory" for the unions today, has revealed the waterworkers' comparability claim for all the glorious nonsense it is; indeed for the hypocrisy it is;
- he says, according to PA, "The Government will be beaten off in gas and electricity as well."
- in other words, what he is saying is that the outcome of the water strike, using the unions' own inflated figures, is to be used as a battering ram to try to open up the gap for electricity and gas workers which the waterworkers were trying to bridge;
- this demonstrates the monumental hypocrisy of general workers' unions like GMBATU, with members in many industries, in pursuing comparability claims;
- but Mr Basnett, like other union leaders also revealed himself in all his Bourbonic glory too;
- the more unions win pay increases which add to costs the more they put out of work their own members in firms which are operating at the margin and cannot afford to take on additional costs;

- inflation is now down to 4.9%. It needs to come down further - much further - if we are to give ourselves the best chance to compete in what Terence Beckett this morning describes as a shrunken, picky, choosy world market;
- once again the unions have proved conclusively that they are in the business of sabotaging jobs. That cannot come as a surprise to anyone now. But what might still surprise everyone is that they take such delight in proclaiming victories which are in reality cruel defeats for their members - the people who lose the jobs they destroy.



B. INGHAM

23 February 1983



α B I
WR

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

23 February 1983

Dear Michael

STATEMENT ON THE OUTCOME OF THE WATER DISPUTE

- / I attach a statement my Secretary of State proposes to make this afternoon on the outcome of the water dispute. It is, of course, still subject to drafting changes.

I am copying this to the Private Secretaries to the Home Secretary, Chancellor of the Exchequer, the Leader of the House of Commons, the Paymaster General, the Secretaries of State for Employment, Scotland, Wales and the Chief Press Secretary at No 10.

Yours ever
D A Edmonds

D A EDMONDS
Private Secretary

PAY DISPUTE IN THE WATER INDUSTRY - STATEMENT BY THE SECRETARY OF
STATE FOR THE ENVIRONMENT - 23.2.83

With permission, Mr Speaker, I wish to make a statement to the House about the water industry dispute.

The House will note that following the findings of the Chairman of the Committee of Inquiry set up by ACAS, agreement was reached last night in the National Joint Industrial Council for a settlement of the pay dispute and an end to the strike.

The terms of the settlement are as follows:

i. the increase in the base rate should be 7.3% over 16 months, equivalent to 5.5% on an annual basis. This is exactly as recommended by the mediator on 23 January;

ii. a number of the employers proposals made in their offer on 6 February were adopted. These were improved payments under the national productivity scheme equal on average to approximately 55p per week; an extra days holiday for employees with 10 years service; the introduction of a scheme for the payment of wages by cash transfer, for which the Chairman proposed £75 rather than the employers offer of £50 as a single lump sum payment; and a minimum rate of £5 for employees taking part in local schemes for greater flexibility in working hours rather than the £4 offered by the employers which will apply to only a limited number of employees. In addition, there will be with effect from 1 April 1984 a one hour reduction in the working week.

iii. the Chairman's findings and the settlement go beyond what had previously been on offer in only 2 significant respects -

a. £5 of bonus payments are to be consolidated into the basic rate, which will increase average earnings by about 2% and

b. the service supplement payable to those with over 5 years service is to be paid to those with more than 2 years service and to be raised, as in the employers offer, from 2.5p per hour to 5.2p per hour. This adds 0.4% to average earnings over and above the employers previous offer.

The House will note that the Chairman made no recommendation in support of the Unions central claim for comparability with other groups.

I should now tell the House the present position in the country. 91,000 properties are without normal mains supplies and 8.2 million people have been advised as a precaution to boil water.

The quality of effluent from many sewage treatment works has deteriorated but there have been very few serious effects on rivers.

The House will appreciate the hardship and distress represented by the figures.

Nonetheless, it will also recognise the fact that after 4½ weeks strike over 99% of users continue to receive their water supplies.

The water authorities and companies deserve every credit for this substantial achievement in keeping their systems running. the exceptional efforts of their staffs have maintained this essential service and safeguarded public health, and I pay full tribute to them.

But having said that the House will recognise how damaging this dispute has been for all concerned.

The water authorities and companies have been unable to maintain their normal service to all their customers, many of whom have suffered real hardship.

The manual workers went ahead with the strike in spite of an offer worth more than £10 per week on average.

They have gained little more than £3 per week on average on top of that offer.

In the process they have lost many hundreds of pounds.

For many of those involved it will take two to three years to recover the difference.

The cost of the water settlement cannot be found by raising water charges this year.

Nearly all the water authorities have already set their budgets for next year.

It will have to be met by further economies in operating and manpower costs.

The message of this dispute is clear. In industrial action of this kind there are no winners. There were always arbitration procedures

available in the industry to resolve this dispute without a strike. The employers offered this on 11 November and again throughout the dispute.

This has been an unnecessary strike.

I trust that normal working will be resumed immediately and a full service restored to every customer as quickly as possible.

Note supplied by Dept of Environment 23 Feb.

WATER WORKERS STRIKE - RECOVERY OF LOSS OF EARNINGS

1. The mediator's recommendations made before the strike began on 24 January would have given an average increase of £10.06 per week raising average earnings to £146.96 per week.
2. As a result of 4½ weeks on strike and the one week overtime ban manual workers could on average have lost as much as £606 gross or £424 net after tax for a single man, and £526 gross or £368 net after tax for a married man with 2 children.
3. These figures allow for the fact that these workers would have received £21 strike pay per week, and that the dependants of married men would have been entitled to social security supplementary benefits according to circumstance from which strike pay is deducted.
4. As a result of their strike action the workers will receive an *extra* average increase in earnings of £3.65 gross or £2.56 net after tax per week. They may also receive some tax rebate.
5. This means that on average it could take a single man nearly 3 years to make good the loss of earnings from the increase he has achieved by strike action: for the married man it will take ~~approximately~~ less.
6. Obviously the exact recovery time will depend on individual circumstances.
7. The amount by which the settlement exceeds existing budgetary provision will have to be compensated for by the water undertakings through improved operational efficiency to which manpower costs make a significant contribution. The possibility of consequential loss of jobs cannot therefore be discounted.

WATER WORKERS STRIKE

Recovery of lost earnings

- Representative assumptions:
1. Average earnings £136.90 pw last year (NES).
 2. Strike pay £21 pw.
 3. Married man + 2 children: dependants only receive £20 pw supplementary benefit in full week.
 4. Strike ends after 4 weeks 3 days. *following 7 days overtime ban.*
 5. ~~Tax paid at marginal rate 30%.~~

1. Loss of earnings, £

	<u>Single</u>	<u>Married/2 children</u>
(a) Gross	606	526
(b) Net (after tax)	424	368

2. Return to work: estimated early additions to pay, £

	<u>Single</u>	<u>Married/2 children</u>
Tax rebate (net after tax)	36	56

3. Recovery of loss of earnings at marginal rate

	<u>Single</u>	<u>Married/2 children</u>
<u>Net earnings to be recovered</u>	£388	£312

Time to recover lost earnings on the basis that the settlement gives an average of £3.65 (gross) = £2.56 (net) above the offer based on the mediator's main recommendations (£10.06 pw)

	<u>Single</u>	<u>Married/2 children</u>
	152 weeks	122 weeks

See - [unclear] [unclear]

3 years.

2 1/2 years.



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

PA

22.2.83

(19.30 hrs)

Dear Michael,

Here is a copy of the
Johnson findings.

Yours,

Daniel Mann

Michael Scholar Esq

CLARIFICATION OF THE FINDINGS

Dr Johnston has ruled as follows:

1. For the period 5 December 1982 to 27 February 1983 the rates to be used for the calculation of bonus shall be the existing basic rates plussed up by 7.3%.

2. The final sentence of paragraph 5(4) of the report should read:-

Paragraphs (7) to (9) below deal with other aspects of WIPPS.

3. The minimum bonus guarantee and the interim productivity payment shall both be offset by a sum of £5 per normal week of 39 hours, with pro rata adjustments for variations from the normal week.

COMMITTEE OF INQUIRY
FINDINGS ON A DISPUTE BETWEEN
THE TWO SIDES OF THE
NATIONAL JOINT INDUSTRIAL COUNCIL
FOR THE WATER SERVICE

DISPUTE BETWEEN THE TWO SIDES OF THE NATIONAL JOINT INDUSTRIAL
COUNCIL FOR THE WATER SERVICE

COMMITTEE OF INQUIRY

- Dr T L Johnston MA PhD - Principal - Heriot Watt University
Edinburgh
- M Bett Esq MA - Board Member for Personnel -
British Telecom
- W H Keys Esq - Joint General Secretary - Society of
Graphic and Allied Trades 82

Representing the Employers' Side of the National Joint Industrial
Council were:-

- Mr L Hill - Chairman NJIC
- Sir William Dugdale - Chairman Water Industry
Combined Employers' Committee
- Mr J M Y Dickens - Secretary Employers' Side NJIC

Representing the Trade Unions' Side of the National Joint Industrial
Council were:-

- Mr R Keating - Vice Chairman NJIC
- Mr E Newall - Secretary Trades Unions' Side NJIC
- Mr M Martin - National Secretary T&GWU

Also present were a number of observers from both sides of the NJIC

INTRODUCTION

1. The Advisory, Conciliation and Arbitration Service (ACAS) is established to provide conciliation and mediation as a means of avoiding and resolving disputes; to make facilities available for arbitration; to provide advisory services to industry on industrial relations and related matters.

2. A dispute having arisen between the two sides of the National Joint Industrial Council for the Water Service (NJIC) over the pay of manual workers for the pay year commencing 5 December 1982 ACAS invited representatives of the parties to talks with a view to helping them resolve the issue. Following failure to settle the dispute by conciliation and mediation the Chairman of ACAS decided to establish a Committee of Inquiry, consisting of an agreed Chairman appointed by ACAS, a side member nominated by the Employers' Side and a side member nominated by the Trade Union Side to inquire into the dispute and to make findings with a view to resolving the differences.

3. On 16 February 1983 the Committee of Inquiry was appointed to look into the dispute with the following terms of reference:

"The Committee is invited to inquire into the matters currently in dispute between the two sides of the National Joint Industrial Council for the Water Service and to report its findings in order to resolve the dispute and restore normal working in the industry".

4. The parties made written submissions and representatives made oral submissions at the offices of ACAS at 11/12 St James's Square, London SW1 on Friday 18 February 1983 commencing at 6.00 pm and again on Saturday 19 February 1983.

FINDINGS

5. After full and careful consideration of all the written and oral evidence before the Committee, the Committee was unable to reach unanimous conclusions. The findings set out below have been arrived at by me exercising my powers as Umpire.

(1) BASIC RATE

The increase in the basic rate of 7.3% to run for 16 months which the Mediator recommended in his report dated 23 January 1983 is confirmed.

(2) CONSOLIDATION OF BONUS

For each normal working week the first £5.00 of bonus payments earned, will be transferred from bonus pay and added to the existing basic rates for each class. These will then be increased by 7.3 per cent to give the new Consolidated Basic Rates for each class set out in paragraph (3) below. These will be used as the calculators for bonus and overtime purposes.

The first £5.00 of bonus pay calculated on the new Consolidated Basic Rates for a normal working week will thus have already been included in these Consolidated Basic Rates. For working hours varying from the normal week, the rates of pay shall be calculated pro rata.

(3) NEW BASIC CONSOLIDATED RATES

The new basic rates are as follows:-

<u>Class</u>	<u>Existing Rate</u>	<u>New Rate after Consolidation</u>
	<u>£ per week</u>	<u>£ per week</u>
Class 4	78.20	89.27
Class 3	80.75	92.01
Class 2	83.35	94.80
Class 1	85.85	97.48

The above new basic rates continue to be used for their established purposes. In relation to bonus calculations they become effective from the pay week which includes Sunday, 27 February 1983.

(4) PERFORMANCE-RELATED BONUS SCHEMES

In line with the stress laid by the Mediator on developing or extending performance-related bonus schemes, and as a matter of urgency, the parties are to set up a Joint Working Party to consider and to agree, within three months,

- (i) ways in which the Water Industry productivity payment schemes not yet integrated with the Water Industry Productivity Payments Scheme (WIPPS) may be assimilated as quickly as possible;

and

- (ii) necessary improvements by way of stabilisation within the WIPPS scheme.

Paragraphs (7) ⁵ and (9) below deal with other aspects of WIPPS.

(5) SERVICE SUPPLEMENT

Every employee with not less than two years' continuous service shall be entitled to a service supplement of 5.2p per hour as an addition to the appropriate scheduled rate.

(6) ANNUAL HOLIDAY ENTITLEMENT

With effect from 1 April 1983 the minimum annual holiday entitlement to be increased by one additional day for employees with more than ten years' continuous service.

(7) PRODUCTIVITY PAYMENT SCHEME

Payment to be increased to 90% of achieved performance for the following components:-

(a) unmeasured work

(b) unoccupied time

These are the components referred to in sections 6, and 15.4 respectively of the national Part I specification for the scheme.

(8) MINIMUM BONUS GUARANTEE

This guarantee to be 14.29% of the basic rate for the class.

(9) INTERIM PRODUCTIVITY PAYMENT

The interim productivity payment in Section 7 of the NJIC agreement on wages and conditions of service to be increased from £4.00 to £8.00 per week.

(10) CHANGE IN THE METHOD OF PAYMENT OF WAGES

I endorse the recommendation in Section 26, 1 of the NJIC agreement that wherever possible payment should be made by cheque or credit transfer. In order to encourage monthly or four weekly payment by credit transfer, an incentive payment of £75.00 paid on a once for all basis to those who elect to do so is to be paid in the first month.

In addition the payment of an entitlement to 'frozen' holiday pay will be available in the first month, ~~also~~ to those who elect for payment by credit transfer. Special bridging finance is to be available to meet particular circumstances.

(11) NATIONAL WORKING WEEK

The normal working week of day workers at present 39 hours spread over five days, Monday to Friday, inclusive, is to be reduced to 38 hours per week with effect from the commencement of the pay week in which Sunday, 1 April 1984 falls.

(12) FLEXIBLE WORKING HOURS

A basic payment of £5.00 per week is to be paid to all NJIC employees who are asked and agree to undertake to work to flexible

working hours. This will be in addition to any payments negotiated regionally or locally to meet particular circumstances.

6. Except where otherwise stated I intend that the effective date of implementation of the findings set out in paragraph 5(1), (3), (5) (7), (8) and (9), shall be 5 December 1982.

7. I wish to place on record my sincere thanks for the co-operation I received from my colleagues, Mr Bett and Mr Keys, in what proved to be a difficult assignment.

I also thank the Secretary of the Committee, Mr C L Parsisson for his expert assistance.

/Signed/

21 February 1983

T L Johnston (Chairman)

WATER STRIKE - REGIONAL PRESENTATION

Not much coverage, except reportage of inquiry and bursts.

Difference of opinion between employers and unions on likely effect of craftsmen's strike.

Militants will try to prolong strike as long as possible to allow men to be "consulted".

Useful leader in East Anglia Daily Times on comparability, leap-frogging etc and its potential consequences.

Details from the reports are as follows:

South East

Water strike coverage noted today is confined to factual reports about the Committee of Inquiry meetings and local effects of the dispute. A Southern Water Authority spokesman is quoted as saying that craftsmen's strike action will not affect supplies in Sussex.

South West

Western Daily Press says that the Bristol Waterworks Company shut off 29 mains to stop millions of gallons pouring into drains through bursts and leaks. This is described as a dramatic turn-about by the Company, which previously maintained a policy of letting burst pipes run.

North East

Union leaders in the North East are insisting that the findings of the three-man water inquiry team must be put to a national ballot of the striking membership.

In front page stories both the Journal (Newcastle) and the Northern Echo (Darlington) report that hopes of a quick solution to the dispute vanished last night.

Northumbrian Water Authority is allowing water to pour out of 160 burst mains rather than disconnect supplies.

Shields Gazette (21.2.83) said the situation in the region had been worsened by the walk-out of 200 craftsmen pursuing their own pay claim. This means, says the paper, that even if the strike is settled today (Tuesday) repairs to burst mains and maintenance at key treatment works would not be carried out.

Midlands

Leicester Mercury reported in a page one lead last night that county strikers were disappointed and angry about the delays in publishing the inquiry report. Men on a picket line said they were anxious and ready to return to work.

Strikers in North Staffordshire claimed they had been stabbed in the back over an emergency cover agreement when private contractors were brought in to repair bursts.

Wolverhampton Express and Star's second leader said the 11th hour machinations of the water dispute were not being helped by the demonstrations of picket power at ACAS - an unnecessary contrast to the sensible negotiations taking place indoors.

There were fewer water stories yesterday.

North West

No broadcasts by Water Authority spokesmen yesterday (Chairman was in London).

Burnley Evening Star reports strikers in the North West were still demanding a vote on any back-to-work recommendation. Two-thirds of the 500 craftsmen in the region had already been out for the duration of the strike by refusing to cross picket lines and yesterday they began their own official stoppage. NWWA spokesman said it would not make a lot of difference. But the Blackpool evening paper quotes NUPE leader John Dempsey: "This new strike will have enormous impact."

East

The wage gap between waterworkers and other utilities is the theme of an editorial in today's East Anglian Daily Times. The waterworkers were given a big wage increase four years ago to bring them into line with electricity workers. The electricity workers were then given a similar wage award which opened the gap once again.

By processes of this kind, says the paper, workers throughout the public sector achieved enormous increases in the early years of the present Government. In two years their wages rose until they were 10% higher than the wages of their counterparts in the private sector. At the same time public sector prices and charges rose much faster than anywhere else.

It was this that converted Mrs Thatcher and Sir Geoffrey Howe to the need for an incomes policy in the public sector. After a number of tough battles, they have more or less got the problem under control.

Even so, prices in the public sector were still being increased by 15% last year, at a time when inflation was only 5%.

Easily the most worrying feature of the waterworkers' claim this year has been that anything that they won would automatically be demanded by other public sector workers.

This is a possibility which is of concern not only to the Government but to the country as a whole; it should particularly disturb trade union movement whose members' jobs and living standards would be at stake.

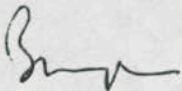
South Evening Echo, in a front page lead story, reports that South East Essex will face another fortnight of water problems even if a peace formula is announced today. Rebel workers could defy any call for a return to work, unless they are first given a chance to vote on it.

Elsewhere the region's papers report few problems.

Yorkshire and Humberside

Very little of regional interest in today's newspapers.

I am copying to the Home Secretary and the Secretary of State for the Environment.



B. INGHAM

22 February 1983

WATER DISPUTE: CHAIRMAN'S RECOMMENDATIONS

The latest report from the Department of the Environment indicates that the Chairman of the Inquiry team has recommended the following:

- (i) The consolidation of £5 of the existing bonus into basic pay.
- (ii) An increase in basic pay of 7.3% over 16 months.
- (iii) The service supplement will take effect after two years not five.
- (iv) An additional day's leave for those with more than ten years service.
- (v) There will be an increase in payment for waiting and unoccupied time which will mean an increase of about 80 pence per week for 50% of the workforce.
- (vi) An increase in the interim productivity bonus from £4 to £8. (This affects only about 500 workers.)
- (vii) An increase in the minimum bonus guarantee from £8 to £12. (This has a very small effect.)
- (viii) The credit transfer payment for moving from cash payment goes up from £50 to £70.
- (ix) The bonus for working flexible hours goes up from £4 to £5.
- (x) The reduction of an hour in the 38 hour week from April 1984.

As far as DOE can assess the effect on the wage bill of the Chairman's proposals would be an increase of 10.2%

/ over

over 16 months as compared with 7.8% over the same period before the Inquiry sat. I understand that the Chairman ducked the issue of the upper quartile claim.

The employers are now discussing a NJIC resolution based on the Chairman's findings.

TF

22 February 1983

MR SCHOLAR

cc Mr Butler
Mr Mount
Mr Ingham

N
9.7 - 9.8 % over 16 months

+ 1.1 % productivity later
(84 onwards ?)

REPORT OF THE WATER STRIKE INQUIRY

The report was delivered to the parties at 10.30 this morning, and the NJIC is now in progress. The report will be published at lunchtime, or when the NJIC finishes, whichever is the sooner.

The report is signed by the Chairman only, The main elements in it are:

1. The £5.00 bonus is consolidated into the basic rate.
2. There is no double counting of this bonus (the effect of consolidation is therefore slight, since almost everyone got it anyway: but it will affect overtime rates).
3. Basic rates are then increased by 7.3% over 16 months (the £5.00 bonus is therefore also increased by 7.3%).
4. The long service supplement is to be paid after two years instead of five.
5. There will be one day's extra holiday after ten years service, as already offered.
6. The NWC offer on waiting time and unmeasured time is confirmed.
7. The minimum bonus guarantee is raised from the £12.00 offered by the NWC to £14.00, but it probably only covers a few hundred people.
8. The employers' offer to double the interim productivity payment from £4.00 to £8.00 is confirmed.

9. The once and for all payment for credit transfer for wages is increased from £50 to £70.

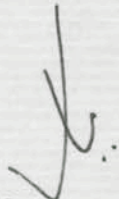
10. The employers' offer of £4.00 a week for flexible working is increased to £5.00.

Comment

It is impossible for us to work out the average earnings effect of this package. The unions will no doubt point out that it increases some basic rates by as much as 13%; let's hope that the employers, once it has been safely signed and sealed, can come up with a much lower figure on average earnings over 12 months. It does seem likely that the unions will eventually accept this package, and the Department of Employment do not expect Mr Lowry to allow further negotiation to take place during the NJIC.

The good points in it from our point of view are that the recommendations provide nothing at all for the unions' claim for comparability, or for progress towards the upper quartile, although of course there may be some words of comfort in the report itself; and that the principal sticking point of the employers, ie 7.3% on basic rates over 16 months, is confirmed.

Depending on events in the next few hours, I suggest that the Prime Minister should confine herself at Question Time to saying that she hopes and assumes that this is the end of the dispute.


22 February 1983

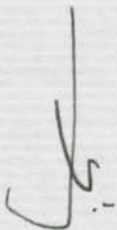
PA
✓
MR SCHOLAR

cc Mr Butler
Mr Mount
Mr Ingham

COMMITTEE OF INQUIRY ON THE WATER DISPUTE

I share the Prime Minister's dismay, as I am sure we all do, at the way in which the Committee of Inquiry has gone about its task. It is appalling that what we had hoped would be a quasi judicial arbitration, leading to recommendations on the basis of the merits of the arguments, should have degenerated into yet another negotiating forum.

But with the advantage of hindsight, it seems to me that the cause can be traced to the phrase which was added to the terms of reference at the last minute - "... and to report its findings in order to resolve the current dispute and restore normal working in the industry". When we were first told of the likely terms of reference, that phrase did not appear. Its inclusion does I think make it difficult for the inquiry to report without checking with the parties first whether the proposed recommendations are likely to resolve the dispute; and if not, a process of negotiation between the Committee and the parties was inevitable. All we can do is remember this point for any future inquiries, which should be asked simply to make recommendations on the merits of the case. Meanwhile, I do not think the Prime Minister would be on very good ground in criticising the inquiry, however obliquely, for the way it has gone about its business.



22 February 1983

SECRET

SUBJECT

bc. Mr. Vereker

Local Govt 20

cc Master

6



10 DOWNING STREET

From the Private Secretary

21 February, 1983.

Dear David,

The Prime Minister held a meeting at 1100 this morning to discuss the latest position in the water workers' strike. In addition to your Secretary of State, there were present the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Defence, Employment, Scotland and Wales, the Chief Secretary, Mr. Harrop, Sir Robert Armstrong, and Messrs. Gregson, Goodall and Ingham.

Your Secretary of State said that during the last four days the number of properties without piped water had risen to 84,000 and 7.9 million people were now boiling water as a precaution. These figures did not reveal a substantial number of reconnections that had been made in some areas, but these had been balanced by disconnections in others, many resulting from the cold weather. It was too early to be sure how many craftsmen had now joined the strike. The Committee of Inquiry would be meeting again at 3.30 this afternoon and it was expected that their findings would be given to both employers and unions at about 6.00 pm. It was not clear whether the findings would be publicised then, or held back until the water industry's National Joint Industrial Council had met under the chairmanship of Mr. Lowry to give practical effect to the findings and thus settle the dispute. Neither was it clear whether the union negotiators would find it necessary to consult their members before calling off the strike.

During discussion it was agreed that the likely effects of the Committee of Inquiry's findings, on pay negotiations for manual workers in the gas and electricity supply industries, both of which were due to resume this week, would need to be rapidly assessed by Ministers especially in view of the danger that both gas and electricity unions were likely to seek to re-establish any differentials narrowed by the water manuals' settlement. In the event of the inquiry resulting in a high pay award, the water employers intended to take the line that they would not wish to pass on the cost to their customers and therefore proposed to examine ways of financing the award by further efficiency and economy arrangements within the industry; in practice, likely to mean less overtime and fewer jobs.

SECRET

/ Summing

NR

Summing up the discussion, the Prime Minister said that if the strike was not called off immediately it would be essential to make clear again the futility of manual workers remaining on strike and losing further wages, when they were being consulted on a matter that their leaders had already agreed would settle the dispute. Decisions on other possible items of publicity should await the outcome of the Committee of Inquiry. She would be grateful for clarification of the amount of strike pay deemed to have been paid in assessing social security payments to strikers' families. The Secretary of State for the Environment should keep colleagues informed as events developed. It might be necessary for Ministers to meet later at short notice if matters connected with the gas and electricity manuals' pay negotiations required discussion in the light of developments in the water industry.

I am copying this letter to the Private Secretaries of those Ministers present at the meeting, to John Lyon (Northern Ireland Office), to Richard Hatfield (Cabinet Office), and to Messrs. Harrop, Gregson, Goodall and Ingham, and again ask that it should be given only the minimum necessary circulation.

Yours sincerely,

Michael Scholar

David Edmonds, Esq.,
Department of the Environment.

Covering SECRET



GR/
pl type.

Mr Schwab

I attach a draft Memo of this morning's meeting on the latter strike. As we discussed I have not included any reference to the material dealt with during the earlier part of the meeting!

Fores

21 February 1953

SECRET

DRAFT

The Prime Minister held a meeting at 11.00 am this morning to discuss the latest position in the water workers' strike. In addition to your Secretary of State there were present the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Defence, Employment, Scotland and Wales, the Chief Secretary, Mr Harrop, Sir Robert Armstrong, and Messrs Gregson, Goodall and Ingham.

Your Secretary of State said that during the last four days the number of properties without piped water had risen to 84,000 and 7.9 million people were now boiling water as a precaution. These figures did not reveal a substantial number of reconnections that had been made in some areas but these had been balanced by disconnections in others, many resulting from the cold weather. It was too early to be sure how many craftsmen had now joined the strike. The Committee of Inquiry would be meeting again at 3.30 pm this afternoon and it was expected that their findings would be given to both employers and unions at about 6.00 pm. It was not clear whether the findings would be publicised then, or held back until the water industry's National Joint Industrial Council had met under the chairmanship of Mr Lowry to give practical effect to the findings and thus settle the dispute. Neither was it clear whether the union negotiators would find it necessary to consult their members before calling off the strike.

SECRET

During discussion it was agreed that the likely effects of the Committee of Inquiry's findings, on pay negotiations for manual workers in the gas and electricity supply industries, both of which were due to resume this week, ^{would} ~~might~~ need to be rapidly assessed by Ministers especially in view of the danger that both gas and electricity unions ^{were likely to} ~~would~~ seek to re-establish any differentials narrowed by the water ~~manpower~~ ^{manpower}' settlement. In the event of the inquiry resulting in a high pay award, the water employers intended to take the line that they would not wish to pass on the cost to their customers and therefore proposed to examine ways of financing the award by further efficiency and economy arrangements within the industry, in practice, likely to mean less overtime and fewer jobs.

Summing up the discussion the Prime Minister said that ~~there was no alternative to awaiting the Committee of Inquiry's award and the union reaction.~~ If the strike was not called off immediately it would be essential to ^{make clear again} ~~emphasise even more clearly~~ the futility of manual workers remaining on strike and losing further wages, when they were being consulted ^{a matter that} ~~on something~~ their leaders had already agreed would settle the dispute. Decisions on other possibilities ^{items of} ~~for~~ publicity should await the outcome of

the Committee of Inquiry. ^{colleagues} The Secretary of State for the Environment should keep ^{her} informed as events developed. It might be necessary for Ministers to meet ^{later} tomorrow at short notice if matters connected with the gas and electricity ^{manuals'} pay negotiations required discussion in the light of developments in the water industry.

I am copying this letter to the private secretaries of those Ministers present at the meeting, to John Lyon (Northern Ireland Office), to Richard Hatfield (Sir Robert Armstrong's Office) and to Messrs Harrop, Gregson, Goodall and Ingham and again ask that it should be given only the minimum necessary circ-
ulation.

She would be grateful for clarification of the amount of strike pay deemed to have been paid in assessing social security payments to strikers' families. *(Action Mr Gregson)*

21 FEB 1983

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7 4
6 5



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

PRIME MINISTER

WATER PAY

We cannot of course anticipate what will be recommended by the Committee of Inquiry into the water industry pay dispute. But the amount already offered by the National Water Council gives grounds for anxiety that a high figure could be proposed. We must obviously be concerned about the risk that this could have damaging repercussions elsewhere in the public sector and more widely. In particular, negotiations are already in progress with the gas and electricity manuals, with the local authority manuals, and with the teachers; and we will soon be making an opening offer to the non-industrial Civil Service.

2. In the initial reaction to the findings of the Inquiry, it will be particularly important to focus public attention on the undiminished need for pay restraint. I attach a speaking note which colleagues could use for this purpose.

3. But we also need to take stock of the implications and consider possible action. As soon as the likely shape of a water settlement is known I suggest that officials should prepare an assessment of the settlement and its possible implications, taking account of the general economic background. The aim would be to identify any steps which could usefully be taken to minimise potential repercussions. If you agree, this would provide a basis on which colleagues concerned could meet to discuss the issues in the latter part of next week. Following the pattern of MISC(66) and MISC(80) I could chair the discussion unless you wished to do so. We may, of course, find that there are no very novel conclusions to be drawn, but I do not think we should assume that without adequate consideration.

4. I am copying this minute to members of the Cabinet, and to Sir Robert Armstrong.

(G.H.)

18 February 1983

PAY SPEAKING NOTE

1. High pay settlements are bad news for everyone. They mean fewer jobs, and higher costs and prices. They reduce the ability of commerce and industry to compete in both home and overseas markets.
2. Either employers have to find the cost of excessive increases themselves, or they must pass the cost on to others. In either case jobs, investment, and living standards are threatened.
3. The more high pay settlements we get now, the lower our living standards will be in the long run. It is therefore important that they should not be imitated.
4. That has been the history of the past decade. Earnings in Britain increased nearly fivefold. In the United States and Germany they little more than doubled. But instead of our living standard catching up with theirs, it fell further behind.
5. Wrong that lower pay settlements mean less demand in the economy and fewer jobs. As long as pay settlements are kept low, Government's economic policies will ensure sufficient money demand to provide for more jobs and output, not less.
6. Benefits of lower exchange rate for export prospects will only endure if pay settlements are kept low. Earnings growth is still in line with the average for our major competitors, and well above the level in key countries, like Germany and Japan.
7. Inflation is down to 4.9 per cent over the last 12 months. Earnings over the past year were up by nearly 8 per cent (after allowing for earnings drift as well as pay rises). Wrong to claim that

/the

the living standards of those in work have suffered, or that 'catching-up' is needed now. On the contrary, those in work have been enjoying rising living standards at the expense of the growing number of unemployed.

8. With inflation at 4.9 per cent, low single figure pay increases are generally the most that can be looked for. Many workers are settling for much less. Precise amounts will of course depend on individual circumstances.

Local
Society

Peter Forgan.
MCS 1872

MR. SCHOLAR

cc Mr. Ingham
Mr. Mount

WATER STRIKE INQUIRY

It may help to have this note of the likely timing.

Johnston and Bett have been told, and have accepted, that there is no rush. They have specifically been told to ignore today's press stories about the need to report by Sunday afternoon.

The unions want the NJIC on Sunday afternoon, followed by an instruction that evening to return to work on Monday morning. But the NWC have stood down their negotiating Committee, who will not return to London until Monday morning. So the most likely timing of the NJIC is Monday afternoon.

But there is still a danger that the Inquiry team's report will, if it is completed, be issued - or leak - on Sunday afternoon. They are being discouraged from allowing it to be published if that will be 24 hours or so before the NJIC can meet, because that would only encourage the media to speculate publicly, and unhelpfully, on its acceptability to the two sides.

I hope to be told on Sunday about both the timing and substance of the report before it happens, and if so I will of course call you and Bernard. If you hear first, please let me know.

Jr.

18 February 1983

local
Govt ✓

TIME MINISTER

WATER STRIKE - REGIONAL PRESENTATION

Use of contractors brings reaction from waterworkers whose representatives threaten to continue industrial action beyond a settlement.

Evidence of a little more advocacy from Water Authority chairmen.

Editorials strongly in favour of return to work and critical of unions for not doing so.

Details of reports are as follows:

North East

Waterworkers in the North East have threatened to continue their industrial action after the national dispute is settled. Reports reflect the unions' bitter mood after what is seen as provocation by management in doing the jobs of strikers.

Mr Peter Gannon, regional leader of the Joint Strike Committee, is on record as saying that some workers would refuse to return to work and others would not do overtime or standby duty. The management have continually broken through the men's picket lines to do their work.

Comments follow the latest incident in which the Sunderland and South Shields Water Company stepped in to replenish chlorine supplies at a treatment works near Consett, to safeguard public health for 700,000 consumers.

Meanwhile, confirmation that the Northumbrian Water Authority plans to increase its charges by about 15% has been described as a 'stunning blow' by North East industrialists. The NWA blames the decision on the recession and the fact that industry is using less water than had been expected. Regional CBI's reaction is: "It could be the last straw for some firms that are fighting a losing battle against the recession."

Yorkshire & Humberside

Overall coverage of the dispute is again reduced though the worsening plight of consumers caused by the withdrawal of emergency cover is highlighted by most papers.

Yorkshire Post quotes the YWA chairman's appeal to strikers to return to work now that the inquiry is under way but regional union leader Mike Fisher has rejected the plea.

The front page lead in the Halifax Courier suggests that a bitter row has broken out between craftsmen and manual workers in the industry. Craftsmen could go ahead with industrial action at the weekend even if the manual dispute is settled.

Leader comment in the Huddersfield Examiner appeals to the strikers to call off their action now that the inquiry is under way.

East

For the first time since the dispute started, Anglian Water Authority chairman, Bernard Henderson, has spoken in public. He said he thought there would be a settlement this weekend. East Anglian Daily Times quotes Mr Henderson, "We have had many inquiries and telephone calls from all over the region saying they (the waterworkers) would like to come back to work."

He agreed that the effects of the strike had not been as bad as many thought. "I think water authorities might have under-estimated the sense of responsibility of many of our men who, confronted by health or safety risks, willingly turned out and repaired bursts or whatever else was necessary to restore the supply."

Same paper quotes Mr Peter Bray, chief executive of AWA, who said that once there was a settlement he thought it would take a week to repair all the bursts and that the sewage works would be operating fully in that time. Asked the position of consumers applying for rebates he said, "We shall have to wait and see what the Government decides. As far as AWA is concerned we are not unsympathetic." There had been few approaches thus far.

Colchester Evening Gazette says let us hope both sides in this damaging dispute can make the inquiry's findings stick.

A Cambridge Evening News leader compliments the waterworkers of Cambridge Water Company for voting in favour of maintaining emergency cover. It shows that they have not lost their responsible approach. It is a pity however that they and their fellow workers elsewhere had not agreed to return to work instead.

London and South East

Editorials in two regional evening papers say that with the committee of inquiry into the water dispute being set up watermen should now return to work. Kent Evening Post says their decision to carry on with the strike seems to have been made out of "sheer bloodymindedness." Like the Water Council's negotiators before them, the waterworkers themselves are now in danger of losing their credibility.

Argus also reports unions have criticised Southern Water Authority chairman, Sir Godfrey Taylor, for being out of touch with his workforce following his call for a return to work. Local NUPE official is quoted as saying that Sir Godfrey "is yet again misjudging the men's grievance over pay as they will not go back without concrete assurances on a pay rise."

South West

Western Daily Press which quotes Wessex Water Authority as saying that more employees in Somerset went back to work yesterday, bringing the county's services virtually back to normal.

Midlands

Birmingham Post said in a front page story today that the water dispute in the Midlands could go on even after a national settlement. Strikers warned that a settlement would be difficult to reach after management staff from STWA and outside contractors had restored the efficiency of a Midland treatment works. Coventry Evening Telegraph said last night in a leader that it was "maybe fitting that the dispute should draw to an end as enigmatically as it began. From an unjustified claim, appallingly handled by the employers, to 12 hours of talks trying to make words mean something else - and now a continuing strike about nothing. Lessons are clear ... but the most important is that calamity was never as near as everyone imagined. Learning them may mean the unions won't have the same strong hand in future."

Holland-with-Boston MP Richard Body was quoted in Lincolnshire Free Press as saying that he had received several letters from discontented strikers. "I am sure that they are not strike happy and that most of the workers in this area want arbitration."

Birmingham Post's second leader today comments on Mr Tebbit's view that the Government might be forced to conclude from recent events that there was a case for further legislation directed at those in the essential services, by possibly removing from them the immunity to civil claims, might not be as provocative as it first sounds.

Strikers' action could leave the Government little choice but to remove the immunity from unions involved with essential services. It could, however, be used as a bargaining tool in the present dispute.

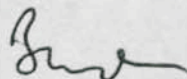
North West

NWWA chairman appeared on Granada Television urging watermen to get back to work without delay, particularly now that liming is essential in Tameside to prevent lead levels in some homes rising too high. Chairman also on three local radios with same message and chief executive appeared on BBC Television similarly.

Bolton Evening News in an editorial comment wonders why the water-workers cannot return to work forthwith since they have said they will honour the committee of inquiry's findings: "Why prolong both theirs and the public's agony?" Similar editorials in the Blackpool and Oldham evening papers.

Liverpool Echo reports that striking watermen restored water supply to a children's hospital and donated their pay for the job to charity, according to union policy. But because they were paid wages, DHSS cut their supplementary benefits. "We've learned our lesson" said an angry strike committee member.

I am copying to the Home Secretary and the Secretary of State for the Environment.



B. INGHAM

17 February 1983

SUBJECT

cc Marks

SECRET



10 DOWNING STREET

cc Ho	A.J. Harrop	BM
MOD	P.L. Gregson	
DIM	B. Ingham	
SO	A.D.S. Goodall	
CSD		
DOE (Giles Shaw)		
WO (Wyn Roberts)		
NIO	J. Vencker	
CO		

From the Private Secretary

16 February 1983

Dear David,

THE WATER WORKERS' DISPUTE

The Prime Minister held a further meeting at 8.30 am this morning to discuss the water workers' strike. Those present were the Home Secretary, the Secretaries of State for Defence, Employment, Scotland and the Environment, the Chief Secretary, Mr. Giles Shaw, Mr. Wyn Roberts (Welsh Office), Messrs. Harrop, Gregson and Goodall and Bernard Ingham.

Your Secretary of State said that there had been little change during the previous 24 hours. There were now 61,000 properties, of which 9,500 were in Wales, without piped water and some 7.6 million people, of whom 1.7 million were in Wales, had been advised to boil water as a precaution. Some bursts had been repaired and some properties reconnected. An improvement was expected today in the water supply in Blaenau/Gwent and writs had been applied for to end the two remaining sit-ins in Wales. The terms of reference for the committee of inquiry had now been agreed as had the side members, and it was expected agreement would be reached today on a chairman. He would continue to urge water authorities to restore supplies to properties cut off, using private contractors if necessary. The union leaders would be open to strong criticism if they did not agree to call off the strike in view of the continuing hardship being caused to the public, the continuing loss of earnings by their members and the futility of prolonging a strike when both sides had agreed that the findings of the committee of inquiry would settle the dispute.

During discussion it was noted that the employers' case would be put to the committee of inquiry by Mr. Dickens, with whom the Departments of the Environment and Employment would keep in close touch at official level; Ministers should avoid getting too closely involved at this stage. If the inquiry did not produce a unanimous report it would even so be difficult for either side not to abide by the findings of the majority, notwithstanding doubts which had been raised about whether the findings would be "binding". He had himself received assurances that they would be so regarded. Water authorities should not hesitate to hire private contractors if necessary and the names of any major contractors who declined to

/ undertake

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- 2 -

undertake this work should be given to the Secretary of State for Employment. Both the amount of money that strikers had lost and the length of time it would take for them to recoup the loss should be publicised.

Summing up the discussion the Prime Minister said that publicity should be given to the fact that the committee of inquiry procedure which had just been agreed had been available since November and that, if the unions had agreed to it then, a damaging and unnecessary strike would have been avoided. It was essential that the employers' case was presented effectively to the committee of inquiry and the Secretaries of State for the Environment and Employment should ensure that all necessary assistance (and, discreetly, publicity) was made available. Until the inquiry's findings were announced the Government's line should be to urge water authorities to restore supplies to as many properties as possible - using contractors where necessary and to urge strikers to return to work, on the grounds that a continuation of the strike was unjustified in view of the union leaders' agreement that the inquiry's findings would settle the dispute. The Civil Contingencies Unit should continue to monitor developments. There would be no meetings of this group on Thursday 17th or Friday 18th February.

I am copying this letter to the Private Secretaries of those Ministers present at the meeting, to John Lyon (Northern Ireland Office), to Messrs. Harrop, Gregson, Goodall and Ingham and to Richard Hatfield (Cabinet Office). I should be grateful if they would arrange that it is given only the minimum necessary circulation.

Yours sincerely,

Michael Scholar

David Edmonds, Esq.,
Department of the Environment

SECRET

cc Mr. Scholar
Mr. Mount

MR. INGHAM

IMMEDIATE RESPONSE TO AN END TO THE WATER STRIKE

This note suggests points to make in the immediate aftermath of an end to the water strike this weekend. It assumes a tidy conclusion, ie a unanimous finding by the Inquiry, endorsement by the NJIC and a return to work on Monday. Events are likely to be more confused, and at this stage we can only guess at the terms of the final settlement. But it should not be difficult to adapt these points to circumstances: our main concern should be to respond quickly and not let unions get away with a "we've won" unchallenged.

This note should be read in conjunction with the general note on pay, inflation and unemployment which will be circulated by the Chancellor on ~~Friday~~ evening. Alan Bailey will be convening a group, in which I shall participate, early next week to see how other pay settlements can be insulated from this one.

Points to Make

1. This was an unnecessary strike.

The dispute could always have been avoided by a binding award of a third party, for which the agreement between the NWC and the unions makes provision. What a pity the unions leaders didn't accept that in the first place instead of jumping into industrial action.

2. The water workers were misled by their leaders.

We think most water workers know quite well that they are well paid and lucky to have secure jobs. In this strike they became victims of union leaders who were pursuing their own ends and their own rivalries among themselves.

3. The water workers are glad to get back to work.

There have been plenty of signs that support for the strike was weakening - and would have weakened faster if union members weren't afraid of the consequences from within their own unions.

/4. Everybody loses.

Everybody loses.

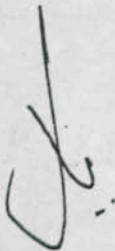
As in all strikes, no one wins and everybody loses. The NWC loses because valuable equipment and machinery hasn't been properly maintained. The consumers lose because of lost services - and they'll go on losing through increased water rates. And the water workers lose because they've lost four weeks' pay.

5. It'll take them 3-4 years to recoup their losses.

They could have got a £10 a week rise without the strike. Now they're going to get a little more. But it will take between 3 and 4 years for that little more to add up to four weeks lost pay. It wasn't worth it.

6. It certainly isn't the end of pay restraint.

Yes, the water workers are going to get a bigger rise than the Government wanted. But that's not because we don't want people to be better off. It's because in the country as a whole, the more expensive labour is, the less of it will be used. Higher wages mean fewer jobs. Pay rises should certainly be no higher than the rate of inflation - and that's now well below 5%.



J.M.M. VEREKER
17 February 1983

MR SCHOLAR

cc Mr Butler
Mr Mount
Mr Ingham

WATER STRIKE: CHAIRMAN OF THE INQUIRY

I understand that there has been in the last hour or so a new development in that Professor Tom Johnston may after all be available to Chair the inquiry.

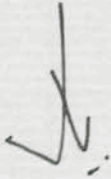
Of the seven names on the list we suggested to the NWC, Johnston was the only one who also appeared on the unions' list, and therefore the only one on whom both the sides were able to agree yesterday. But he declined the appointment, on the grounds that he was in the middle of preparing the Annual Budget for Herriot Watt University, of which he is Vice-Chancellor. Nothing is yet settled, but it does now seem highly probable that he will be appointed; the Prime Minister may therefore wish to know something of him.

His career can be discovered in Who's Who. He was appointed by Mr Heath to the National Industrial Relations Court, where he sat under Donaldson implementing the 1971 Act, a task by no means popular with the unions. Since then he has had a variety of positions, including Chairman of the MSC for Scotland from 1977-1982. He is an Economist, but unknown to Alan Walters.

He is understood to be a believer in the free market, and his track record is satisfactory. Last year he was the arbitrator for the teachers in England and Wales, and produced a settlement (6%) very closely in line with the then going rate (the Civil Service arbitrator awarded 5.9%). In 1980 he was Chairman of the inquiry into unions in the London Clearing Banks, and produced a report strongly critical of BIFU. The only black mark I can see against him is his association with Wages Councils.

I am told that the Scottish Office think highly of him, and recommended him for a Knighthood last year; it might be worth asking Mr Younger's office if they can cast any further light,

particularly on his likely attitude towards comparability or market factors as determinants of pay.

A handwritten signature in dark ink, consisting of a vertical line that curves to the left at the bottom, followed by a short horizontal line and a small dot.

16 February 1983

11-12 St James's Square, London, SW1Y 4LA
Tel No: 01-214-6590/8509/8152

16 February 1983

WATER DISPUTE

A Committee of Inquiry into the water dispute has been set up by ACAS with the following terms of reference:-

"The Committee is invited to inquire into the matters currently in dispute between the two sides of the National Joint Industrial Council for the Water Service and to report its findings in order to resolve the current dispute and restore normal working in the industry."

The members of the Committee are Dr T L Johnston (Chairman), Mr W H Keys and Mr M Bett. The Secretary is Mr C L Parsisson.

The Committee's hearings will be held in private at 11-12 St James's Square, London SW1Y 4LA, but its report will be published as soon as possible. The Committee will begin its work tomorrow with a full examination of the background papers and the written submissions of the parties. Hearings will begin on Friday, February 18, at a time to be announced.

Notes to Editors:

1. Biographies: Dr Tom Johnston is Principal of Heriot-Watt University, Edinburgh, and a former Chairman of the Manpower Services Commission Committee for Scotland. His experience in the field of industrial relations, as an arbitrator and chairman of committees of inquiry, dates from 1965.

Mr W H Keys is General Secretary of SOGAT 82 and a Member of the General Council of the TUC.

Mr M Bett, MA FIPM, is Board Member for Personnel, British Telecom.

2. Publication of the Committee's report will be arranged by ACAS at the request of the Committee's Chairman.
3. There will be a photo facility immediately before the committee starts its deliberations. The time and venue will be notified via ACAS Press Office as soon as possible.

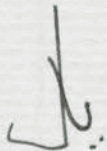
MR SCHOLAR

cc Mr Butler
Mr Ingham
Mr Mount

WATER STRIKE: COMMITTEE OF INQUIRY

I understand that, as indicated in my earlier note would probably be the case, Professor Tom Johnston has now been agreed as the Chairman of the Inquiry. ACAS will announce this at 4.00 pm this afternoon, together with the terms of reference.

Johnston is not available until Friday afternoon, but the unions are apparently putting great pressure on him to report urgently, ie over the weekend, because they want an NJIC meeting on Sunday so that they can get their members back to work on Monday. Clearly the unions are worried about their members starting to drift back anyway, and the Department of Employment are saying privately to ACAS that they should not rush the process unduly. I am sure that is right: the more pressure that is put on Bill Keys, the better, and the outcome is more likely to be reasonable if it is apparent to the inquiry team that the strike is ending naturally.



16 February 1983

WATER STRIKE - REGIONAL PRESENTATION

Leave aside Wales, North West and London and South East Region have clearly been - and are - the most active with the media at a political public relations, as distinct from information level.

Leading articles show hostility to continued strike and disruption.

Evidence of increasing tension between workers and pickets.

But still remarkably little coverage, showing how little the dispute has hit on ordinary people.

Details from regions are as follows:

North East

Rodney Bickerstaffe, NUPE General Secretary, affirmed during a visit to Tyneside last night (15.2.83) that the unions are not prepared to end the strike despite the move for an independent inquiry.

Visiting sewage treatment workers engaged in a sit-in at the Northumbrian Water Authority's Howdon works, he is reported to have said: "The 29,000 people around the country who decided to strike for the first time didn't take this action lightly and they are not now going to throw in the towel and leave it to the inquiry to sort out."

A leader in the Northern Echo endorses the Prime Minister's plea for a return to work and suggests that, at the least, there should be a ballot on an immediate return to work. The Journal's editorial view is similar and the paper does some arithmetic to demonstrate the financial cost to the strikers of an end to the strike. "Even if they were to be awarded a 10% wage increase, it would already take them more than seven months to pull back the pay that has been lost. If they were kept out for a further week it would be nearly ten months before they could break even", it states.

Yorkshire and Humberside

Little of consequence in today's press.

A local union spokesman is quoted as saying that the ban on emergency cover in the YWA region, which started yesterday, is likely to continue until the inquiry report is accepted.

There are fewer press items about hardship cases than earlier in the week.

East

There is a minimum of 'local' water strike coverage in the region's main papers, though some give space to the 'national' moves towards a settlement.

Only indigenous coverage is in the Cambridge Evening News which reports that local striking waterworkers have voted in favour of maintaining emergency cover, to be reviewed daily.

Residents in Clare, Suffolk, are considering calling in contractors to repair mains damage and, as suggested by Lord Denning, send the bill to Anglian Water Authority.

London and South East

Striking water men in Sussex have been told by the Southern Water Authority chairman, Sir Godfrey Taylor: "Go back to work - you are losing money for nothing."

Brighton Evening Argus says that Sir Godfrey said that with the likelihood of a committee of inquiry to resolve the dispute, there was no longer any point to the strike. No union reaction is quoted.

In an editorial, the same paper says that there are no winners in the dispute but there are "plenty of losers".

"Let us hope that when this wholly unpleasant affair is over, the repairs are carried out as speedily as possible, with priority given to those who have been deprived the longest of proper water supplies. That, at least, shouldn't be the subject of the sort of niggardly bickering that has characterised this dispute."

Kent Evening Post reports that pickets have pinned up a list of "blackleg" white collar workers' names outside a Chatham Depot. NUPE area officer is reported as saying there is "tremendous bitterness" which in the long term will have disastrous effects on the relationship between white collar workers and manual workers in the industry.

Bristol

Flying pickets clashed with the 14 waterworkers returning to a water depot at Priorswood, Taunton, trying in vain to get them not to work.

Bristol Evening Post and Dorset Evening Echo stick mainly to the national stories of peace hopes and engineering workers in the water industry called out from Sunday.

Midlands

Leaders in newspapers call for an early return to work. Chesterfield Star said an independent inquiry would be a face-saver for both sides and would almost certainly result in an improved deal for waterworkers. It should go ahead even if waterworkers insist that its findings are not binding, because they would face total public condemnation if they refused a reasonable offer.

Northants Chronicle and Echo asked where was the sense of prolonging the strike now that the two sides have agreed terms for a committee of inquiry. Northants union leader said he was relieved.

Wolverhampton Express and Star commented on the entry of Lord Denning into the wrangle. It added an extremely hostile element and was another reason why a speedy end was vital. Interference by individuals could shatter what fragile rapport has been created.

A mouldings firm has more than trebled production of water filters to meet increased demand.

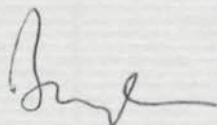
North West

NW Water Authority spokesmen were on radio and television yesterday in response to union claims that lead levels were unacceptably high in parts of Tameside, Greater Manchester.

Liverpool Echo says grim determination was being voiced by striking water men on Merseyside, despite national peace move.

Manchester Evening News says despite hopes of an end to the dispute, strikers in the North West took a new hard line yesterday, occupying sewage plants across the region and some local union leaders demanded that any peace deal must be agreed by the membership first.

I am copying to the Home Secretary and the Secretary of State for the Environment.



B. INGHAM

16 February 1983

PRIME MINISTER

Jr. Johnson Prime Minister

EGF. Holt. A.E.C.

Mrs 16/2

NOTIC.

Keys.

Mandary.

cc Mr Mount
Mr Ingham

72,000 households.

CABINET, 17 FEBRUARY: WATER STRIKE

*Boil. 7m.
Bunk.*

*Dugdale - catch up
Kind of the water -
Findings will resolve.*

No doubt Mr King will report. I think there are two issues which Cabinet ought to cover:

20,000 + 3 hospitals.

1. How to Insulate Other Pay Negotiations from the Water Dispute

We can only guess at the outcome of the inquiry. But figures like 8% or more are going to be in all the papers. We will need to act immediately a settlement is reached (and that may be over the weekend) to neutralise the effect. In the public sector alone, gas workers, electricity workers, local authority manuals, teachers and civil servants are all negotiating actively. I suggest:

(a) Mr Lawson should try and convince the Gas and Electricity Chairmen that the settlement is really worth, over 12 months, not much more than 6% - even though we may suspect it's more;

(b) Presentationally, we take every opportunity to let it be known that striking doesn't pay: it may take several years for the water workers to recover lost earnings, because the increment they achieved through striking was small. (They were offered £10 a week before the strike: if the settlement gives them, say, another £2 a week - £100 a year - it will take them three years to recover four weeks' lost earnings of at least £75 a week. I have asked the Department of the Environment to get exact figures out quickly.)

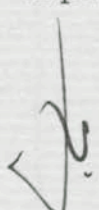
2. How to Ensure the Right Lessons are Learned from the Dispute

We have all learned a lot. There was no experience of a water strike before. We must draw the right conclusions - and not just for the handling of future water strikes. I suggest:

(a) MISC 61 (under Peter Gregson's Chairmanship) ought to prepare a report on lessons the dispute has for endurance against a water strike;

(b) You may want to ask Mr Tebbit to give some thought to, and perhaps circulate a paper on, the lessons the dispute has for industrial relations legislation - notably enforceable collective agreements and no strike arrangements.

(c) I think we should certainly ask Mr King to consider what lessons the dispute has for how water pay will be negotiated after the abolition of the NWC, and how the employers' negotiating capacity might be strengthened.


16 February 1983

MR SCHOLAR

cc Mr Mount

①
Prime Minister

May John Vercher attend

the water discussion at Cabinet?

MLs 16/2

Yes mt

CABINET, 17 JANUARY: WATER STRIKE

I should be grateful if you would seek the Prime Minister's permission for me to attend the discussion of the water strike in Cabinet tomorrow, since she does not at present intend to hold one of her regular morning meetings on it. Later today I will offer a brief on the main issues which I think Cabinet should address, namely the need to insulate other pay negotiations as far as possible from the outcome of the Committee of Inquiry; and to set in hand the work necessary to ensure that the right lessons are drawn from the experience of the last four weeks.

J.

16 February 1983

mt

PRIME MINISTER

cc Mr Ingham
Mr Mount

WATER STRIKE MEETING, 16 FEBRUARY

(i) Situation Report (Mr King and Mr Edwards)

I think there are three points to cover:

(a) Properties on standpipes, and numbers advised to boil; today's indications are that the former are increasing steadily, but the latter are more or less unchanged;

(b) The decision of the craftsmen to come out on strike as from next Sunday. Would they really do this, as threatened, even if the Committee of Inquiry has been established?

(c) The prospects for a return to work before the Committee of Inquiry has reported its findings. Your suggestion in the House this afternoon that there is no point in continuing the strike was widely reported; and I am told that the NWC intend to reinforce that message in a statement at the end of today's talks.

(ii) The Negotiations (Mr King and Mr Tebbit)

You will want a progress report on the outcome of today's ACAS discussions on four points:

(a) Assurances that the parties will accept the findings of the Committee of Inquiry. Is the text of the private letter from Lowry to the NWC available? I have been told that his letter may contain an assurance that when he Chairs the eventual NJIC, he will "impose" the findings of the inquiry. Does he have anything privately from the unions to justify that?

(attached)

(b) The choice of Chairmen: you will have seen Michael Scholar's note containing a list of possible names;

(c) Terms of reference: you saw my note at lunchtime today indicating that the Government has suggested to the NWC a very short form of words ("to enquire into the matters currently in dispute between the two sides of the NJIC, and to make an award" or "... and to report its findings");


(d) Timetable: when will the inquiry start, and when will it finish?

(iii) CCU Activity

The Official CCU under David Goodall's Chairmanship has finalised papers from the Department of the Environment on the use of contractors; and on the legal position of the water authorities' duty to supply services. Those papers will be circulated to Ministers tomorrow. The Home Secretary will be Chairing a meeting of the Ministerial CCU on Thursday afternoon.

(iv) Presentation (Mr Ingham)

Is there anything that can be done to increase public and media pressure on the water workers to return to work when the inquiry is established? Or to ensure that the inquiry is seen as binding? (At my suggestion Bernard has spoken to the BBC to get that particular point right).


16 February 1983

1A
NEWS FROM

Thames Water

Thames Water Authority, Head Office, New River Head, Rosebery Avenue,
London EC1R 4TP. Telephone: 01-837 3300.

SITUATION REPORT NO:17 AT 16.30 HOURS TUESDAY 15TH FEBRUARY 1983

The increased incidence of leaking mains and properties without mains water has not abated.

Today's totals are :-

Mains failures remaining unrepaired	703
Properties without mains water - Authority areas	7,855
Company areas	7,997
	<u>15,852</u>

The change of policy relating to mains previously left running has had some effect, and the situation has now stabilised. Nevertheless, further efforts on the part of the public are required and advertisements asking people to save water are being run in the London "Standard".

Water quality remains satisfactory.

The performance of sewage treatment works is gradually deteriorating; no fish kills have been reported yet.

Next report Wednesday 16th February.

REPORT ISSUED BY PUBLIC RELATIONS

WATER STRIKE - REGIONAL PRESENTATION

Today's report suggests a greater return to work by watermen than has been noted in the national press - see East and Bristol.

But there is also evidence of hardening in other parts of the country, though tempered by action to restore supplies where hardship is serious.

More evidence of the water authority's use of contractors.

Details are as follows:

North East

Late edition of the Journal (Newcastle) carries as its main front page story today (Tuesday) the news that a basis has been agreed for a committee of inquiry.

The Sunderland Echo reports on its front page (14.2.83) that the NWA's injunction to have the men removed from the Admin block of Howden Plant is due to be heard by a High Court Judge at Leeds on Friday.

The only other newspaper to feature the strike on its front page is Shields Gazette which gives prominence to Lord Denning's comments. Lord Denning's advice has been described as "probably illegal" by an NWA spokesman.

Yorkshire & Humberside

Mixed news this morning. Welcome development of talks progressing at ACAS on the terms of an inquiry is somewhat tempered by yesterday's decision by union leaders in the YWA area to withdraw all emergency cover from today. Local negotiator was interviewed by local radio and emphasised that the strikers will refuse to deal with management from now on. Negotiations about water supplies to hospitals and kidney patients will only be conducted through the Regional Health Authority.

Elsewhere the main news is reaction to Lord Denning's advice. YWA have warned against the course of action he advocated.

Sheffield Star says that the River Don has now become an open sewer.

Leader comments in the Yorkshire Post, the Halifax Courier and the Sheffield Star - all pleading for a binding inquiry to settle the dispute.

East

East Anglian Daily Times carries an editorial which comments on the new public inquiry move. Two possible outcomes, one is that a new inquiry could put the existing offer in a more attractive manner: the National Water Council has shown almost a genius for making offers in such a way as to irritate rather than conciliate. The other possibility is that a new inquiry might shame the workers into acceptance, or at least dissuade other workers from offering support. At the worst, should the inquiry prove fruitless, the unions would find it very hard indeed to produce further excuses for not going to binding arbitration.

Elsewhere in the paper is a report that Suffolk has been better off than other areas because much of its water comes from bore holes in chalk.

Strikers in Newmarket left the picket lines to reconnect the supply to the house of a kidney dialysis patient.

Eastern Daily Press (Norwich) reports that only 25% of the 200 manual workers in Lincolnshire are still on strike at a time when the national stoppage is said to be 95%. It quotes a senior shop steward: "I realise that I am a condemned man ... but people are drifting back to work because their heart is not in the strike."

South East

A Reading Evening Post editorial ahead of the Commons Debate on the water strike, comments: "These services are so vital that the House of Commons should consider whether in future agreements made between workers and employers should, by law, embody the submission of disputes to arbitration."

According to the Argus, a predicted mass return to work by striking Sussex waterworkers on Monday had failed to materialise.

Bristol

A quarter of the water workforce in Somerset have returned to work, reports the Western Daily Press under the heading "Strike starts to ebb". All but two of the 14 workers at the Ham, Nr Taunton, treatment works are working normally.

On the letters page, a resident of Newent, Glos., argues that the employers must not give in to the water strikers. Other letters urge immediate arbitration to settle the dispute.

Wessex has been identified as the most trouble free water authority in the country, according to the Dorset Evening Echo. West Hants Water Co. reporting "full co-operation" from union men in cases of emergency.

Midlands

Sir William Dugdale as chairman of STWA commented in last night's Nottingham Evening Post on strikers' "inhumane abandonment". The story covered ST's authorisation to re-connect supplies to two old people's homes in the county. Private contractors have been called in to do the jobs.

Furious union officials warned that the action has inflamed the dispute and have vowed to discover the contractor and black him for good.

Strikers in Northamptonshire thought that undue hardship was being caused in Rothersthorpe and Farthingstone, and restored supplies to the village. They have been without water for nearly the whole of the dispute. Union leader said it was not a precedent but a gesture of compassion.

Private enterprise is beginning to show in Leicester, where, the Mercury reported last night, a small band of youngsters have started a water fetching team.

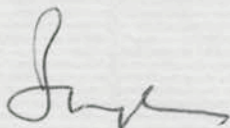
North West

Regional evening newspapers last night (Monday) concentrated on various aspects of the water story from purely local to reports of condemnation of the Denning do-it-yourself proposal and the Commons emergency debate.

Cumberland and Evening Star reports that the effects of the strike are now beginning to bite. Bolton Evening News reports hardening

attitude among town's strikers. Blackpool Evening Gazette reports distinct lack of enthusiasm among North West waterworkers for an independent inquiry.

I am copying to the Home Secretary and the Secretary of State for the Environment.



B. INGHAM

15 February 1983

MR SCHOLAR

cc Mr Ingham
Mr Mount

WATER STRIKE

The Prime Minister may wish to have this note of where things have got to since her meeting this morning:

(i) The ACAS Formula. The formula circulated by Mr King this morning will, if all goes well this afternoon, appear in a letter from Pat Lowry to the employers and the unions. The separate letter Mr King mentioned that Lowry may send to the NWC will be private; and I understand that there may also be a separate and private letter to the unions. This seems an odd and risky process, which could well give rise to charges of bad faith if it gets out;

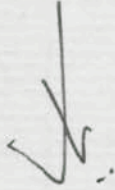
(ii) Chairman of the Inquiry. I understand that ACAS now know perfectly well that a serving Judge is not on, and will not pursue it. You have I think been given already a list of possible Chairmen suggested by the Department of Employment, led by Professor Tom Johnson (Vice-Chancellor of Herriot Watt University). The problem seen by others with Calcutt is that if he did end up arbitrating the Civil Service award, it would give the Civil Service unions too good an argument for the same sort of settlement;

(iii) Terms of Reference. I understand that the terms of reference agreed by Officials, which Mr King is being recommended to pass on to the NWC, are as follows:

"To enquire into the matters currently in dispute between the two sides of the NJIC, and to make an award."

It is recognised that the last five words will not be acceptable to the unions, because they imply arbitration rather than an inquiry, and the NWC will be recommended to fall back on "and to report its findings", which is consistent with the

ACAS formula. The key word in the draft is currently, which should rule out both the history of the dispute and (at least in theory) the upper quartile claim.



15 February 1983

Charlotte

W

Water

QUESTION 3

Robert Adley:

In welcoming the decision of both sides in the Water Dispute to agree to a Committee of Inquiry, and bearing in mind that both parties have agreed to accept its findings, does my RHF not agree that the right course now would be to call off the strike, since no purpose can now be served by continuing with it?

PROPOSED ANSWER

My Rt Hon Friend is quite right. This has been a damaging and unnecessary strike. I understand that both parties in the dispute have now agreed to accept the findings of a Committee of Inquiry. Given that agreement, there is plainly no point whatever in further prolonging the strike, and I hope that it will now be brought to an end.

15 February 1983

TEXT OF ACAS STATEMENT AT 2.00 AM ON 15 FEBRUARY
FOLLOWING SEPARATE DISCUSSIONS WITH THE EMPLOYERS AND THE UNIONS

Lowry: "ACAS has received assurances from the Employers and the Trade Unions that both will accept the resolution of the dispute through the process of this Committee of Inquiry. It is not intended that any further substantive negotiations on matters in dispute will take place once the findings are known, although both sides agree that a full, final and special meeting of the NJIC will be required to translate the findings into a detailed, workable agreement for the industry. That meeting will be held under the Chairmanship of ACAS as soon as the Committee of Inquiry has completed its work and reported".

SECRET



FILE MJ

6cc: M.F. Verelker.

5

10 DOWNING STREET

From the Private Secretary

15 February 1983

Dear David,

The Water Workers' Dispute

The Prime Minister held a further meeting at 0830 this morning to discuss the water workers' dispute. Those present were the Home Secretary, the Secretaries of State for Defence, Scotland, Wales, Employment and the Environment, the Chief Secretary, Treasury, the Attorney General, Mr. Giles Shaw and Messrs. Harrop, Gregson, Goodall and Ingham.

Ministers first considered the effects of the strike on water supplies. Your Secretary of State reported that 60,000 properties were now without piped water supplies and 7.7 million people were being advised to boil water as a precautionary measure. The Secretary of State for Wales said that 21,000 properties in Wales were now without piped water, mainly because of the failure of one pumping station. It was also reported that the trades unions representing craftsmen in the water industry had announced that they would not be prepared to cross picket lines from Sunday, 20 February, although the immediate impact of this might not be very serious; and that workers in the chemical industry had threatened to support the water workers by preventing the replenishment of stocks of chlorine at water purification stations.

The discussion then turned to the current state of the negotiations. Your Secretary of State referred to the statement issued by the Advisory, Conciliation and Arbitration Service (ACAS) very early this morning, a copy of which is annexed to this letter. The employers, who had consulted him about the ACAS formula, had argued that the trades unions should accept in advance that the outcome of the proposed Committee of Inquiry should be binding, in accordance with the industry's national agreement. The GMBU had apparently been prepared to accept this ACAS formula, but the other two trades unions involved in the dispute - the TGWU and NUPE - had at first not. Agreement

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had finally been reached between the parties on the establishment of a Committee of Inquiry on the understanding that Mr. Pat Lowry, the Chairman of ACAS, would chair a final, full and special meeting of the National Joint Industrial Council at which an agreement would be drawn up; and that this meeting would be concerned only with resolving any technical issues that might arise on the Committee of Inquiry's recommendations. Mr. Lowry would be writing that day to the Chairman of the employers' negotiating team, Mr. Hill, to confirm these understandings. The employers had considered at one stage pulling out of the negotiations, but had concluded that this would be regarded by the general public as unreasonable in the light of the assurances offered by the trades unions. It was imperative that the Government and the employers should insist publicly at every opportunity that the ACAS formula involved a binding commitment by the trades unions to accept the outcome of the Committee of Inquiry, thus obliging the trades unions, if their intentions ran otherwise, to deny publicly that this was the case. There had been some speculation in the media that a serving High Court Judge would be invited to chair the Committee of Inquiry. But there had, it seemed, been no formal discussion between the parties or with ACAS about possible nominations to the Inquiry. There had also been no formal discussion of the terms of reference for the Inquiry.

The following were the main points made in discussion:-

- a. It would be a grave mistake to appoint an active High Court Judge to the chairmanship of an Inquiry of this nature, particularly if the other members of the Inquiry were not also to be members of the judiciary. A retired Judge would be a possibility. The employers had some possible candidates in mind. There would be tactical advantage in suggesting possible names at the earliest opportunity, since the onus for rejecting them would then fall on the trades unions and not on the employers.
- b. It would be desirable for the letter of clarification which Mr. Pat Lowry proposed to be sent to both parties and to be widely publicised.
- c. The Government would have only a limited influence at best on the terms of reference of the Committee of Inquiry. It was essential that these should be as narrow as possible, should specify that an award was to be made, and should refer to the report of the mediator. If, on the other hand, the employers were obliged to agree to wider terms of reference, these should go very wide, enquiring into the justification of the closed shop and the unions' failure to honour their agreements.

/d.

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-3-

- d. It was essential that the employers should present their case in the strongest possible light to the Inquiry. The Government would therefore need to offer the employers every possible assistance with the preparation of their evidence.
- e. The Water Act 1945 did not specify circumstances in which the water authorities could be relieved of their statutory obligation under the civil law to provide water supplies. It was not clear that a strike would be regarded by the courts as a sufficient excuse for the water authorities not fulfilling their obligations, and therefore whether the use of contractors by third parties would be legal. It might be regarded as acceptable if supplies to a large number of people or to a particularly vulnerable section of the community were involved. It was not a criminal offence to reconnect water supplies. The permission of the highway authority would generally have to be sought if the highway had to be dug up. But it was questionable on policy grounds whether it would be right to encourage the public to engage contractors to do work of this nature.

The Prime Minister, summing up the discussion, said that the decision to appoint a Committee of Inquiry was regrettable as was the fact that the trades unions had not been prepared unequivocally to accept in advance that its outcome would be binding on them; the ACAS formula was far from watertight on this point. It would be unacceptable for an inquiry of this nature to be chaired by a practising High Court Judge. The Secretary of State for the Environment, in consultation with the Secretary of State for Employment, should therefore consider possible candidates and should encourage the employers to suggest nominations at the earliest opportunity. The Secretary of State for the Environment, in consultation with the Secretary of State for Employment and the Chief Secretary, Treasury, should also consider urgently what the terms of reference for the Inquiry might best be. Wide ranging terms of reference would be very undesirable. They should, rather, specifically invite the Committee of Inquiry to make an award and should refer also to the mediator's recommendations. They should also be designed to ensure that the work of the Inquiry could be completed within a few days. The Government should make every effort to ensure that the employers' evidence to the Inquiry was as powerful as possible. The Secretary of State for the Environment should discuss this with them at the earliest opportunity. The employers should also be urged to revert to their offer based on the mediator's recommendations in their evidence to the Committee; or to earlier, and lower, offers. They should also press the trades

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-4-

unions to agree, as an earnest of their good faith in accepting the Committee's conclusions in advance, to end the strike immediately in the light of the establishment of the Committee of Inquiry. The Government's and the employers' publicity efforts for that day should concentrate on stressing that the ACAS formula was to be read as binding the trades unions to accept the outcome of the Committee of Inquiry. It was essential that this should become generally accepted and that the onus should be placed firmly on the trades unions publicly to deny that this was the case. The group would meet again on Wednesday 16 February at 0830 to review the situation.

I am sending a copy of this letter to the Private Secretaries to those Ministers who were present at this morning's meeting, to John Lyon (Northern Ireland Office), to Messrs, Harrop, Gregson, Goodall and Ingham and to Richard Hatfield (Cabinet Office). I should be grateful if they would arrange that it is given only the minimum necessary circulation.

Yours sincerely,

Michael Scholar

David Edmonds Esq
Department of the Environment.

SECRET

NR

DRAFT LETTER FOR MR SCHOLAR TO SEND TO MR D EDMONDS, DEPARTMENT OF THE ENVIRONMENT

THE WATER WORKERS' DISPUTE

The Prime Minister held a further meeting at 08.30 this morning to discuss the water workers' dispute. Those present were the Home Secretary, the Secretaries of State for Defence, Scotland, Wales, Employment and the Environment, the Chief Secretary, Treasury, the Attorney General, Mr Giles Shaw and Messrs. Harrop, Gregson, Goodall and Ingham.

2. Ministers first considered the effects of the strike on water supplies. Your Secretary of State reported that 60,000 properties were now without piped water supplies and 7.7 million people were being advised to boil ~~the~~ water as a precautionary measure. The Secretary of State for Wales said that 21,000 properties ^{in Wales} were now without piped water, mainly because of the failure of a ^{one} ~~particular~~ pumping station. It was also reported that the trades unions representing craftsmen in the water industry had announced that they would not be prepared to cross picket lines from Sunday, 20 February, although the immediate impact of this might not be very serious; and that workers in the chemical industry had threatened to support the water workers by preventing the replenishment of stocks of chlorine at water purification stations.

3. The discussion then turned to the ^{current} state of ~~play~~ in the negotiations. Your Secretary of State referred to the statement issued by the Advisory, Conciliation and Arbitration Service (ACAS) very early this morning, a copy of which is annexed to this letter. ^(A) The GMBU had apparently been prepared to accept ~~this~~ ^{the attached} ACAS formula, but the other two trades unions involved

in the dispute - the TGWU and the NUPE - had not. ^{at first} This was apparently because they saw some advantage to be gained in allowing the strike to continue for some time in terms of the continuing competition between the GMBU and the NUPE to attract new members.

The employers, who had consulted him ~~very early that morning~~ about the ACAS formula, had insisted that the trades unions should accept in advance that the outcome of the proposed Committee of Inquiry should be binding, in accordance with the industry's national agreement. Agreement had finally been

(A) reached between the parties on the establishment of a Committee of Inquiry on the understanding that Mr Pat Lowry, the Chairman of ACAS, would chair the final, full and special meeting of the National Joint Industrial Council at which an agreement would be drawn up; and that this meeting would be concerned only with resolving any technical issues that might arise on the Committee of Inquiry's recommendations. Mr Lowry would be writing that day to the Chairman of the employers' negotiating team, Mr Hill, to confirm these understandings. The employers had considered at one stage pulling out of the negotiations, but had concluded that this would be regarded by the general public as unreasonable in the light of the assurances offered by the trades unions. It was ~~therefore~~, imperative that the Government and the employers should insist publicly at every opportunity that the ACAS formula involved a binding commitment by the trades unions to accept the outcome of the Committee of Inquiry, thus ^{obliging} putting the onus on the trades unions ^{if that was their intention (or otherwise)} to deny publicly that this was the case. There had been some speculation in the media that a serving High Court Judge would be invited to chair the Committee of Inquiry. But ~~his understanding was that there~~ ^{it seemed,} had been no formal discussions between the parties or with ACAS about possible nominations to the Inquiry. He did not think that ~~a serving Judge would be suitable for an inquiry~~ ^{that}

of this nature, and neither did the employers or ACAS; he therefore intended to encourage them to remain firm on this point. There had also been no formal discussion of the terms of reference for the Inquiry, although it was likely that past practice would be followed and that these would be couched in very general terms.

The following were the main points made in discussion:-

- a. Experience suggested that ~~it~~ ^I would be a grave mistake to appoint an active High Court Judge to the Chairmanship of an inquiry of this nature, particularly if the other members of the Inquiry were not also to be members of the judiciary. A retired Judge would be a possibility, although still far from satisfactory. The employers had some possible candidates in mind. ^{There} It would be tactically advantageous if they were to suggest ^{ing} possibilities ^{the names} at the earliest opportunity, since the onus for rejecting ^{them} names would then fall on the trades unions and not on ^{the employees} them.
- b. ^{would be desirable for} It was essential that the letter ^{of clarification} which Mr Pat Lowry proposed ^{to} to write to clarify the ACAS formula ^{to} should be sent to both parties and ^{to} should be widely publicised.
- c. The Government would have only a limited influence at best on the terms of reference of the Committee of Inquiry. It was essential that these ^{should be as narrow as possible, and} should specify that an award was to be made and ^{should refer} that they should make explicit reference to the report of the mediator. ^{agree} If, on the other hand, the employees were obliged to ^{forced} to wider terms of reference, these should ^{very} go ^{as wide as} ^{enquiries into the justification of the} ^{and} ^{the unions' failure to} ^{honor their agreements.}

d. It was essential that the employers should present their case in the strongest possible light to the Inquiry. The Government would therefore need to offer the employers every possible assistance with the preparation of their evidence.

e. The Water Act 1945 did not specify circumstances in which the water authorities could be relieved of their statutory obligation to provide water supplies. It was not clear ^{that} ~~that under common law~~ a strike would be regarded by the Courts as a sufficient excuse for the water authorities not fulfilling their obligations, and therefore whether the use of contractors by third parties would be legal. It might be regarded as acceptable if supplies to a large number of people or to a particularly vulnerable section of the community were involved. It was ~~certainly~~ not

a criminal offence to reconnect water supplies. But it was questionable on policy grounds whether it would be right to encourage the public to engage contractors to do ~~some~~ work of this nature.

The Prime Minister, summing up the discussion, said that the decision to appoint a Committee of Inquiry was regrettable as was the fact that the trades unions had not been prepared unequivocally to accept in advance that its outcome would be binding on them; the ACAS formula was far from water tight on this point. It would be unacceptable for an inquiry of this nature to be chaired by an active High Court Judge. The Secretary of State for the Environment, in consultation with the Secretary of State for Employment, should therefore consider ~~other~~ possible candidates and should encourage the employers to suggest nominations at the earliest opportunity. The Secretary of State for the Environment, in consultation

under the civil law

However, the permission of the highway authority would generally have to be sought if the highway had to be dug up.

THE 1982/83 WATER STRIKE

Reference Documents

CHRONOLOGY

1. Extract from 8 December 1981 NJIC Collateral Agreement.
2. Fact Sheets: pay, numbers, rates.
3. Extract from the NJIC Closed Shop Agreement: health and public safety.
4. Extract of the NJIC Handbook on Wages & Conditions: Arbitration.
5. Extracts from Hansard: Mr King's Statements, and the PM in Question Time.
6. ACAS 21-23 January Procedural Agreement.
7. Buchanan's recommendations as mediator, 23 January.
8. Details of the NWC's offer following the 6 February discussions.
9. Estimate of average earnings effect of the 6 February offer.
10. ACAS 9 February Statement.
11. ACAS 15 February Statement on the Committee of Inquiry.

MR. VEREKER

R. S. [unclear]
Thanks, but I don't really
think I can help. Neither I nor

cc: Mr. Ingham
Mr. Wolfson

the D/Em know enough of them to judge how
they will perform. I suppose only academics have
enough spare time to do it.

Mr. Harrop, Second Permanent Secretary at the Department of the Environment, telephoned me to let me know the names that they were currently considering for Chairman of a committee or tribunal of inquiry on the water-workers' dispute. They are:

- 1) Professor Thomas Johnson, Vice-Chancellor, Heriot-Watt University.
- 2) Sir Charles Carter, Ex Vice-Chancellor, Lancaster University; Chairman, Research Committee, PSI.
- 3) Professor Laurence Hunter, Professor of Economics, Glasgow University
- 4) Professor Thomason, Professor of Industrial Relations, Cardiff University.
- 5) Sir J. Wordie, Barrister.
- 6) Professor Eric Armstrong, Professor of Industrial Relations, Manchester Business School.
- 7) Mr. Calcutt.

All these are names put forward by the Department of Employment, drawn from ACAS. Mr. Harrop said that they were also consulting with the Lord Chancellor about retired judges and the Attorney General about practising barristers.

This list seems to me to be heavily slanted towards academics; and I am enquiring about the track record, so far as it is known, of these people. I would be grateful for any observations about these people (or about people not on the list).

MLS

15 February 1983

PRIME MINISTER

cc Home Secretary.
Secretary of State
for the Environment.

WATER STRIKE - REGIONAL PRESENTATION

Today's report contains evidence of a desire to return to work in some regions, and moves by some Water Authorities to encourage this by offering job protection.

Recourse to the law by Water Authorities to secure the ejection of strikers from premises is interestingly exciting little trade union comment or resistance.

But the strike is still not causing much fuss and the details from the regions are as follows:

North East

A Group of striking waterworkers who have occupied a Tyneside sewerage plant are the main focus of attention in the dispute today (Monday) in the North East. Northumbrian Water Authority has applied for a Court Order instructing the men to leave.

The Sunday Sun also reports that thousands of trout have been killed by untreated sewage flowing into a stretch of the River Derwent. Derwent Angling Club say their five thousand-plus fish stock - which took four years and cost £6,000 to build up - has been destroyed.

Journal (Newcastle) in a leader today, says there appears at last to be on the horizon a means of solving the dispute. The paper says Environment Secretary, Mr Tom King, is expected to back the idea of a three-man committee of inquiry into the waterworkers' pay claim. It seems that it is now simply a question of finding the right collection of words which would enable both sides to agree to the setting up of the inquiry. That, surely, should not be beyond the wit and imagination of man.

In Cleveland union leaders were said to be incensed by a letter sent to workers by NWA's managing director, Mr Frank Ridley. In it he said: "I can assure all staff that those who put the public first will certainly have no reason to suffer at the end of the dispute, no matter what working arrangements are eventually decided upon."

Yorkshire & Humberside

No dramas over the weekend. Low key coverage in today's press emphasises that hopes of settling the dispute now rest firmly on an independent inquiry.

Yorkshire Post (Business) bitterly attacks the strikers and contends that occupation of pumping stations and prevention of chlorination should not be tolerated by any society. Union negotiators have made rings round management side.

Saturday's Sheffield Morning Telegraph reports the comments of a High Court Judge that damage caused by a burst main to premises and stores of a Rotherham firm should be paid for by the YWA. Also quotes a YWA spokesman as ruling out payment of water rate rebates to consumers affected by the dispute.

East

Few reports of hardship as a result of the water strike.

Editorial in the Cambridge Evening News states that the two sides in the dispute seem to have become polarised very quickly indeed. They have also become extremely isolated as pressure grows from those who stand on the sidelines for both to swallow some of their pride and find a settlement.

Southend Evening Echo carries a front-page item that angry water-workers want to return to work but risk losing their jobs if they do so. Anglian Water Authority spokesman said: "We will find men work if they are willing to take the risks, but because of the closed shop we can't give any guarantees."

London and South East

The Evening Argus, Brighton (Feb. 12) reports that hundreds of Sussex waterworkers may return to work today (Feb. 14). There are 150 blue-collar strike-breakers in the Southern Water Authority's area - almost 10% of the workforce - and "industry sources" insist that hundreds more are planning to follow suit. The paper quoted Southern Water Authority chairman, Sir Godfrey Taylor, as saying: "Yes, there are people asking to come back. I don't believe now that the strike will go on much longer."

The paper says Mr Brendan Nee, National Union of Public Employees area officer, denies the workers are losing heart.

South West

Wessex WA obtained a Court Order for men occupying the Taunton Sewage Works to appear before a High Court Judge, but the men had already left. A shop steward threatens to leave the union because of the men's action. At Swindon Sewage Works a sit-in was ended by a NUPE official.

Strikers at Cirencester worked for three hours in heavy snow to restore supplies to eight pensioners at Weston-Subedge.

After management plugged a pipeline leak, Severn Trent waterworkers decided to withdraw emergency cover at the weekends. CBI warns that West* jobs could be lost because their British customers would order from abroad rather than wait even one week.

Midlands

Derby Evening Telegraph reported on Saturday Industry Secretary Patrick Jenkin's "fierce" attack on striking waterworkers. It is nothing short of outrageous that people who are being paid £140 a week and could earn £145 just by going back to work now should be depriving whole communities of the essentials of life in order to get more."

Leamington Spa Courier in a leader said the strike was enough to make consumers put some thick heads (from both sides) under the cold tap. Trouble is they can't spare the water.

North West

A quiet weekend in the North West amid rising hopes of an inquiry being set up which could end the strike.

The chairman of the North West Water Authority, George Mann, made several local radio broadcasts hammering home the employer's case. So far there has been no response reported to the individual letters sent to watermen by the Authority.

Press comment is scarce and most front pages of regional evening newspapers fail to carry any waterstrike stories.

The Chester Chronicle reports first signs of a crack in the watermen's solidarity. It quotes an unnamed NUPE striker as declaring the men are not worth what they are claiming. He admits to working only 25 of his 36 hours a week. He also claims many men joined the strike because they fear repercussions from the unions when it is finally settled.

S E C R E T

Mr. John Mackay, SO
Mr. Giles Shaw, D/E
BI



10 DOWNING STREET

SUBJECT
c.c. Mr. Goodall, CO
Mr. Gregson, CO
Mr. Harrop, D/E
NIO
CO
HO
MOD
D/M
WO
CST

cc Master
4

From the Private Secretary

14 February 1983

Dear David,

The Prime Minister held a meeting at 9.30 a.m. today to discuss the water workers' strike. Those present were the Home Secretary, the Secretaries of State for Defence, Employment, the Environment, Wales and the Chief Secretary to the Treasury, Mr. John Mackay (Scottish Office), Mr. Giles Shaw, Messrs. Harrop, Gregson and Goodall, and Bernard Ingham,

Your Secretary of State said that the daily rate at which properties were losing piped water supplies had accelerated - the total without piped water was now 55,000 (of which 9,000 were in Wales), which was 17,000 more than Thursday last week. Some 7.6 million people had now been advised to boil water as a precaution. These figures did not reveal the level of reconnections or resumption of chlorination which had been achieved in some areas. The National Water Council (NWC) had been considering whether or not to issue a national invitation to the manual workforce for a return to work, but had agreed not to do so in advance of the emergency debate today. There were signs that other water unions, in particular those representing craftsmen, would instruct their members not to cross water workers' picket lines. It now seemed more likely that the local government manual workers' unions might today announce that their members had rejected a 4.5 per cent pay offer. There was a danger that the water unions would regard such developments as a strengthening of their cause. There had been little movement in the negotiations during the weekend but there was now much speculation that a court or committee of inquiry would be set up in the near future, and not necessarily on condition that its findings would be binding on both sides. It remained therefore essential for the employers and Government to stand firm on the need for existing agreements to be honoured and this was the line he proposed to take in the emergency debate this afternoon.

During discussion there was concern that a sudden deterioration in either water supplies or sewage services in one or more areas of the country might oblige the Government to act quickly to keep these services going. The Civil Contingencies Unit (CCU) should examine once again the existing arrangements, and should

/look again

look again at the circumstances in which a state of emergency might be required. Any public call for striking workers to return to work might best be made, at least initially, by individual water authorities in whose areas there was likely to be a favourable response; and after the craftsmen's decision. The best approach for the Government would continue to be insistence on the need for existing agreements to be observed and that any further agreement, e.g. to the appointment and terms of reference for an arbitrator or any other agreed tribunal should be endorsed in writing by both sides to the effect that they would be willing to accept any award made. At the same time a demand that the strike should be called off whilst the arbitration process was carried out could be regarded as a test of the good faith of the union leadership, who would have no case for refusing the demand if they genuinely intended to accept the award.

Summing up the discussion, the Prime Minister said there was a danger of the situation drifting out of control and the emergency debate, which had not been sought by the Government, should be used to point to the necessity that agreements between employers and unions be honoured, and that the existing water industry National Joint Industrial Council constitution, reinforced by the agreement reached at the Advisory Conciliation and Arbitration Service on 21 January, laid down that arbitration, the result of which was to be accepted by both sides, was a final step in procedure which was yet to be taken. She was strongly opposed to any suggestion that a practising Judge might be appointed arbitrator; and, if a committee of inquiry were to be set up, the aim should be to make the mediator's report its starting point, and to avoid an inquiry with wide scope. The CCU should look again at the contingency arrangements for maintaining water supplies and sewage services and the possible declaration of a state of emergency with a view to ensuring that all possible preparations were in hand. It would also be necessary to clarify the legal basis of the statutory duties laid on water authorities to provide water and sewage services, with a view to preparing the ground for wider use of private contractors by water authorities to keep the system going. The next meeting would be on Tuesday 15 February at 8.30 a.m., to which the Attorney General should be invited if he was available.

I am sending copies of this letter to the private secretaries of those Ministers present, to John Lyon (Northern Ireland Office), to Messrs. Harrop, Goodall and Gregson, and to Richard Hatfield (Cabinet Office). I should be grateful if they would ensure that it is given the minimum necessary circulation.

Yours sincerely,

Michael Scholten

David Edmonds, Esq.,
Department of the Environment.

SECRET

D/E

The Prime Minister held a meeting at 9.30 am today to discuss the water workers' strike. Those present were the Home Secretary the Secretaries of State for Defence, Employment, the Environment, Wales and the Chief Secretary to the Treasury, Mr John Mackay (Scottish Office), Mr Giles Shaw, Messrs Harrop, Gregson and Goodall and Bernard Ingham.

Your Secretary of State said that the daily rate at which properties were losing piped water supplies had accelerated - the total ^{without piped water -} now was 155,000 (of which 9,000 were in Wales), which was 17,000 more than Thursday last week. Some 7.6 million people had now been advised to boil water as a precaution. These figures did not reveal the level of reconnections or resumption of chlorination which had been achieved in some areas. The National Water Council (NWC) had ^{been} considered ^{ing} over the weekend whether or not to issue a national invitation to the manual workforce for a return to work, but had agreed not to do so in advance of the emergency debate today. There were ~~some~~ signs of ^{that} other ^{water} unions, ^{in particular those representing craftsmen, would} being prepared to instruct their members not to cross water workers' picket lines, which could mean that those craftsmen currently working would stop doing so. There was also ^{It now seemed more likely} concern that the local government manual workers' unions might today announce that their members had rejected a 4.5 per cent pay offer. There was a danger that the water unions would regard such developments as a ~~welcome~~ strengthening of their cause, and make it that much more difficult to arrive at a settlement on acceptable terms. There had ^{been} ~~no moves~~ ^{with movement} in the negotiations during the weekend but there was ^{now} much speculation ^{or Committee} in this morning's newspapers that a court of enquiry would be set up in the near future, and not necessarily on condition that its findings would be binding on both sides. It remained therefore essential for the employers and Government to stand firm on the need for existing agreements to be honoured and this was the line he proposed to take in the emergency debate this afternoon.

SECRET

During discussion ~~it became clear that~~ there was concern that a sudden deterioration in either water supplies or sewage services in one or more areas of the country might ^{oblige} ~~lead to a need for~~ the Government to act quickly to keep these services going. The Civil Contingencies Unit (CCU) should examine once again the existing arrangements, with a view to ^{as} ~~reassuring Ministers that such~~ action could be taken quickly and effectively, if necessary. ^{and} ~~The CCU should~~ Also look again at the circumstances in which a state of emergency might be required. ~~It was considered that~~ Any public calls for striking workers to return to work might best be made, at least initially, by ^{individual} those water authorities in whose areas there was likely to be a ^{favourable} large scale response; ~~Any such call that proved to be ineffective would risk giving those unions who might be considering instructing their members not to cross picket lines a good excuse for doing so and blaming the employers - therefore it would be essential to get the timing right and the Secretary of State for the Environment's advice should be sought by the NWC before any call of this kind was made.~~ The best approach for the Government would continue to be insistence on the need for existing agreements to be observed and that any further agreement, eg to the appointment and terms of reference for an arbitrator or any other agreed tribunal should be endorsed in writing by both sides to the effect that they would be willing to accept ^{any} ~~the~~ ^{made} award. At the same time a demand that the strike should be called off whilst the arbitration process was carried out could be regarded as a test of the good faith of the union leadership, who would have no case for refusing the demand if they genuinely intended to accept the award. ~~In the meantime efforts should be made to dampen media speculation about a court of enquiry as earlier experiences had indicated that arbitration would be, in practice, the only satisfactory way to settle the dispute; and the problems that could follow prematurely. ~~These~~ ~~hopes~~ ~~were~~ ~~well~~ ~~known.~~~~

3 and after the craftsmen's decisions

Summing up the discussion the Prime Minister said there was a danger of the situation drifting out of ~~the employers' or Government~~ control and the emergency debate, which had not been sought by the Government, should be used to ^{point to} ~~re-emphasise~~ the need ^{necessity for that} to agreements between employers and unions ~~to~~ be ^{honoured,} properly observed and to ~~point out~~ that the existing water industry National Joint Industrial Council constitution, reinforced by the agreement reached at the Advisory Conciliation and Arbitration Service on 21 January, ^{had laid down that} arbitration, the results of which was to be accepted by both sides, ^{and was} as a final step in ~~the dispute's~~ procedure which was yet to be taken. Meanwhile the CCU should look again at the contingency arrangements for maintaining water supplies and sewage services and the possible declaration of a state of emergency with a view to ensuring that all possible preparations were in hand. It would also be necessary to clarify the legal basis of the statutory duties laid on water authorities to provide water and sewerage services. The next meeting would be on Tuesday 15 February at 8.30 am, to which the Attorney General should be invited if he was available.

I am sending copies of this letter to the private secretaries of those Ministers present, to John Lyon (Northern Ireland Office); to Messrs Harrop, Goodall and Gregson; and to Richard Hatfield (Cabinet Office). I should be grateful if they would ensure that it is given the minimum necessary circulation.

She was strongly opposed to any suggestion that a presiding judge might be appointed arbitrator; and also that, if a committee of enquiry were to be set up, the aim should be to ~~draft its~~ ^{base its} make terms of reference in relation to the mediation its starting point report, and to avoid an enquiry with wide scope

, with a view to preparing the ground for a wider use of private contractors by water authorities to keep the system going.

PRIME MINISTER

cc Mr Ingham
Mr Mount

WATER STRIKE MEETING, 15 FEBRUARY

(i) Situation Report (Mr King and Mr Edwards)

I think you will want to cover:

- (a) Properties on standpipes, and numbers advised to boil. (A substantial increase in the Thames Area as leaking mains are turned off.)
- (b) Occupations of water authority premises;
- (c) What might be the impact of an EEPTU/AUEW decision to advise craftsmen not to cross picket lines, which is likely to be the case from next Sunday.
- (d) Implications of the decision of local authority manuals to reject their 4½% pay offer. (The GMWU and TGWU, who together command 21 out of 30 votes on the union side of LACSAB, voted against; NUPE voted by 2-1 to accept, but command only 9 votes. The unions have asked for an early meeting with LACSAB and will no doubt seek an increased offer: we do not know whether they are inclined to co-ordinate industrial action with the water workers.)

(ii) The Negotiations (Mr King and Mr Tebbit)

You will want a progress report on:

- (a) The search for a formula which would make binding the outcome of any further arbitration/inquiry. (Opening yesterday's debate - in which both Mr Kaufman and Mr King made low key and generally conciliatory speeches, stressing the opportunities for resolving the dispute -

Mr Kaufman said that having spoken to "all the parties" he had reason to suppose that the unions were willing to go to a Committee of Inquiry "without preconditions", and that they had given "assurances committing themselves to resolution of the dispute by this process".)

(b) Possible names for the arbitrator or Chairman; and

(c) Terms of reference, and the extent to which they can be rooted in the Buchanan report.

(iii) Current Issues

You may want to discuss:

(a) Your concern about the legal position. Mr King can report his legal advice on the use of contractors and the statutory position of the water authorities;

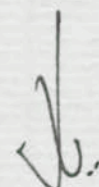
(b) Mr Tebbit's proposal that selected RWA's be encouraged to invite employees to return to work. When will be the right moment? What are the implications for the closed shop agreement? What would be regarded as a successful response and how can we be sure of it? Would a management ballot help? Is this a good moment for the employers to break an agreement?

(iv) CCU Activity

(v) Presentation (Mr Ingham)

(a) Assessment of Monday's events, notably the debate;

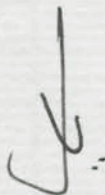
(b) Line to take with the Lobby, and at Question Time.


14 February 1983

MR BUTLER ✓
MR SCHOLAR
MR INGHAM
MR MOUNT

THE WATER STRIKE

I have put together the attached chronology of events and folder of basic documents, which those of us dealing with the water strike may find it convenient to keep handy. I will bring it all up to date at intervals.

A handwritten signature in black ink, appearing to be 'J.' with a small dot at the end.

^{Feb}
11 November 1983

THE 1982/83 WATER STRIKE

Reference Documents

CHRONOLOGY

1. Extract from 8 December 1981 NJIC Collateral Agreement.
2. Fact Sheets: pay, numbers, rates.
3. Extract from the NJIC Closed Shop Agreement: health and public safety.
4. Extract of the NJIC Handbook on Wages & Conditions: Arbitration.
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9. Estimate of average earnings effect of the 6 February offer.
10. ACAS 9 February Statement.
11. ACAS 15 February Statement on the Committee of Inquiry.

THE 1982/83 WATER STRIKE

Not quite
duplicates!

CHRONOLOGY

1981

8 December

NJIC: union negotiators unanimously recommend pay offer for 1981/82 equivalent to 8.8% on average earnings. Agreement on joint study of water workers' earnings.

1982

7 January

Outcome of union consultation: GMWU and NUAAW narrowly vote to accept, NUPE and TGWV decisively reject, but 10-9 for acceptance on union panel.

15 January

NJIC offer formally accepted.

1 July

Informal meeting: unions gave notice of 1982/83 claim for a special 15% comparability increase.

21 September

NJIC: claims formally tabled: upper quartile equivalence, 1 week's extra holiday, 38 hour working week. Employers offer to respond on 11 November.

18 October

Unions call one day strike: total support in England and Wales, sympathetic action in Scotland and Northern Ireland.

Late October

Combined Employers' Meeting decides to offer 6% plus arbitration.

11 November am

Mr King tells employers that to open above 4% would be "completely unacceptable" because of NHS dispute.

11 November pm

NJIC: 4% on basic rates plus arbitration offered: both rejected. Unions decide to recommend to their executives consultation on an all-out strike.

6 December

Mr King meets employers again. Employers say increased offer necessary before arbitration possible. Mr King agrees they can go to 4½%.

7 December

Unions decide to "ballot" members.

1983

7 January

"Ballot" result announced: massive majority to authorise industrial action.

12 January

Informal meeting between employers and unions. No increase in the offer.

18 January

Unions' ban on overtime working and certain stand-by and call-out duties begins.

21-23 January First round of ACAS discussions under Buchanan's Chairmanship. Increased Offer of 5½% on basic rates rejected. Unions, employers and ACAS all sign procedure agreement leading to binding arbitration. Buchanan appointed as mediator, and makes non-binding recommendation of 7.3% over 16 months.

24 January Employers formally table Buchanan recommendations. Unions seek further clarification of prospects for increased earnings. All-out strike begins.

25 January Unions reject offer; employers refuse to increase it.

26-29 January Unions consult members and conclude there is overwhelming support for rejection of Buchanan and continuation of strike.

31 January-1 February ACAS talks inconclusively to both sides, separately.

3 February Hill announces (on World at One) that "a minimum of £5-£10" is available under paragraph 8 (increased earnings opportunities through productivity) of Buchanan.

4 February Mr King, on same programme, tries to lower expectations.

6 February Second round of ACAS discussions. Increased offer on productivity, but not on basic rates. Talks break down with unions saying they were "conned".

7 February Employers formally request ACAS to arrange binding arbitration. Unions refuse to co-operate because binding.

8 February NWC spokesman says they made a mistake and offer is worth 8.5% to 64% of the work force.

9 February ACAS talks separately to Employers and Unions. Unions refuse binding arbitration. ACAS proposes non-binding inquiry, which is refused by employers. ACAS issues statement.

14 February House of Commons Debate.

14-15 February Further ACAS talks, followed by ACAS statement on the Committee of Inquiry.

THE 1982/83 WATER STRIKE

CHRONOLOGY

1981

8 December

NJIC: Union negotiators unanimously recommend pay offer for 1981/82 equivalent to 8.8% on average earnings. Agreement on joint study of water workers' earnings.

1982

7 January

Outcome of union consultation: GMWU and NUAAW narrowly vote to accept, NUPE and TGWV decisively reject, but 10-9 for acceptance on union panel.

15 January

NJIC offer formally accepted.

June

Unions gave notice of 1982/83 claim for a special 15% comparability increase.

21 September

NJIC: claims formally tabled: upper quartile equivalence, 1 week's extra holiday, 38 hour working week. Employers offer to respond on 11 November.

18 October

Unions call one day strike: total support in England and Wales, sympathetic action in Scotland and Northern Ireland.

Late October

Combined Employers' Meeting decides to offer 6% plus arbitration.

11 November am

Mr King tells employers that to open above 4% would be "completely unacceptable" because of NHS dispute.

11 November pm

NJIC: 4% on basic rates plus arbitration offered: both rejected. Unions decide to recommend to their executives consultation on an all-out strike.

6 December

Mr King meets employers again. Employers say increased offer necessary before arbitration possible. Mr King agrees they can go to 4½%.

1983

12 January

Informal meeting between employers and unions. No increase in the offer.

19 January

Unions' ban on overtime working and certain stand-by and call-out duties begins.

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4 February

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6 February

Second round of ACAS discussions. Increased offer on productivity, but not on basic rates. Talks breakdown with unions saying they were "conned". Employers request ACAS to arrange binding arbitration.

8 February

NWC spokesman says they made a mistake and offer is worth 8.5% to 64% of the work force.

9 February

ACAS talks separately to Employers and Unions. Unions refuse binding arbitration. ACAS proposes non-binding inquiry, which is refused by employers. ACAS issues statement.

EXTRACT FROM THE COLLATERAL AGREEMENT REACHED
AT THE 8 DECEMBER 1981 NJIC MEETING

"Careful consideration would be given to the representations made by the Trade Union side on the position of NJIC employees in relation to the earnings of manual workers in the economy generally, on the clear understanding that the employers would wish to ensure that corresponding benefits of equivalent value were obtained for management and customers. The consideration of the trade union proposals would be without commitment and would be considered outside pay negotiations."

CONFIDENTIAL

WATER MANUALS PAY - FACT SHEET

Numbers: 29,000; Operative date: 5 December; Unions: GMIU, TGIU, NUPE

Claim (submitted 21 September)

Upper quartile equivalence (15%) and annual increase (about 20% in total); 1 week extra holiday; reduction 1 hour in working week (to 38).

Offer

No commitment to upper quartile; 4% and arbitration; no reduction in working week; minimal holiday offer.

Current pay situation.

They are NOT a low paid group. Their earnings equate with the national average.

<u>Pay rates (4 grades):</u>	£78 - £81 - £83 - £85
<u>Average earnings:</u>	£119 - £126 - £142 - £154
<u>Overall average earnings:</u>	£134 (cf national average £134)
<u>% at upper quartile level (£154):</u>	approx 25%
<u>% at low pay threshold (£90-100):</u>	approx 7% full time.

Recent settlements. (Estimated earnings effect). Their annual settlements in percentage earnings terms have been better over the last 3 years than those with whom they wish to compare and significantly better than LG.

	<u>Water</u>	<u>LG</u>	<u>Coal</u>	<u>Gas</u>	<u>Electricity</u>
1979/80	21.4% (i)	13%	17%	18%	19(+)%
1980/81	12.3%(ii)	7.5%	9.7%	12.6%	12.5%
1981/82	8.8%	6.9%	7.4%	7.9%	7.4%

- (i) includes comparability settlement (LG comparability award in 1978/79);
- (ii) employers were discouraged from going to arbitration at 10%;
- (iii) gas/electricity incorporate 50% craftsmen; water craftsmen negotiate separately;
- (iv) gas/electricity settlements tend to have hangover effects which increase earnings during the year.

Comparisons

- a. Gas/electricity/miners (surface) average earnings £154.

- b. Local authority manuals on agency sewerage work (vast bulk of the work). LA manuals are about 10% behind on rates but earnings differential is small.

Low pay

Not a significant issue - less than 7% full timers at or below low pay threshold, and only 1356 part timers and 500 juniors whose low pay packets might be expected.

Job content

Dangerous jobs are confined to sewerage construction and maintenance most of which is carried out by LA manuals. Otherwise mainly routine manual work of no special significance.

Earlier informal discussions on relative position of manuals earnings.

Employers did not accept unions case for upper quartile equivalence. They offered to consider 'step by step' and 'something for something' proposals - to guarantee services and protect consumers in event of industrial action (and secret ballots); change of settlement date to April; an enabling clause to allow flexible working where required; and 'cashless' pay.

WATER PAY AND STRIKE

FACT SHEET

Q1. Number of workers in the industry in England, Wales and Northern Ireland (together), also Scotland (separate) in:-

A.	<u>England, Wales & N Ireland</u>	<u>Scotland</u>
a. 1975	61,634	Not available
b. May 1979	66,482	6725
c. Dec 1982	61,863	Not available

Q2. Average wage in:-

A. a.	April 1975	£61.80
b.	May 1979	£88.70
c.	April 1982	£136.90

Offer would take this to £147.60 (7.8%)- a real increase from May '79 of 10.1%.

RPI rise April 1975 - April 1982 - 148%
 April 1975 - December 1982 - 152%
 May 1979 - December 1982

Q3. Number of people earning at the upper quartile what the upper quartile level is:-

A. Approx 25% of workers (7,300) have earnings above £150 and are therefore close to or above the upper quartile (£154.60 at April 1982)

Q4. Average pay for local authorities sewerage workers

A. Local Authorities manual SCWU workers average weekly earnings:

Precise information is not available but the average for the groups in which sewer men will be above the average is:-

Skilled sewer man £114 (present offer (4½%) to £118)
 Specialists sewer men £124 (present offer (4½%) to £130)

NB LACSAB are most anxious that comparisons should not be made which could prejudice the current consultations on the local government 4½% offer.

Q5. Average Water Rates (England and Wales only)

Average domestic bill for all water services provided by water authorities

<u>Financial year</u>	<u>Effective from</u>	<u>Average Bill</u>	(82/83) Prices
		£	£
1975/76	April 1975	27.44	65.18
1979/80	April 1979	41.98	60.23
1982/83	April 1982	66.94	56.94

Q6. Total cost of the mediators' recommendations and total cost union claims

A SEE ATTACHED SHEET (p's b(i) and b(ii))

Q7. Total Pay Bill: Total employer costs of directly employed water authorities staff (England and Wales only)

<u>Financial Year</u>	<u>Effective Year</u>	£	(82/83) Prices
			£
1975/76	April 1975	198m	470m
1979/80	April 1979	366m	525m
1982/83	April 1982	537m (Estimated Outturn)	537m

Q8. Total expenditure by Water Authorities (England and Wales only)

	Revenue Expenditure		Capital Expenditure	
	Cash £	Real Terms 82/83 prices †	Cash £	Real Terms
1975/76	805m	1912m	484m	1016m
1979/80	1522m	2184m	539m	699m
1982/83	2130m*	2130m*	669m*	669m

* Estimated Outturns

Parliamentary

PRIME MINISTER'S QUESTIONS - WATER STRIKE

a. Union membership, NJIC employees

Precise numbers are not available.

NWC estimate

	%	Numbers
GMBATU	66	19,000
NUPE	30	8,700
TGWU	4	1,300
		<hr/>
		29,000.
		<hr/>

b. Wagebill costs

i) Cost of mediator's recommendations

7.6

£
14.2

ii) Cost of claim

Earnings 14.2
Extra Holiday 2.7
Reduction in working week 3.0
(39-38 hours)

19.9% \approx 37.2
20% total. (approx)

R BROWNING
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212-3939

31 January 1983

WOODROW WYATT'S FIGURES (SUNDAY MIRROR, 6 FEBRUARY)

Woodrow Wyatt said

"A 7.3 per cent rise over sixteen months is available to the manual water workers. It would give them gross average weekly earnings of £154.

This would compare with £160.50 for manual gas workers and £154.50 for electricity workers."

These gas and electricity figures are to be found in Table 4 of Part A of the 1982 New Earnings Survey. But -

(i) The NES describes the position at 1 April 1982, when the 1982 gas and electricity settlements were not known; the gas and electricity figures are therefore for the previous pay round;

(ii) The £154 a week for water workers is derived by adding 7.3% on to the £143.5 that appears in the NES: it is therefore for the subsequent pay round.

So the figures are two pay rounds apart. Put on a comparable basis, before this pay round begun, the figures are:

Gas	£173
Electricity	£166
Water	£143.5

The water figure in Table 4 of the NES is for all full time male manual workers: it includes some craftsmen and that is why it is higher than the £136.90 a week for all non-craftsmen, ie those on strike.

EXTRACT FROM THE NJIC CLOSED SHOP AGREEMENT

"The water service is essential to the public and it is agreed by both sides that every effort shall be made to avoid any industrial action which would prejudice public health and public safety and to ensure that in the event of industrial action every effort should be made to avoid harm to the health of the consumers."

EXTRACT FROM:-

HANDBOOK OF WAGES AND CONDITIONS OF SERVICE
NATIONAL JOINT INDUSTRIAL COUNCIL FOR THE WATER SERVICE

12. ARBITRATION

"In case the Joint Council is unable to determine any matter falling within the scope of its functions it shall, at the request of a majority either of the Employers' Side or the Trade Unions Side, refer the difference to the Advisory Conciliation and Arbitration Service or to any other agreed tribunal for arbitration, and any award made in relation to the difference shall be accepted by the two Sides and shall be treated as though it were an agreement between the two Sides."

PRIME MINISTER

Engagements

Q1. Mr. Teddy Taylor asked the Prime Minister if she will list her official engagements for Thursday 20 January.

The Prime Minister (Mrs. Margaret Thatcher): This morning I presided at a meeting of the Cabinet and had meetings with ministerial colleagues and others. In addition to my duties in this House I shall be having further meetings, including one with Afghans who are resisting the Soviet occupation. Later today I shall be leaving for an official visit to Yorkshire.

Mr. Taylor: Between those important meetings, will my right hon. Friend have time to consider the implications of strikes in essential monopoly public services, such as the Health Service and the water, gas and electricity industries, where disruption can cause serious health hazards and possible danger to life? Will she consider setting up a Royal Commission, or some other body, to draw up revised and fair terms and conditions of employment that would preclude the right to strike, such as we have for the police and armed services?

The Prime Minister: I note my hon. Friend's remarks about a Royal Commission, but "no strike" agreements

tend to be expensive. My hon. Friend mentioned the water industry. There is an agreement in that industry to solve disputes through arbitration, which is binding upon both sides. I understand that the employers and unions are negotiating through ACAS. I hope that the negotiations will be successful and that the threat to strike will be withdrawn.

Mr. Foot: The position in the water industry, with possible strike action, is serious. Will the Prime Minister, as a Government, do everything possible to ensure that the discussions at ACAS are allowed to succeed? Will she, as a Government, ensure that no steps are taken that would injure the possibility of successful negotiations? The unions have wanted that from the beginning, and they want it now. They want fair treatment from the Government.

The Prime Minister: The right hon. Gentleman knows that there is a threat to strike. I understand that that is in breach of the agreement, which is to resolve disputes through arbitration. I join with him in hoping that the discussions through ACAS will be successful.

Mr. Foot: I would not invite the right hon. Lady to say anything that would make a settlement more difficult—I would not wish to do so. I am sure that she will understand that there have been ballots throughout the industry. There is strong support among its workers, who feel that the proper negotiating machinery has been interfered with and that the Government have intervened. Will she encourage the discussions at ACAS to succeed through genuine negotiation? I am sure that a settlement could be reached on that basis.

The Prime Minister: I have already wished the negotiations well, and I repeat that.

Water Industry (Dispute)

3.31 pm

The Secretary of State for the Environment (Mr. Tom King): With permission, Mr. Speaker, I shall make a statement about the industrial action in the water industry.

The House will be aware that from last Monday night the unions representing manual workers in the water industry imposed an immediate ban on overtime and call out for emergencies. They also announced that with effect from midnight last night there would be a national strike.

The latest reports show that there have been some adverse consequences arising from last week's industrial action, which have affected normal water supplies in a number of local areas. Where it has not been possible to repair burst pipes, a supply has been maintained by stand-pipes or tankering as appropriate.

In the south-west, Manchester and parts of Wales, the water authority has advised the public, as a precaution, to boil any water to be used for drinking or cooking. Reports at midday today show that about 2,000 properties are without their normal supply. Water authorities have dealt this morning with bursts in major water mains in Eltham in south London and in the centre of Coventry. No major pollution has been reported.

My Department is in close touch with the reports from the water authorities, which are seeking to maintain adequate services to their customers. As I informed the House last Tuesday, contingency steps have been taken by the Government in the event of water undertakers asking for assistance to maintain essential services.

The House will be aware that intensive discussions have been taking place under the auspices of ACAS in an attempt to resolve this serious dispute. On Friday agreement was reached on a procedure involving negotiations under an independent chairman appointed by ACAS. It was agreed also that his powers should further extend to those of a mediator so that he could recommend terms for a satisfactory settlement. The talks began on Saturday morning. At that stage the employers increased their offer. It was rejected. After further discussions the independent chairman, acting then in his role as mediator, made recommendations for a settlement. The main recommendation was for an increase of 7.3 per cent. over 16 months plus a further 0.5 per cent. from an increase in the five-year service supplement. The employers have said that these recommendations are broadly acceptable.

I understand that the trade union side of the National Joint Industrial Council is meeting this afternoon to consider these recommendations, and that the full NJIC will meet this evening. I hope that it will be possible for agreement to be reached at this evening's meeting and thus to end, at the earliest moment, the industrial action in the water industry, which could otherwise have increasingly serious consequences all over the country.

PRIME MINISTER

Engagements

Q1. Mr. Tony Speller asked the Prime Minister if she will list her official engagements for Thursday 27 January.

The Prime Minister (Mrs. Margaret Thatcher): This morning I presided at a meeting of the Cabinet and had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall be having further meetings later today.

Mr. Speller: To minimise the health hazard through broken pipes in the water supply, will my right hon. Friend agree that, where the strikers have refused to do such repairs, they should be put out to private contract?

The Prime Minister: Private contractors are certainly one option, but I think it would be far better if the unions were to end this unjustified strike, especially bearing in mind that they have been offered on average £145 a week by an independent mediator to whose appointment they agreed. Most people will feel that with that on offer, it is totally unjustified to put the elderly, children and everyone else in great difficulty with water supplies.

Mr. Radice: Will the right hon. Lady take time off today to tell her Secretary of State for Employment to stop his ill-informed and frivolous intervention in the democratic machinery of my union, the General and Municipal Workers Union? Is she aware that the rule on ballots quoted by the Secretary of State refers to branch action that does not yet have the endorsement of the national executive? Is she aware that the executive

introduced a ballot in which 80 per cent. of the members participated and that what is normally a responsible body of men voted 3:1 in favour of a strike? Is it not time that the Government stopped playing party politics with the water dispute and got genuine negotiations going?

The Prime Minister: I support my right hon. Friend the Secretary of State for Employment in what he said. I understand that the hon. Member for Chester-le-Street (Mr. Radice) might be an official of that union. I am not sure, because he did not say so.

Mr. Radice: On a point of order, Mr. Speaker.

Mr. Speaker: Order. I shall take the hon. Gentleman's point of order now, but he has only to wait a moment until the Prime Minister sits down, when I shall call him to make his point of order.

The Prime Minister: The hon. Gentleman knows that the unions agreed to the appointment of the mediator. He has now pronounced what he is prepared to recommend which amounts on average to £145 a week. That is an average. Some water workers will get more and, of course, some will get less. That average offer of £145 a week was made by the mediator whose appointment the unions agreed. Under those circumstances, I hope that the hon. Gentleman will agree that this strike and its continuation is unjustified.

Mr. Radice: On a point of order, Mr. Speaker. I said quite plainly that I was a member of the General and Municipal Workers Union. I said that it was my union.

PRIME MINISTER

Engagements

Q1. Mr. Silvester asked the Prime Minister if she will list her official engagements for 1 February.

The Prime Minister (Mrs. Margaret Thatcher): This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall be having further meetings later today.

Mr. Silvester: Will my right hon. Friend today urge the water workers, when they come to consider whether to call off their strike, to remember that their present action is putting at risk the jobs of many other workers who have settled for pay settlements well below that currently on offer?

The Prime Minister: I agree with my hon. Friend that there are many people with less secure jobs who would envy the offer that has already been made to the water workers and there are many, many, unemployed people who would like to have similar pay to that which has been offered to the water workers—£145 to £146 a week. As that offer was made as a result of mediation I hope that the water workers will soon take wiser counsel than they have previously, and return to work. I notice that a MORI poll has just come out which shows that 75 per cent. of the population believes that the water workers should accept the offer that has been made.

Mr. Mates: Is my right hon. Friend aware that some water workers in my constituency came to see me on Saturday—[HON. MEMBERS: "What a drip".]—to complain about the so-called democratic process within their union? Is she further aware that they told me that they were prevented from taking part in the second ballot because they could not get to their places of work due to the pickets? The only workers who voted in the second ballot were those who were on the pickets, who are, by definition, against the offer. As this makes nonsense of the water workers' claim to have a 4:1 majority in favour of continuing the strike, will she take urgent steps to introduce proper, democratic processes?

The Prime Minister: As my hon. Friend knows, my right hon. Friend the Secretary of State for the Environment put out a discussion document on these matters. I hope that the water workers will consider the offer that has been made through mediation. In May 1979 the average pay of the water worker was £88.70. Before the dispute started, the average was £136.90. They have

now been offered £146 on average. That is an increase of 64 per cent. since May 1979, when the retail price index has gone up by only 52 per cent.

Mr. Bidwell: Does the right hon. Lady understand that her remarks in this Chamber on the water industry dispute have been exceedingly unhelpful? Taking examples of average earnings is always dodgy, especially if related to the Members of the House. With regard to the right hon. Lady's remarks last Thursday, may I point out that the report of a mediator connected with ACAS is not holy writ, as evidenced by the recent decision of the Department of Defence when the Government turned down a mediator's proposal in the dispute with the Transport and General Workers Union?

The Prime Minister: I am sorry that the facts get in the hon. Gentleman's way, as that is virtually all that I have given him in connection with this dispute.

The hon. Gentleman knows that the agreement between the employers and the employees is that the dispute, if such there be, should go to arbitration before there is industrial action. With regard to this dispute, the water workers wanted mediation and the employers agreed to it. The water workers agreed the name of the mediator, as did the employers. The mediator pronounced, and the employers accepted his decision. We are now awaiting the decision of the water workers.

Water Industry (Dispute)

course is unacceptable, the terms of the national agreement regarding arbitration should be followed. The way is there. It must be taken.

3.32 pm

The Secretary of State for the Environment (Mr. Tom King): With permission, Mr. Speaker, I shall make a statement about the industrial action in the water industry.

Since my statement last Monday there has been some increase in the number of people advised to boil water, as a precaution. This figure is now approximately 5.5 million. About 20,000 properties are without their mains water supply, but arrangements have been or are being made to provide supplies from standpipes or tankers. Some properties that had lost supplies have been reconnected.

The quality of effluent from some sewage treatment works has deteriorated but so far without serious effect on rivers. No significant pollution incidents have been reported. I am glad to tell the House that so far it has been possible to avoid or avert risks to public health.

In my previous statement, I expressed the hope that agreement would be reached that day at a meeting of the Water Industry National Joint Industrial Council.

I remind the house that both parties to the dispute had already agreed a procedure with ACAS for reaching a settlement, involving negotiations under an independent chairman, mediation by the chairman and, in the last resort, arbitration. An independent mediator was appointed by ACAS. He made a number of specific recommendations, which were subsequently accepted by the employers. They, therefore, made a further offer, reflecting his recommendations.

The employers offered an increase of 7.3 per cent. to run for 16 months from 5 December 1982 together with an increase in the service supplement for manual employees with more than five years service. The mediator, in paragraph 8 of his report, suggested further talks about increased earnings opportunities through bonus schemes and greater efficiency.

I have placed in the Library copies of the agreed procedure, together with the mediator's report.

Although the unions specifically requested mediation and agreed the mediator's terms of reference, they rejected the employers' offer based on his recommendations. On Saturday they announced the continuation of strike action, without any reference to the agreed procedure for the resolution of this dispute, which, as a last resort, provides for arbitration.

ACAS met the employers side yesterday. There have been further discussions today. I understand that ACAS is seeing the unions this evening.

The House will hope that the efforts of ACAS will enable this damaging dispute to be brought to the earliest possible conclusion. In the meantime, I know that the House will be anxious to see that the emergency cover continues to be provided and that hardship and distress are not caused. Whatever the dispute, there cannot be any justification for actions which hurt those least able to help themselves.

There are clearly two main options to achieve an end to the dispute and an immediate return to work. Either the mediator's recommendation of urgent discussions on the various ways in which the earnings opportunities of water workers can be improved is pursued further or, if this

Water Industry (Dispute)

4 pm

The Secretary of State for the Environment (Mr. Tom King): With permission, Mr. Speaker, I would like to make a further statement to the House about the water industry dispute.

Since my statement on Tuesday, there has been a further increase in the number of people advised to boil water as a precaution. The figure is now 6.75 million. Approximately 23,000 properties are now without any water supply, but arrangements have been made, or are being made, for alternative supplies. There has been some further reconnection of properties to the mains supply. The quality of effluent from more sewage treatment works has deteriorated, but there has been no serious effect on rivers and no significant pollution incidents have been reported.

In my statement on Tuesday I informed the House that there had been further discussions between ACAS and the employers and that ACAS was to see the unions in the evening. Following those talks the employers confirmed that they were ready and willing to have immediate negotiations about higher earnings in relation to improved productivity under the terms recommended by the mediator in paragraph 8 of his report. I understand that the unions have not accepted this proposal and that industrial action is, therefore, continuing.

I believe that there is no longer any justification for the continuation of this industrial action which is causing such inconvenience and distress to those affected by it. The offer to the water workers of an increase on average of £10 per week, together with the prospect of a significant increase in earnings in return for productivity, is by any standards this year, a very fair offer indeed.

There should be an immediate end to industrial action and the unions should decide which of the two options that I outlined to the House on Tuesday they will pursue. They can either accept the employers' offer to negotiate as a matter of urgency on the issue of higher earnings for productivity as recommended by the mediator, or, if they are unable to accept that, the agreement reached through ACAS must be honoured and the terms of the national agreement requiring arbitration followed. Either way, it is possible for the industry to resume its full responsibilities and services to the public at the earliest possible moment. That is now what must be done.

Water Industry (Dispute)

4 pm

The Secretary of State for the Environment (Mr. Tom King): With permission, Mr. Speaker, I should like to make a further statement to the House about the water industry dispute. Since my statement last Thursday there has been little change in the number of people advised as a precaution to boil water. This now stands at 7 million.

There has been a further increase of some 15,000 in the number of properties now without normal supplies which now stands at 38,000. Once again, arrangements have been, or are being made, for alternative supplies. There have been some further reconnections of properties to mains supply. The quality of effluent from many sewage treatment works continues to deteriorate and some streams are polluted, but there has been no serious effect on rivers.

In my statement last Thursday, I informed the House that the employers were ready to have immediate negotiations about higher earnings in relation to improved productivity under the terms recommended by the mediator in paragraph 8 of his report. These negotiations took place on Sunday at which time the employers tabled a series of proposals. These proposals covered improvements in productivity, pay by credit transfer and changes in working practices.

In spite of 12 hours of discussion at ACAS on Sunday, no agreement was possible. At this point, since there was still no agreement, the employers exercised their right to invoke the final stage of the agreed procedure, in accordance with the agreement signed by both parties and witnessed by Mr. Lowry of ACAS on 21 January. I now quote from Mr. Lowry's letter which accompanied the agreement:

"The third sentence of the clause deals specifically with possibility of arbitration—the final stage in the procedure. It emphasises that arbitration is the course of last resort which means that it will only be used when negotiations properly carried out (in this instance with the help of the mediator) have failed to produce an agreement. I consider that the sentence is absolutely clear. In the circumstances of such a disagreement either party would have the right to seek arbitration and the other would have the obligation to respond."

Last night ACAS was formally told by the trade union side that it was not willing to accept arbitration. [HON. MEMBERS: "Shame".]

In my two previous statements to the House, I urged the earliest possible end to this damaging dispute which while only seriously affecting a small proportion of the population is none the less causing very real hardship and distress to many, not least the sick and the elderly.

I also stated my belief that the offer of an increase of an average of £10 a week, quite apart from any further benefits through increased productivity, is by any standards this year a very fair offer indeed.

I also made clear in both statements that there were two main options to achieve an end to the dispute and an immediate return to work. The first of these options involved negotiations on higher earnings for productivity as recommended by the mediator. These negotiations failed to produce agreement. There therefore remains the second option that the agreement reached through ACAS must be honoured and the terms of the national agreement requiring arbitration must be followed.

If normal service to the public is to be resumed at the earliest possible moment and if the water workers are to

lose no more earnings, it is vital that those concerned reconsider their position and agree to accept binding arbitration as clearly stated in the agreement.

The whole House will appreciate the seriousness of the situation if a clear agreement, freely entered into, that provided a sensible procedure for resolving this dispute is not to be honoured.

Advisory, Conciliation and Arbitration Service

11-12 St James's Square, London SW1Y 4LA

Telephone Direct Line 01-214-8016
Switchboard 01-214-6000

J M Y Dickens Esq
Employers' Side Secretary
National Joint Industrial Council
for the Water Service
1 Queen Anne's Gate
London SW1H 9BT

Your ref:

Our ref:

21 January 1983

Dear Mr. Dickens, 21/1

1982/83 PAY AND CONDITIONS OF SERVICE CLAIM

I am attaching copies of the agreement signed by the Chairmen and Secretaries of the two sides of the NJIC at ACAS this afternoon.

As I indicated to you when we met this afternoon I am now writing formally to summarise the points which I, as Chairman of ACAS, made at our meeting.

I should emphasise that the agreement which you have signed is between the employers and the trade unions. But it has been under-written by ACAS and to that extent ACAS is associated with the agreement.

Clause 3

It is only necessary to explain that any recommendations of a Mediator are not binding. They may be accepted by the parties as they stand, rejected or amended by agreement between the parties as a result of further negotiations.

Clause 4

This clause was inserted at the unions' request to lay emphasis on the importance that the unions attach to the claim which seeks improvement to the relative earnings of water workers in the national earnings league. It goes without saying that the employers will have the right to table their full response to this claim both during negotiations and with the Mediator.

Clause 5

The first sentence of this clause registers the total commitment of both sides to try to reach an agreement on the unions' claim through direct negotiations. The Mediator will assist in any way he can. I am sure that everybody here would accept this as the preferred course because we do face a potentially damaging dispute which must be stopped. I therefore urge this course upon the parties.

The second sentence is an acceptance in general terms by both sides that there are procedural obligations made and contained in the written Constitution of the NJIC and that these will be observed.

6. (F)

-water

Do not carry
FM
PS
B. Lynch
✓ file in home
25/1

J M Y Dickens Esq

The third sentence of the Clause deals specifically with the possibility of arbitration - the final stage in the procedure. It emphasises that arbitration is the course of last resort which means that it will only be used when negotiations properly carried out (in this instance with the help of the Mediator) have failed to produce an agreement. I consider that the sentence is absolutely clear. In the circumstances of such a disagreement either party would have the right to seek arbitration and the other would have the obligation to respond.

In the absence of any intervention by either side when I was making these points the parties have signified their agreement with them.

Needless to say, ACAS remains available to assist the parties in any way if necessary.

Yours sincerely,
P. J. Lowry

J P LOWRY

Advisory, Conciliation and Arbitration Service
11/12 St James's Square
London SW1Y 4LA

Reference: ACAS 2C/114/1983

MINUTE OF APPOINTMENT

A difference having arisen between the two sides of the National Joint Industrial Council for the Water Service; the Advisory Conciliation and Arbitration Service appoints Mr I L Buchanan to act as mediator with terms of reference and powers as set out in the attached agreement.

The Service further appoints Mr A J Lord to act as Administrative Assistant.

SIGNED on behalf of the Advisory, Conciliation and Arbitration Service, this 21st day of January 1983.

C L PARISSON

WATER INDUSTRY DISPUTE

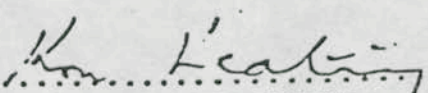
Arising from discussions held under ACAS auspices between representatives of the employers and representatives of the trade union side of the National Joint Industrial Council for the Water Service it is agreed as follows:-

1. At the request of ACAS a special meeting within the purview of the NJIC shall be convened on Saturday, 22 January in order that negotiations may be resumed on the 1982/83 pay and conditions of service claim of the trade unions.
2. This special meeting shall be opened and chaired by an Independent Chairman appointed by ACAS. He will be Mr I L Buchanan.
3. The Independent Chairman shall first give guidance to the negotiators. His powers shall further extend to those of a mediator so that he may recommend terms for a satisfactory settlement.
4. The terms of reference of the mediator shall be to assist the parties to negotiate a satisfactory settlement having full regard to the NJIC trade union side 1982 claim on pay and conditions and - in particular - that part of the claim seeking an improvement to the relative earnings position of water workers in the national manual workers earnings league.
5. The parties commit themselves to bargain in good faith with the firm intention of reaching agreement through direct negotiations assisted, as necessary, by the mediator. The parties acknowledge all the procedural rights and obligations set out in the constitution of the NJIC. In this connection the parties will only exercise their right to invoke the final stage of the procedure in the last resort.

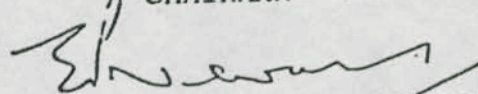
SIGNED ON BEHALF OF THE EMPLOYERS' SIDE

SIGNED ON BEHALF OF THE TRADE UNIONS SIDE


.....
CHAIRMAN

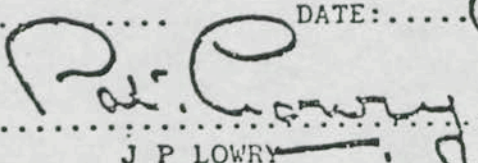

.....
CHAIRMAN


.....
SECRETARY


.....
SECRETARY

DATE: 21 January 1983

DATE: 23 January 1983

WITNESS: 
.....

J P LOWRY
CHAIRMAN

ADVISORY, CONCILIATION AND ARBITRATION
SERVICE

7.

RECOMMENDATIONS OF THE MEDIATOR IN A DIFFERENCE BETWEEN THE TWO
SIDES IN THE NATIONAL JOINT INDUSTRIAL COUNCIL FOR THE WATER SERVICE

- 1 By minute dated 21 January 1983, I was appointed by the Advisory, Conciliation and Arbitration Service to act as mediator in the above difference with the following powers and terms of reference:
"to assist the parties to negotiate a satisfactory settlement having full regard to the NJIC trade union side 1982 claim on pay and conditions and - in particular - that part of the claim seeking an improvement to the relative earnings position of water workers in the national manual workers earnings league".

- 2 I met the parties jointly and separately at the offices of the National Water Council at 1 Queen Anne's Gate, London SW1 on 22 and 23 January 1983. They submitted to me oral and written evidence and I was asked to direct myself to two aspects of the claim which the trade union side had made, namely:
 - (a) an increase in rates of pay in line with "the going rate" of settlements and inflation; and
 - (b) an increase in average gross earnings to bring water workers into the upper quartile of the manual workers' national earnings league.

- 3 In view of the urgency which attaches to this matter, I will not summarise the evidence, but proceed at once to consider my recommendations.

- 4 In framing my recommendations I took most careful account of all the evidence that was submitted by both sides on the claim. I deal first with that part of the claim seeking an improvement to the relative earnings position of water workers in the national manual workers earnings league. I noted the trade unions' demonstration that the position of their members vis-a-vis workers doing comparable jobs in the gas and electricity industries had deteriorated very markedly between 1975 and 1978, and again, after 1979. In 1979, the water workers recovered lost ground in their relative position when they received a pay increase, which included a comparability payment amounting to 8%. The causes of the subsequent decline lie in the wage movements which occurred in the gas and electricity industries very shortly after the 1979 water workers' increase.
- 5 One can readily appreciate that the existing position in relation to the comparator workers should provide the basis for a deeply held sense of grievance, and for efforts to have the position improved.
- 6 However, the circumstances prevailing in 1979, which allowed for the provision of a comparability exercise do not apply now; conditions in the labour market have changed to an unparalleled extent as large scale unemployment has made its impact on terms and conditions of employment - particularly the rate at which these terms and conditions have changed. Thus, I consider the water workers - through this adverse movement in relative position - to have been the victims of wage inflation elsewhere in the economy, on the one hand and the recession, on the other.

7 But, having said this, I do not think it would be right to make a recommendation along the lines the trade union side sought; the changes that I have referred to above are facts of life and the proposal that the clock should be put back for a certain group of workers is unsound. Thus, I do not recommend that there should be any increase to bring water workers into the upper quartile of the manual workers' national earnings league; nor do I recommend that there should be any increase on this part of the claim which would restore the relative position of water workers in the said earnings league to some previously prevailing position.

0

8 Nevertheless, I recognise that a deeply held grievance exists, and that it will continue to be an important influence on the attitude of the trade union side. I think the employers' side too, should recognise that this is a problem which will not go away, unless there is an understanding, positive, and determined response on their part, with a view to increasing earnings opportunities for the manual workers in the Water Industry. There are already certain possibilities which the sides could explore and rapidly proceed to implement; e.g. administrative efficiencies by moving to payment of wages by credit transfer, and development or extension of performance-related bonus schemes. I recommend that they now do so as a matter of great urgency.

9 I turn now to "the going rate" aspect of the claim. I consider that there are positive advantages for the parties in moving their settlement date from the first Sunday in December (as currently applies) to the first Sunday in April. Thus, the rate of increase that follows is recommended to run for 16 months with effect from

5 December 1982. On this basis, and in response to the union side's claim for an increase in line with "the going rate", I recommend an increase of 7.3%. I expect this recommended increase to be fed through to other supplementary payments, in line with existing national and/or local agreements. The increase of 7.3% is exclusive of the service supplement which I recommend should be at the rate of the employers' side's last offer, i.e. 5.2p per hour.

- 10 Having made the above recommendations, I consider that I have discharged my duties as mediator to the parties on the one hand, and to ACAS, who appointed me, on the other. I urge the parties to give the most earnest consideration to what I have recommended.

I L BUCHANAN

MEDIATOR

23 January 1983

2.5 p L
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EMPLOYERS ONLY

PRIVATE & CONFIDENTIAL

EMPLOYERS' ONLY CIRCULAR NO.6/83

NATIONAL JOINT INDUSTRIAL COUNCIL FOR THE WATER SERVICE

01-222 8111

cc Mr Schuler
Mr Lyburn
Mr Rowntree

1 Queen Anne's Gate,
London SW1P 8BT

7th February 1983

Full Details of the present offer - may
be handy for reference (X overleaf is
what caused the problem on Tuesday night)

1982/83 NJIC Pay and Conditions Claim

1/9/83

Employers' Proposals on Paragraph 8 of the Mediator's Recommendations

1. A special meeting of the NJIC took place yesterday (Sunday, 6th February) at the headquarters of the Advisory, Conciliation and Arbitration Service (ACAS). The meeting was chaired by Mr. Pat Lowry (Chairman of ACAS).
2. The purpose of the meeting was to consider the employers' response to Paragraph 8 of the Report and Recommendations of the Mediator (Mr. Ian Buchanan). It will be recalled that Mr. Buchanan said:-

"Nevertheless, I recognise that a deeply held grievance exists, and that it will continue to be an important influence on the attitude of the trade union side. I think the employers' side too, should recognise that this is a problem which will not go away, unless there is an understanding, positive, and determined response on their part, with a view to increasing earnings opportunities for the manual workers in the Water Industry. There are already certain possibilities which the sides could explore and rapidly proceed to implement; e.g. administrative efficiencies by moving to payment of wages by credit transfer, and development or extension of performance-related bonus schemes. I recommend that they now do so as a matter of great urgency."
3. The Employers' Side re-affirmed their acceptance in full of the Mediator's Report, and this included making a constructive response to Paragraph 8. However, the employers did not want to see Paragraph 8 used as a bridgehead to undermine the other conclusions reached by the Mediator namely:-
 - (a) the rejection of Part 1 of the Trade Union Side claim that NJIC employees should be placed in the upper quartile of the manual workers earnings league.

Contd/.....

- (b) the rejection of any attempt to restore NJIC employees to some previously prevailing position in the earnings league.
 - (c) the rejection of any comparability study between NJIC employees in the water industry and their counterparts in Gas and Electricity.
4. The Employers' Side also made it clear that they were not prepared to improve upon their revised offer of 25th January, which was based upon the Mediator's Report. Thus, the offer of an increase of 7.3% on basic rates of pay to run for 16 months, with a doubling of the Service Supplement remains unchanged, together with the improvements to Shift Pay and Holidays.
5. In making their response to Paragraph 8, the employers noted:-
- (a) that the Mediator had asked the employers to make a response "with a view to increasing earnings opportunities", not to increase earnings, per se.
 - (b) that Mr. Buchanan indicated that "there are already certain possibilities which the Sides could explore and rapidly proceed to implement". He did not say that any additional general increase should be offered in the current pay negotiations.
 - (c) that the two examples quoted by Mr. Buchanan were both related to improved productivity.
6. However, the employers' response was designed to make an immediate improvement to earnings directly related to those NJIC employees on WIPPS Schemes, and in the medium term to set away a Joint Working Party to examine:-
- (a) the introduction of a 38 hour week for NJIC employees from April 1984, coupled with making a National Agreement to allow for the introduction of Flexible Working Hours on a regional/local basis. The introduction of the former being dependent upon making an agreement on the latter.
 - (b) a change in the method of paying wages from weekly payments in cash to monthly/four weekly payments by credit transfer.

The details are attached. The Joint Working Party would be under an Independent Chairman to be nominated from ACAS, and would be asked to report within three months to the NJIC.

7. The Trade Union Side rejected the employers response. In principle they take issue with the assumption that any increase in earnings flowing from Paragraph 8 of the Mediator's Report should be related to improved productivity. They want an immediate increase of 2% payable as a supplement, together with further amounts to be made available in this pay year through the consolidation of bonus schemes or in other ways to equal 8% overall in total. The figure of 8% was the additional sum agreed in settlement of the 1978/79 Comparability Study with Gas and Electricity. The 8% is additional to the present offer.
8. The Employers' Side were not prepared to entertain this proposition. Negotiations, therefore, broke down.

9. The Employers' Side then indicated their intention to refer the matter in dispute with the Trade Unions to arbitration. This is provided for in Clause 12 of the NJIC Constitution and in Clause 5 of the Procedural Agreement drawn up by ACAS and jointly agreed on 21st January. A formal request for arbitration has been sent to ACAS today (7th February).
10. It will be recalled that the employers first sought arbitration on 11th November. The Trade Unions refused to honour the National Agreement on the grounds that "meaningful" negotiations had not taken place on the pay claim.
11. The claim has been considered by the NJIC on six occasions. It has also been the subject of a report by an independent Mediator appointed by ACAS and jointly agreed. A national official strike is now underway. In these circumstances the right course is immediate and binding arbitration, coupled with the ending of industrial action. The employers would, of course, honour any arbitration award.
12. The increase in average weekly earnings resulting from the employers' offer is £10.61. The increase in basic rates is 7.3% for 16 months for all NJIC employees. For the 64% with five years' service and more the basic rate increase (including the improved service supplement) is 8.5%.
13. Would you please take steps to ensure that the information contained in this circular is widely circulated to NJIC employees, to regional and local media and to staff generally.

J.M.Y. Dickens

Employers' Secretary

To: Chairman)
Chief Executive) All Water Authorities
Personnel Officer)

Chairman)
Director General)
Assistant Secretary (Establishments)) National Water Council
Director of Finance)

Director & Secretary, Water Companies' Association
All Water Companies (2 copies)
All Affiliated Internal Drainage Boards
The Secretary, Association of Drainage Authorities
All Members of the Employers' Side of the NJIC for the Water Service

NATIONAL JOINT INDUSTRIAL COUNCIL FOR THE WATER SERVICE

1982/83 NJIC PAY AND CONDITIONS NEGOTIATIONS

EMPLOYERS' REVISED OFFER

This Revised Offer is based upon:-

- the recommendations of the Mediator appointed by ACAS;
- additional items which the Employers are prepared to offer in response to paragraph 8 of the Mediator's Report which called upon the Employers to increase earnings opportunities for NJIC employees as a matter of great urgency.

MEDIATOR'S GENERAL RECOMMENDATIONS

1. Basic Rates

An increase in basic rates of 7.3% with effect from the pay week including Sunday 5th December 1982 to run for 16 months:-

<u>Class</u>	<u>Existing Rate</u> £pw	<u>Increase</u> £pw	<u>Proposed Rate</u> £pw
Class 4	78.20	5.71	83.91
Class 3	80.75	5.89	86.64
Class 2	83.35	6.08	89.43
Class 1	85.85	6.27	92.12

2. Service Supplement

An improvement in the service supplement from 2.5p to 5.2p per hour. This would provide a basic rate increase of 8.5% for the 64% of NJIC employees with five years' service.

3. Shift Payments

There will also be a consequential improvement in shift payments:-

	<u>Existing Rate</u> p/hr	<u>Proposed Rate</u> p/hr
Alternating Shifts	25.6	27.5
Rotating Shifts	37.4	40.1

Contd/.....

EMPLOYERS' RESPONSE TO PARA.8 OF THE MEDIATOR'S RECOMMENDATIONS

Immediate Proposals to Operate from 5th December 1982

1. Water Industry Productivity Payments Scheme (WIPPS)

(i) Waiting Time, Unmeasured Work and Unoccupied Time

To increase the payment of Unmeasured Time and Unoccupied Time to 90% of Achieved Performance. It is estimated that this will produce on average an additional 86p per week for employees on WIPP schemes.

(ii) Minimum Bonus Guarantee

To commence bonus payments in WIPP Schemes only at an 80 performance rather than the present 65 performance and to continue the current performance/pay relationship. This would produce a minimum WIPP Scheme bonus payment of £12.00 per week on the basic rates given in the Employers' Revised Offer. This would benefit all NJIC employees. A recent survey showed that 120 were in this category, but this number and those who make it up will vary from week to week.

(iii) Interim Productivity Payment (IPP)

To double the Interim Productivity Payment from £4 to £8 per week. There are currently 550 employees receiving IPP.

Short and Medium Term Proposals

2. Proposed Joint Working Party on Improved Earnings and Efficiency

The Employers proposed the setting up of a Joint Working Party on Improved Earnings and Efficiency to meet under an Independent Chairman appointed by ACAS. The Joint Working Party would be instructed to report to the NJIC within three months. The additional proposals to be referred to the Joint Working Party are:-

(i) The introduction of a 38 hour working week (from April 1984) coupled with a National Agreement which would allow for regional/local negotiations on the introduction of Flexible Working Hours (to operate from varying dates but prior to April 1984.) The reduction in the working week would be dependent on the acceptance of Flexible Working Hours. A basic payment of £4 per week would be payable to all NJIC employees who are asked and agree to undertake to work to flexible working hours. This would be in addition to any payments negotiated regionally or locally to meet particular circumstances.

(ii) Change in the Method of Payment of Wages

From dates to be agreed at regional/local level all NJIC employees will be encouraged to receive their wages by monthly or four weekly payments by credit transfer. Those NJIC employees who apply to receive their wages by this method will qualify for the following to "bridge the gap" in the first month of the new arrangement:-

(a) the payment of any entitlement to "frozen" holiday pay, and

(b) an incentive payment of £50, paid on a once for all basis.

Special bridging finance would be available to meet particular circumstances.

3. Following requests from the Trade Union Side the Employers indicated that the effects of this package would provide an immediate average increase in earnings of 55p to all NJIC employees and a further 40p per week following the introduction of flexible working hours plus a further increase of f1 due to increases in bonus and overtime pay following the introduction of the 38 hour week.

ADDITIONAL ITEM

1. Annual Leave

An additional day's leave for employees with more than 10 years' service.

The Trade Union Side rejected the offer in informal discussions and the Employers indicated their intention to further refer the matter to ACAS for arbitration in accordance with Clause 12 of the National Agreement.

9.

MR SHAW
 MISS EASTABROOK
 MISS OXFORD
 MR POWER
 MR D B SMITH
 MR WAKE
 MR COVINGTON

MR TUCKER
 MR MOOREY
 MR WILSON
 MR THOMPSON

WATER WORKERS: VALUE OF OFFER

It has not yet been possible to check out in detail what this offer is worth. A provisional estimate based on information from the employers is as follows:

Immediate increase backdated to due settlement date (5 December 1982)

<u>Item</u>	<u>Effect on Average Earnings Whole Workforce</u>
+7.3% increase on basic rates to all grades	7.1%
Improved service supplement to 64% of the workforce worth £1.05p a week	0.5%
Improvement to existing productivity scheme (WIPPS) 86p. to those who qualify, 55p on average	0.3%
	<u>7.9%</u>

Items available through further talks recommended by the mediator (para 8 of his recommendation) on Improving Earnings. (The precise date of introduction is not known but the calculation assume payment from 5/12/82

<u>Item</u>	
Flexible working hours 40-50p across the board	0.3%
£50 lump sum for introduction of cashless pay	0.7%
	<u>1.0%</u>

(first year cost 8.9%)

Forward Commitments

Cost of a reduction in the working week from 39 to 38 hours (1 April 1984) 0.7%

TOTAL 9.6%

2 This calculation is on the standard basis used for the Monthly Pay Brief ie by how much average earnings will increase in the 12 months following a settlement. This is an average; some workers will receive bigger rises than others because some items apply only to part of the workforce eg the service supplement is paid only to the 64% of the workforce with more than 5 years of service. The major element of doubt in costing their offer is the impact on earnings of the reduction in working time. If this leads to a full compensating increase in overtime it would be worth 2.6%. But, the employers maintain that this will not happen to any significant extent and that average earnings will increase by only 0.7%. Only time will tell whether the employers' estimate is accurate.

3 The offer runs for 16 months. The mediator is thought to regard the 7.3% element as equivalent to 6% for the first 12 months and 5% for the last 4 months. 8.9% over 16 months can be presented as 6.6% annualised. But, this is misleading because:

(i) The cost in the first 12 months (8.9%) is the same regardless of whether it is a 12 or 16 month settlement;

(ii) Future negotiations will start on the basis of 108.9% ie in future there will be a higher base level than a lower 12 month settlement would have produced;

(iii) The only saving will be from a freeze for the first 4 months of the second year.

4 This note is for internal use and the figures in it are not for public use. Ministers are receiving separate briefing on the presentation of this dispute.

J.M. Dewsbury

J M DEWSBURY
10 February 1983

IRF1

CONFIDENTIAL

~~DRAFT~~ STATEMENT

THE WATER DISPUTE

1. Since 11 November and particularly over the course of ~~the~~ ~~last~~ 3½ weeks ACAS has made every effort to help the parties, ~~first~~ ~~to~~ avoid industrial action and, after the strike started, to ~~reach~~ ~~a~~ pay agreement for the water industry. After four days of ~~discussions~~ (18-21 January), the two sides of the National Joint Industrial Council for the Water Service reached an agreement, which ~~was~~ witnessed by the Chairman of ACAS. This agreement provided ~~for~~ the resumption of direct negotiations under the independent ~~chairmanship~~ of Mr Ian Buchanan, whose powers further extended to those of a mediator who could make recommendations to achieve a settlement. The parties committed themselves to bargain in good faith and acknowledged the procedural rights and obligations set out in the constitution of the NJIC. It was made perfectly clear in a letter sent by the ACAS Chairman ~~to~~ the Secretaries of the two Sides of the NJIC that this meant that if negotiations properly carried out failed to produce an agreement either party would have the right to seek arbitration and the other would have the obligation to respond. Both sides made it clear that they accepted this.

2. There followed a weekend of negotiations under Mr Buchanan's chairmanship, at the end of which, in the absence of any agreement, he made recommendations as a mediator for the resolution of the dispute. On 24 January an offer was made having regard to the agreement was reached. Mediator's report but no/ By this time, a national strike had begun

3. Following further informal discussions between ACAS ~~and~~ parties to the dispute, negotiations were resumed, under ~~the~~ chairmanship; on 6 February during which for the first time ~~specific~~ and quantified offers based on paragraph 8 of the mediator's ~~report~~ were made. However after 12 hours of talks it became apparent that no agreement was possible. At this point the Employers' ~~Side~~ of the NJIC informed us that they would be formally requesting that the dispute should be referred to binding arbitration. We have ~~not~~ been formally told by the trade unions that they are not willing to accept arbitration.

4. Over the last 3 weeks the employers have made several improvements to their original offer of a 4% pay increase, but not to a level particularly regarding the position of water workers ^{earnings} ~~league~~ acceptable to the unions, / Expectations raised by certain statements made to the media by the employers, and subsequently dashed, have not made the negotiations easier and have prejudiced the prospects of a settlement. One party considers that the bargaining has been conducted in good faith. The other does not. Whatever the rights and wrongs of that matter, further argument is sterile and will not impress the public who must be increasingly concerned at the continuation of a dispute with such serious consequences. For the time being it is apparent that there is no foreseeable resolution to the dispute either by direct negotiations or through the processes of conciliation or mediation. It is our view therefore that the dispute can now only be resolved, and further hardship avoided, by a reference either to arbitration or to some other third party, for a final decision.

°
Should be accepted by the 2 sides

5. In rejecting the employers' request for an immediate reference to binding arbitration the trade unions have instead explored the possibility that ACAS might set up an inquiry into the dispute. This proposal has today been rejected by the employers on the grounds that its finding would not be binding.

6. ACAS remains available to assist the parties in any way possible.

9 February 1983

TEXT OF ACAS STATEMENT AT 2.00 AM ON 15 FEBRUARY
FOLLOWING SEPARATE DISCUSSIONS WITH THE EMPLOYERS AND THE UNIONS

Lowry: "ACAS has received assurances from the Employers and the Trade Unions that both will accept the resolution of the dispute through the process of this Committee of Inquiry. It is not intended that any further substantive negotiations on matters in dispute will take place once the findings are known, although both sides agree that a full, final and special meeting of the NJIC will be required to translate the findings into a detailed, workable agreement for the industry. That meeting will be held under the Chairmanship of ACAS as soon as the Committee of Inquiry has completed its work and reported".

Prime Minister

Ms 11/2

cc Home Secretary
Secretary of State for
the Environment

PRIME MINISTER

WATER STRIKE - COI RETURNS

Not attracting a great deal of attention and what attention there is is largely confined to the physical effects of the dispute - which are not very great in some areas.

No deterioration in opinion discernible.

Details from the Regions:

North Eastern, Newcastle

- Coverage of the water dispute relegated mainly to the inside pages of the North East's newspapers and to brief news items on local radio and TV stations.
- Northern Echo reports that the NWA yesterday (Thursday) issued a press release claiming that striking workers were earning gross weekly wages of between £95 and £222. "That's absolutely fairy tales", a NUPE official told the paper.
- Another unfortunate feature of the dispute is the emergence of "conmen" who are posing as Water Board officers to trick their way into old people's houses and stealing money.

Yorkshire and Humberside, Leeds

- Much reduced coverage of the dispute in both the evenings and this morning's press.
- South Yorkshire media are concerned to stress the "critical" state of water supplies. Unless consumption is reduced it is felt that rationing could be introduced soon (Doncaster Evening Post).

Eastern, Cambridge

- There is scant coverage of the water strike in the Region's papers today.
- Peterborough Evening Telegraph reports that water workers in that city have imposed a total ban on any emergency repairs involving sewers and have warned that the stoppage could spread to water supplies. The action came when strikers saw senior management of Anglian Water Authority clearing screens at a sewer works.
- Charles Cronin, NALGO's top official in East Anglia, is quoted: "If the employers attempt to pressure our people into doing this work - such action will only exacerbate the situation".

Midlands, Birmingham

- Last night's Evening Mail carries an exclusive interview with Sir William Dugdale, who said the only way out of the dispute

was through arbitration. He said he could not believe that people should be willing to put their pay packets at risk for what was an outstandingly good award in the public sector in a particularly difficult year.

- Nottingham Evening Post's leader said the dispute had reached a stage when the layman feels like banging both sides' heads together. It suggested the unions should be putting the 8.5 per cent to a new ballot.
- Shropshire Star reported Sir William Dugdale as saying that Union leaders were misjudging their members' mood. The majority would be ready to accept the latest deal, he thought.

London and South Eastern

- Media monitored so far today confined mainly to factual reports on the physical effects of the water strike in the region.

South Western, Bristol

- Bristol Evening Post reports a Bristol waterworks company spokesman as saying that during the first few days of the strike consumption in Bristol dropped by two million gallons a day. But now, with few in the city affected, there is very little saving.
- A Wessex Water Authority spokesman says that outside Bristol there has been a 12 per cent reduction in the use of water.

North Western, Manchester

- No broadcasts by Water Authority Chairman yesterday or any spokesman.
- Manchester Evening News editorial calls it a "crazy dispute" and says it is patently obvious to anyone with an ounce of sense that when a third party is called in whom both sides can trust, the conclusions reached "must be accepted without demur on both sides".
- A letter from a waterworker in Bolton Evening News states his take-home pay is £81-£83 a week for working in slop, mud and sewer water. "We don't want to strike and cause suffering, but the Government gave us no choice. Top Civil Servants got 14 per cent, no questions asked. Also top people in the Government got big pay rises for ruining the country".

Late News

Bernard Arrangements have been made today (Friday) for the Chairman of the NW Water Authority to go on Radio Manchester today and most other local radio stations over the weekend. He is expected to emphasise the need for dispute to go to arbitration, the fact that Unions signed an agreement with ACAS to do so as a last resort and to urge waterworkers themselves to think seriously about agreeing to arbitration. The Chairman is sending a letter to every manual waterworker this weekend re-emphasising the benefits of the employers' offer. There will be a press release distributed tonight to tomorrow by NWWA on text of Chairman's letter and his advice to employees.

BERNARD INGHAM

11 February 1983

MR SCHOLAR

cc Mr Mount
Mr Ingham
Mr Gow

WATER STRIKE

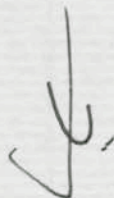
There is one development in the water dispute of which I think the Prime Minister should be aware before her speech tomorrow, although it does not change my advice that she should draw upon the speaking note I have provided about the dispute.

The Prime Minister will recall that the outstanding difference between the parties is at present whether any further arbitration or inquiry should be binding. The unions suggested a non-binding inquiry to ACAS; but the employers are sticking to the NJIC agreement. ACAS have today been trying to find a form of words which, without using the phrase "binding arbitration", would sufficiently pin the unions down to satisfy the employers. I understand that one possibility is a statement by Pat Lowry to the effect that he understands the two parties to be committed to the findings of whatever body is set up, as a final decision on the matters in the dispute, and ^{saying} that he has been assured that both sides are committed to the resolution of the dispute by such a process.

Since the unions have already shown themselves willing to disregard their commitment to binding arbitration, there is little point in arguing over the small print of a further commitment. And I see no significance in the difference between arbitration and an independent inquiry. This sort of form of words certainly says they will be bound yet again to the outcome. But I could not recommend another arrangement which depended on a unilateral statement by Pat Lowry. It would be too easy for the union leaders, when asked by the media if they agree to it, to fudge the reply. We need their signatures on another piece of paper, in a sufficiently clear form to leave no doubt in anyone's minds when it is published in the newspapers that the next round of arbitration is the last one.

CONFIDENTIAL

As last weekend, it would be premature for me to offer at this stage a briefing for the Prime Minister's meeting on Monday morning, but I will of course keep an eye on events over the weekend and do one on Sunday night if necessary.

A handwritten signature in black ink, appearing to be 'J. J.', written in a cursive style.

11 February 1983



10 DOWNING STREET

P L Gregson Esq CB
Deputy Secretary
Cabinet Office
70 Whitehall
LONDON
SW1A 2AS

11 February 1983

Dear Peter

MISC 61(83)2

I think the reference in this paper to the possibility of a management ballot needs to be made a little more precise.

What we need to establish, if there is any chance at all of a management ballot proving helpful, is

- (a) whether it can be conducted quickly, which probably means by the water authorities themselves rather than by the ERS, perhaps with the count being witnessed by union representatives;
- (b) whether it would be feasible to conduct a management ballot in selected water authorities only, rather than in the water industry as a whole - so as to build up the case for a return to work on the basis of the least militant regions; and
- (c) how a favourable outcome to a management ballot (whatever that might be) could be used to lead to a return to work.

I hope these questions, as well as those already in the paper, can be addressed reasonably quickly.

I am sending copies of this letter to Douglas Smith and John Gunn.

John Vereker

JOHN VEREKER

TOM KING (SECRETARY OF STATE FOR THE ENVIRONMENT) ✓

Transcript from BBC Radio 4, The World At 1. 11 February 1983.

PRESENTER: BRIAN WIDLAKE. And first, the water strike which shows no sign of coming to an end. Meanwhile, in Wales, farmers are said to be becoming desperate in their search for water for their animals and, in Birmingham, water-users apparently face dire consequences because of a massive leak in a major pipeline.

In the Commons yesterday, the Environment Secretary, Tom King, in answer to a question on the use of troops to maintain essential water supplies, replied (and I quote): there is no question that the Government will stand idly by if there's a serious risk to health or to the life of the community. If that were the case, any Government should take steps to see that essential services were maintained. I put it to Mr King that this would mean the use of troops.

KING: Well only as a very last resort. We very much hope - and, as I said in that answer - that, actually, people will reconsider the position because there is a signed agreement as to how this dispute can be settled sensibly, and that involves having, now - whether it's arbitration or some form of tribunal which is in their National Agreement - with both sides agreeing to accept the findings of that Tribunal.

WIDLAKE: Is the Civil Contingencies Unit fully prepared to activate a plan involving the use of troops should it be necessary?

KING: Well there's always a plan in the background because any Government has to be ready for any emergencies, even when normal working is taking place. If we get very heavy snowfalls, if we get bad flooding, as you know, there could be an emergency situation and so there are always emergency plans ready to help people if they are in real distress.

WIDLAKE: Regie Prentice also mentioned the use of private contractors, yesterday, in his question to you in the House.

Is that a possibility?

KING: Well it's happening, now, in certain places because some mending of pipes is done, under normal conditions, by private contractors and so it's not the sort of absolute change in the situation. And, in other cases, they may have been used for particular emergency situations but these are things which, obviously, are possibilities. I'm much more interested in seeing it resolved on a proper basis because the lads involved, themselves, are now losing quite significant sums of money; I want to see them back at work at the earliest time, and I want to see the distress that's caused, at the moment, ended at the earliest possible time: and could I just say this. I think, actually, that there are some signs that this could be achieved. I asked, yesterday, for people to reconsider their position and to abide by the agreement that they signed and I'm not unhopeful that we can actually achieve this.

WIDLAKE: On this programme yesterday, Sir Robert Marshall, a former boss of the water industry, criticised the Government for its unhelpful intervention in the dispute. He said the employers - and he spoke from experience, of course - are told at one moment, you're on your own, do what you think best in the public interest; then, the next moment, the Government is saying don't you dare?

KING: Yes, well, Sir Robert has been in the public service for a long time. He's sat on the other side of the table and I've no doubt, at times, has found himself in just that situation as a senior Civil Servant - actually in my Department he was a senior Civil Servant - and so I think he's actually pretty well aware of some of the problems and difficulties that Government has to face and that the industries themselves have to face: and one has to try, as fairly as one can, to strike the right balance.

put our case fairly and we will agree to accept the findings.

WIDLAK: Environment Secretary, Tom King.

PRIME MINISTER

PA

WATER STRIKE - REGIONAL PRESENTATION

Today's COI return contains no surprises and follows the well-established publicity pattern. But there is one cause for concern - the regional and local press appear to be going a little sour.

It may be surprising they have stood up so well for so long, considering the lack of effort in the regions by the Water Authorities.

Extracts from the COI report are as follows:

North East

A growing number of stories in North East newspapers about individual cases of hardship brought about by the water dispute.

One farmer is quoted as saying that the only thing he can do is to drive his animals to the nearest fresh water, which is two miles away from his farm.

In Newcastle almost 1,000 pupils are missing lessons as a result of a burst main at a local comprehensive school.

Sunderland Echo reports that overnight frosts had pushed up the number of North East homes without water well past the two thousand mark. The first major industrial complex to be affected by the water strike is Blyth Power Station which is now operating at reduced capacity. Middlesbrough Evening Gazette (9.2.83) says that security at water treatment plants throughout the North East was being tightened after fears that local strikers might copy fellow workers elsewhere.

Amid the growing concern about the situation, there was at least one ray of hope. Hartlepool Evening Mail (9.2.83) reports the managing director of the Hartlepool Water Company as saying: "We are continuing to lead a charmed life".

Yorkshire and Humberside

For the first time since the strike began the papers have more on the industrial relations aspects of the dispute than the effects on consumers.

A leader in the Bradford Telegraph and Argus says that all three parties to the dispute - Government, employers and unions - bear some responsibility for the muddle which has developed, but suggests that arbitration should now be used to end the strike.

Sheffield Morning Telegraph leader says it is time for the strikers to accept economic reality and supports the Government's position as custodian of the public purse.

East

Little coverage of the water strike in the region's papers.

Only report of hardship is in the Colchester Evening Gazette which carries a front page picture of residents of Elmstead Market, Essex, who have been on stand-pipes for two weeks.

In an editorial the same paper describes the dispute as "a national disgrace". The Government, which is the puppeteer pulling the National Water Council's strings, has hardened attitudes by its interference ... the unions have conducted their campaign with discipline and compassion - until now ... the National Water Council's handling of the dispute has been inept, bordering on the incompetent.

London and South East

Editorials in two regional evening papers are critical of employers and Government as well as unions, using words such as "ineptness" and "pantomime" to describe Government and employers' actions.

Brighton Evening Argus (9.2.83) says Government, employers and unions must all share the blame for the muddle of the water strike. In the "potentially catastrophic" dispute all concerned had drifted "from the inept to the downright farcical".

Evening Post, Kent (9.2.83) says the present situation could have been different but for a "boob" on the employers' side.

It all comes down to simple mathematics that a child of ten could handle. But it seems that the bosses are not too hot on their sums. Union representatives are justifiably annoyed at what they see as a gross mishandling of the negotiations by the employers. There must now be serious doubts about the credibility of the Water Council's negotiating team.

Oxford Mail reports that union bosses and workers are angry with Sir Hugh Fish, Chief Executive of the Thames Water Authority, following his personal letter in which he asked them to return to work. Move was an "ultimatum" and a "management con trick" which would not weaken the strikers' resolve.

Sussex Weekly 'Eastbourne Gazette' (9.2.83) in an editorial on the water strike and a planned one-day strike by local busmen says both are "stupidly unnecessary". Both reflect the greed of trade unions grabbing for bigger slices of cake while nearly four million of their fellow citizens are grubbing along on dole pay.

South West

Western Daily Press leader column, commenting on the strike says, "Public sympathy for the strike is already being flushed away. The public is now rapidly coming to the view that the water strikers' claims don't add up and that the employers can't add up. The time has come to knock their heads together.

Midlands

Coventry Evening Telegraph last night described the 8.5% plus productivity elements pay deal as a very good one. But the negotiations were handled so appallingly badly by the employers that they now have the worst of both worlds - a strike they cannot end even by paying out more than would probably have kept the peace in the first place.

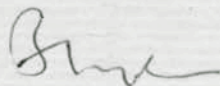
North West

No broadcasts yesterday by NW Water Authority and none planned.

Several papers quote CBI President's statement that the water-workers wanted to climb over anyone's back to the top of earnings league without saying who should be relegated to make room for them.

According to a GMBU official reported in Liverpool Daily Post, the Government is steering towards a bitter head-on dispute with workers in water, gas and electricity.

I am copying to the Home Secretary and the Secretary of State for the Environment.



B. INGHAM
10 February 1983

Mr. Biffen: I shall certainly draw the attention of my hon. and learned Friend the Minister for Trade to the hon. Gentleman's anxieties about the Export Credits Guarantee Department. I should also have thought that, as the hon. Gentleman has such a passionate feeling about the whole issue, he might have been doing his best to secure an Adjournment debate.

Water Industry (Dispute)

4 pm

The Secretary of State for the Environment (Mr. Tom King): With permission, Mr. Speaker, I should like to make a further statement to the House about the water industry dispute. Since my statement last Thursday there has been little change in the number of people advised as a precaution to boil water. This now stands at 7 million.

There has been a further increase of some 15,000 in the number of properties now without normal supplies which now stands at 38,000. Once again, arrangements have been, or are being made, for alternative supplies. There have been some further reconnections of properties to mains supply. The quality of effluent from many sewage treatment works continues to deteriorate and some streams are polluted, but there has been no serious effect on rivers.

In my statement last Thursday, I informed the House that the employers were ready to have immediate negotiations about higher earnings in relation to improved productivity under the terms recommended by the mediator in paragraph 8 of his report. These negotiations took place on Sunday at which time the employers tabled a series of proposals. These proposals covered improvements in productivity, pay by credit transfer and changes in working practices.

In spite of 12 hours of discussion at ACAS on Sunday, no agreement was possible. At this point, since there was still no agreement, the employers exercised their right to invoke the final stage of the agreed procedure, in accordance with the agreement signed by both parties and witnessed by Mr. Lowry of ACAS on 21 January. I now quote from Mr. Lowry's letter which accompanied the agreement:

"The third sentence of the clause deals specifically with possibility of arbitration—the final stage in the procedure. It emphasises that arbitration is the course of last resort which means that it will only be used when negotiations properly carried out (in this instance with the help of the mediator) have failed to produce an agreement. I consider that the sentence is absolutely clear. In the circumstances of such a disagreement either party would have the right to seek arbitration and the other would have the obligation to respond."

Last night ACAS was formally told by the trade union side that it was not willing to accept arbitration. [HON. MEMBERS: "Shame".]

In my two previous statements to the House, I urged the earliest possible end to this damaging dispute which while only seriously affecting a small proportion of the population is none the less causing very real hardship and distress to many, not least the sick and the elderly.

I also stated my belief that the offer of an increase of an average of £10 a week, quite apart from any further benefits through increased productivity, is by any standards this year a very fair offer indeed.

I also made clear in both statements that there were two main options to achieve an end to the dispute and an immediate return to work. The first of these options involved negotiations on higher earnings for productivity as recommended by the mediator. These negotiations failed to produce agreement. There therefore remains the second option that the agreement reached through ACAS must be honoured and the terms of the national agreement requiring arbitration must be followed.

If normal service to the public is to be resumed at the earliest possible moment and if the water workers are to

challenge the findings of the Procedure Committee of 1977-78 which decisively rejected the concept of automatic timetabling, but I must tell my hon. Friend that one must take one's chances when one can. I should have thought that the general proposition he is making would be wholly appropriate for the debate we are to have on Wednesday.

Several Hon. Members *rose*—

Mr. Speaker: Order. A large number of hon. Members are rising and I cannot commit myself to call all of them. However, if questions are brief I shall try to call all those hon. Members before we have the statement on the water dispute.

Mr. Peter Hardy (Rother Valley): Is the Leader of the House aware that we had yet another unsatisfactory debate last night when the Minister took a large part of the hour and a half available for the House to consider assisted places? I think both sides of the House were complaining about it, as I complained about it when I sat on the Government Benches.

Does the Leader of the House accept that the Minister raised more questions than he answered? Will he also suggest to his colleagues, since we cannot expect any early reform in the structure of late-night debates, that Ministers, when contributing to such debates, should take rather less time than they are currently doing, particularly since they seem to say remarkably little at great length?

Mr. Biffen: I cannot accept the strictures made against my hon. Friend the Under-Secretary of State for Education and Science. In general terms, I accept entirely the proposition that speeches lose nothing by brevity.

Mr. Greville Janner (Leicester, West): When can we expect a debate on the need for opening up the mines in the vale of Belvoir? As the existing mines are swiftly becoming exhausted and grave unemployment is looming, can we at least have a statement from the Secretary of State for the Environment that he will no longer prevent the opening up of the pit at Asfordby, a procedure begun by his predecessor and so disgracefully continued by him?

Mr. Biffen: My right hon. Friend is in his place and will have heard what the hon. and learned Gentleman has said. I will also draw his attention to the point made.

Mr. David Winnick (Walsall, North): If the arm-twisting and pressure of the Government Whips and managers on the rebels over the immigration rules does not work next week, what is likely to be the next step in this long-running farcical saga?

Mr. Biffen: A resounding victory on Tuesday.

Mr. Tom Clarke (Coatbridge and Airdrie): When the House approaches the debate on the Brandt report which has been promised by the Leader of the House, will there be some form of written statement of the Government's position before the debate or will it consist simply of an oral report and discussion?

Mr. Biffen: The hon. Gentleman has much charm and is seeking to entice me into giving a much more elaborate reply than the one I gave to the Leader of the Opposition, but it would be discourteous to the Leader of the Opposition if I went any further.

Mr. Ioan Evans (Aberdare): Will the Leader of the House give urgent consideration to making a statement

next Thursday about when we will debate disarmament, in view of representations from all sides of the House, in view of the fact that the United Nations has demanded that Parliament address itself to nuclear disarmament and in view of the fact that the Prime Minister does not seem to understand that she has committed herself to land-based nuclear missiles before the end of the year?

Mr. Biffen: All I can say to the hon. Gentleman is that I note in many parts of the House a very real interest in and anxiety to have such a debate but time is a precious commodity and I shall have to see how best one can encompass the request.

Mr. Stephen Ross (Isle of Wight): Can I draw the attention of the Leader of the House to last night's "Tonight" programme on BBC 2, which cast grave doubt on the efficiency of cruise and Pershing missiles, which have had more failures than successes? As that information is available to both congressmen and senators in the United States, before we have any defence debate in this House can it be made available to hon. Members here?

Mr. Biffen: The programme can be made available in the sense that a video film of it is readily available. I cannot go further than that.

Mr. Bob Cryer (Keighley): May I join other hon. Members, particularly those on the Labour Benches, in supporting a request for a debate on disarmament and suggest that the Leader of the House might consider allocating two days to such a debate?

May I also urge him to consider a debate on health and safety at work? He will know as well as I do that more days are lost each year through industrial injuries and accidents than through strike action yet the Government have brought in Bill after Bill attacking trade union's ability to take industrial action. Should the Government not attack the real cause of lost time at work, industrial injury?

Mr. Biffen: I note what the hon. Gentleman says about a debate on disarmament and that he thinks two days would be more appropriate than one.

I agree that we constantly overlook the importance of industrial injuries. I will certainly take note of the point the hon. Gentleman makes and draw it to the attention of the relevant Minister but I must say candidly that there is no prospect of Government time being made available for a debate on that topic in the near future.

Mr. Dennis Skinner (Bolsover): Does the Leader of the House agree that the role of the Export Credits Guarantee Department is to guarantee money that in some circumstances cannot otherwise be obtained? Does he accept that there is a very serious problem with the ECGD and that some would argue, as indeed some press speculation has suggested, that the whole apparatus is bust? *[Interruption.]* I do not need any advice from one of the Slater Walker blades. Taking into account the fact that the Crown Agents have been ordering materials and spares for certain countries, including Nigeria, and that firms in this country have not been able to get the money and the Crown Agents cannot get it for them, surely it is time someone came to the Dispatch Box and made a statement on this matter of ECGD and the Crown Agents and the financial circumstances surrounding both departments.

lose no more earnings, it is vital that those concerned reconsider their position and agree to accept binding arbitration as clearly stated in the agreement.

The whole House will appreciate the seriousness of the situation if a clear agreement, freely entered into, that provided a sensible procedure for resolving this dispute is not to be honoured.

Mr. Gerald Kaufman (Manchester, Ardwick): Is the right hon. Gentleman aware that the country views with grave misgiving the prolongation of this potentially exceptionally grave dispute and that all hon. Members want an early and honourable end to it before major damage and hardship, beyond what is already being suffered, is brought about? It is useful that following his unhelpful radio interview last Friday the Secretary of State has said nothing today to exacerbate this situation further. However, will he have a word with the Secretary of State for Employment whose false and malicious statement last Tuesday could have been a major setback to any prospect of a settlement?

Why, in his statement, does the Secretary of State not present the situation in the balanced manner of the ACAS report rather than in the partial way in which he has presented it to the House today? Why did he not quote the condemnation of the employers' approach in last night's statement by ACAS saying that

"Expectations raised by certain statements made to the media by the employers and subsequently dashed have not made the negotiations easier and have prejudiced the prospects of a settlement."

The Minister has referred to negotiations which he says took place last Sunday. There were no negotiations. What happened was that the employers stated their terms and did not budge from them throughout the day. Why are the employers so reluctant to accept a proposal by the unions of an inquiry whose terms of reference would deal with wider issues such as the restoration of a stable and long-term industrial relations framework in the water industry? Will the Secretary of State assure the House that the Government are not involved in the refusal by the employers?

Why did not the Secretary of State tell the House that the unions stated last night that if an inquiry had been allowed to proceed the dispute could have been over by the weekend? Why did he not tell the House that the unions involved in the dispute have an honourable record of accepting the recommendations of inquiries—*[Interruption.]* The Secretary of State for Employment has no conception of what honourable means.

Mr. Speaker: Order. In the heat of the moment, people say things that they would not otherwise say. The right hon. Gentleman will withdraw that remark.

Mr. Kaufman: At your request, certainly, Mr. Speaker.

On the other hand, I hope that the Secretary of State will withdraw his untrue statement on Tuesday that in the water industry there is

"a long trail of agreements that have been voluntarily entered into and ruthlessly broken".—*[Official Report, 8 February 1983; Vol. 36 c. 874.]*

and if he will not withdraw it, he will document it, as the Department of Employment, questioned about it by the press says that it knows nothing about it.

The Secretary of State should make clear his wish that the employers accept an inquiry on the terms of reference

proposed. This dispute must be settled quickly and honourably. We, on this side, will do our utmost to bring that about.

Mr. King: I certainly join the right hon. Gentleman in his opening remarks. This is a grave and serious dispute.

Mr. Dennis Skinner (Bolsover): Will the right hon. Gentleman withdraw that statement?

Mr. King: It is causing intolerable hardship to many of our fellow citizens. I should like to see it ended at the earliest opportunity. The right hon. Gentleman cannot have it both ways. He draws attention to the concern of ACAS over expectations being raised rather higher than was justified. We are aware that the original interview with Mr. Hill on "The World at One" by Robin Day did give rise to a misleading impression. The right hon. Gentleman then criticises me for an unhelpful intervention when I was seeking precisely to avoid the charge that expectations had been raised too high, and echoing what Mr. Hill had himself said on "Newsnight" that night when he sought to correct what he realised could have been a misleading impression. I will not take the House through the transactions, but hon. Members will be familiar with those broadcasts.

The right hon. Member for Manchester, Ardwick (Mr. Kaufman) said that there had been no negotiations during the 12 hours in which the two sides discussed possibilities of improved earnings for productivity. He will be aware—I have a list of proposals made—that there were a number of proposals, some involving earnings improvement for everybody on a modest scale, some involving significant increases for those who change their working practices and some involving a reduction in the working week next year for everybody in the industry. At the same time, the employers invited the unions to put forward any proposals that they had to improve earnings through improved productivity. I am sorry to say that they were unable to respond. My right hon. Friend the Secretary of State for Employment, when referring to the breaking of agreements, spoke of the one-day strike, which I am sure that the House would not support, and which took place in November in breach of every agreement. At the moment, there is a procedure for the settlement of the dispute. We are trying to get people to revert to the procedures in the existing national agreement.

The right hon. Member for Ardwick and the Leader of the Opposition will know that it is fundamental to any system of industrial relations that if an agreement is signed—I was trained in this when I was in industry by some tough union leaders—union leaders should take pride in seeing that it is honoured. The seriousness of this problem is that there is a specific agreement, witnessed by the chairman of ACAS. The problem for ACAS now is that the unions, sadly, are refusing to honour it. I hope that they will reconsider their position.

Mr. Kaufman: After a hurried conversation with the Secretary of State for Employment, the right hon. Gentleman has dragged out what he claims is one example—or is it two? Will he now document what the Secretary of State for Employment called

"a long trail of agreements that have been voluntarily entered into and ruthlessly broken by the unions concerned".—*[Official Report, 8 February 1983; Vol. 36, c. 874.]*

If the right hon. Gentleman shares the Secretary of State for Employment's view expressed in those disgraceful

[Mr. Kaufman]

words, he could not rely on the good faith of the unions to honour an arbitration agreement if arbitration were proceeded with.

Does the right hon. Gentleman deny that the unions involved have an honourable record in accepting the recommendations of inquiries? Is he impugning the integrity of the union negotiators? If he accepts the integrity of the union negotiators, will he encourage the employers to take part in an inquiry?

Mr. King: I am not impugning anybody's integrity, and it would be singularly unhelpful if I did. The decision so far taken by the union leaders is unwise, and unwise for the whole trade union movement. How can the employers in this dispute possibly go forward, as they have been invited to do, to enter into fresh agreements about some fresh form of negotiation if they have no confidence that this agreement, so seriously entered into and witnessed by the chairman of ACAS will be honoured? Some agreements can be vague, but this has been very carefully drawn out. If it is not honoured, that is serious.

What I have said on this serious matter, about which everybody who cares about the proper conduct of industrial relations in this country must be concerned, should be reconsidered and the resolution of the matter as provided for in the agreement, should be pursued immediately.

Mr. David Steel (Roxburgh, Selkirk and Peebles): Is the Secretary of State aware that, while the failure to use the agreed arbitration procedure is deplorable, the public, listening to the various interviews given on radio and television over the past few days by both sides to the dispute, have received the clear impression that the negotiations have been conducted with an unparalleled degree of downright incompetence? Will the Secretary of State consider calling both sides together and offering to set up an independent inquiry into the pay and conditions of the water industry workers?

Mr. King: It was always known that the negotiations would be difficult this year. There is the issue of what is called the upper quartile. It was always recognised, and that is why the employers at the very start, faced as they were with the wide gulf between what they thought the industry could afford and what the unions expected—it is generally known, and the unions have just reconfirmed, that they expect something in excess of 15 per cent. this year—

Mr. Skinner: What is wrong with that?

Mr. King:—that with this wide gap it was necessary to have some arbitration to resolve the matter. This is why that is in their national agreement. I am grateful that the right hon. Gentleman, if I interpret correctly his opening remarks, would join me in calling for the strict observance of the national agreement and specifically the agreement so recently signed.

Mr. Eric Cockeram (Ludlow): Can my right hon. Friend confirm the announcement on the tape at lunchtime today that the main 75-mile pipeline to Birmingham has burst outside Ludlow, and that, further, if it is not repaired, the Birmingham supply will be endangered in three days' time? If that is so and my right hon. Friend cannot get that pipeline repaired by the water industry, will

he accept that there are many worthy citizens in Ludlow and elsewhere who will repair the pipeline in the interests of the sick and the elderly in the city of Birmingham?

Mr. King: I was not aware that there had been a burst. I have heard a report that there may be a blockage, but in any case that there was some interference with the flow. Clearly, this is covered by the emergency cover arrangements that are part of an agreement between the unions and the water industry. I trust that in a matter of this importance, the emergency cover arrangements will operate. It is known to the House, and I pay tribute to it, that in many parts of the country, where it has been necessary, the water workers have been prepared to take emergency steps to meet emergency arrangements. While there have been one or two problems in certain areas, I hope that people will recognise the importance of strict observation of the emergency cover arrangements.

Mr. Peter Hardy (Rother Valley): Will the Minister confirm what he seemed to be saying in his statement, that the water workers were offered a certain £10 a week extra? How can he be sure of knowing what the employers are offering, when the employers do not seem to know what they are offering?

Mr. King: I make my case clear—the £10 is an average. I have carefully checked this against the average earnings. If the hon. Gentleman calculates the 7.3 per cent. against the figures of average earnings shown in the new earnings survey, he will see that that is one check. He can then tack it on the base rates and add it to the average earnings. He will find that the figures are correct.

The figures are difficult, and while certain people have sought to exploit the details, the figures depend on the years of service, on the amount of overtime worked, on whether the person is on a shift, and on a number of different factors that can affect earnings. The average of £10 is, on my best information, correct.

Mrs. Shirley Williams (Crosby): Is the Secretary of State aware that his statement is perhaps a little complacent as it is now suggested that there may be raw sewage in the streets in north Wales and other parts of the country, particularly Gloucester? While my party would accept the Secretary of State's attempts to get binding arbitration on both sides, he will be aware that there is some mistrust in the arbitration procedure, not least because, in principle, a year ago Ministers decided to bring to an end the arbitration procedure in the water industry. In the light of that, will the Secretary of State consider the possibility of a committee of inquiry, but on the assumption that it would have to be binding on both sides as a possible way of making progress in what is now a tangled and increasingly difficult dispute?

Mr. King: There is no truth in the right hon. Lady's suggestion that we are getting rid of arbitration. The only question that has arisen, which is one of the features of the water industry's structural procedures, is the unilateral access to arbitration. That is a different matter, and is not necessarily the arbitration procedure.

I have no reports on the right hon. Lady's comment about sewage. At the moment, I stand by the statement that I have made. However, I am grateful to her for what she says about agreements. Anybody who has the most elementary knowledge of industrial relations knows that if



PA
2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:
Your ref:

10 February 1983

Dear Nuteall

WATER INDUSTRY PAY DISPUTE

I attach a copy of the statement my Secretary of State intends to make to the House on the current situation in the water dispute, this afternoon. It is, of course, still subject to drafting changes before 3.30 pm.

I am copying this to the Private Secretaries to the Home Secretary, the Chancellor of the Exchequer, the Leader of the Commons, the Paymaster general, the Secretaries of State for Employment, Scotland Wales and to the Chief Press Secretary at No 10.

*Yours
D A Edmonds*

D A EDMONDS
Private Secretary

STATEMENT ON WATER DISPUTE - 10 FEBRUARY 1983

With permission, Mr Speaker, I would like to make a further statement to the House about the water industry dispute.

Since my statement last Thursday there has been little change in the number of people advised as a precaution to boil water. This now stands at 7 million.

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"The third sentence of the clause deals specifically with possibility of arbitration - the final stage in the procedure. It emphasises that arbitration is the course of last resort which means that it will only be used when negotiations properly carried out (in this instance with the help of the mediator) have failed to produce an agree-

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Mr Speaker, in my 2 previous statements to the House I urged the earliest possible end to this damaging dispute which while only affecting a small proportion of the population is none the less causing very real hardship and distress to many, not least the sick and the elderly.

I also stated my belief that the offer of an increase of an average of £10 a week, quite apart from any further benefits through increased productivity, is by any standards this year a very fair offer indeed.

I also made clear in both statements that there were 2 main options to achieve an end to the dispute and an immediate return to work.

The first of these options involved negotiations on higher earnings for productivity as recommended by the mediator.

These negotiations failed to produce agreement.

There therefore remains the second option:

that the agreement reached through ACAS must be honoured and the terms of the national agreement requiring arbitration must be followed.

If normal service to the public is to be resumed and if the water workers are to lose no more earnings it is vital that those concerned reconsider their position and agree to accept binding arbitration as clearly stated in the Agreement.

The whole House will appreciate the seriousness of the situation if a clear agreement, freely entered into, that provided the sensible procedure for resolving this dispute is not to be honoured.

CONFIDENTIAL



Mr Scholar

I attach a draft Memo of this morning
seeking an A-70 on the Lake strike

Rosen

10 February 1983

SECRET

DRAFT LETTER - MR SCHOLAR TO MR EDMONDS

THE WATER WORKERS' DISPUTE

The Prime Minister held a further meeting at 1000 am this morning to discuss the water workers' strike. Those present were the Home Secretary, the Secretaries of State for Defence, Employment, Scotland, Wales and the Environment, the ^{Chief} Financial Secretary to the Treasury, Mr Giles Shaw, Messrs Harrop, Gregson and Goodall and Bernard Ingham.

Your Secretary of State reported that some 37,000 properties were now without piped water supplies but the numbers being advised to boil water as a precaution had fallen to 7 million, due mainly to a resumption of chlorination at a number of water treatment works. A further week's supply of coal had been delivered to the Hampton pumping station yesterday despite some abusive picketing. Media reports about strikers occupying water authorities' premises had been exaggerated. Most of the occupations were brief and it seemed primarily for publicity purposes. Four premises in Wales were still occupied and the Welsh Water Authority were prepared to take legal action to have the strikers removed if it should prove necessary. The Advisory Conciliation and Arbitration Service (ACAS) had made a further effort yesterday to get the unions to agree to binding arbitration but had failed. The employers had rejected a union suggestion ^{that} for the dispute to be referred to an ~~ACAS established~~ ^a ~~Committee of Enquiry~~ ^{Established by Acts} because the unions had ^{not agreed} ~~declined to agree~~ that the results would be binding. An ACAS statement reporting their failure to make progress was couched in most unhelpful terms in that it ~~not only~~ failed to point out that the unions' refusal to accept binding arbitration was a breach both of their National Joint Industrial Council (NJIC) constitution and the agreement

SECRET

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reached at ACAS on 21 January; but ^{it} also in the way it gratuitously criticised the employers' side and appeared to be indicating that the mediator's recommendations ^{on the upper quartile claim} might be side-stepped. The media had not been slow to pick up these points.

During discussion it was argued that it was now more important than ever for the employers to stand firm on their offer, based on the mediator's recommendations, and their readiness to accept the binding nature of an arbitration award, in accordance with the NJIC constitution. It would be equally important that the employers ^{should} avoided ~~any dramatic gestures~~, such as ^{an across-the-board and} public abrogation of the closed shop agreement, ^{designed solely to} as a means of telling ^{tempting} strikers ~~who might be willing~~ to resume normal working ^{in the knowledge} that their jobs would remain secure. Such assurances should continue for the time being to be given locally and privately where appropriate. For the present both the employers and the Government should concentrate their publicity on the fact that union leaders had broken ^{numerous} every ^{key} agreements ^{that} had been made and were therefore responsible not only for the hardship and inconvenience being caused to a large number of consumers but also for their members losing a lot of ^{earnings} money by keeping them out on a strike which should never have been called. The negotiating processes laid down in the ^{water industry} NJIC constitution, recognising the essential nature of water and sewage services, included binding arbitration as a last resort which should, in practice, make strikes unnecessary. The present union leadership had ^{were ignoring this -} nevertheless broken their agreement and called the present strike which put the union leaders in an indefensible position ^{at} a point which should be explained to the public in general and the striking manual workers in particular, ← In the meantime it was likely that action at local level was most likely to succeed in maintaining the best possible water supplies and sewage

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Use being made where appropriate of the NJIC constitution, the agreement at ACAS on 21 January & the Lowry letter of the same date to both sides.

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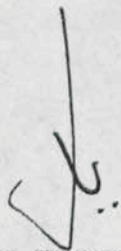
The workforce
services and the ~~union leaders~~ ^{members} at local level should be given every opportunity to honour their responsibilities under the NJIC constitution. Their successes and failures could best be publicised in the context both of the NJIC ^{constitution} ~~agreement~~ concerning the health of the consumer and the TUC Guide for the conduct of disputes. It was not yet clear what effect the present bad weather might have on water supplies but the additional health risks arising from icy roads and frozen standpipes were self-evident.

Summing up the discussion, the Prime Minister said that the National Water Council should take no new initiative without first consulting the Secretary of State for the Environment - who would need to make a statement in the House of Commons today. ^{employees and the government} The ~~publicity line for the next few days~~ should concentrate on the value of the current offer (based on the mediator's report) for the majority of the manual workforce, the employers' readiness to honour the NJIC ^{constitution} ~~agreement~~ regarding binding arbitration and the union leaders' refusal; and the ^{need for an immediate} ~~fact that a return to work, whilst arbitration took place, would not only allow the workers concerned to draw their normal wages but would also allow the health of the consumers to be properly safeguarded by restoring full water and sewerage services.~~ It would be helpful to distinguish between the irresponsible attitude of the union leaders towards their agreements and the responsible attitude being taken by those ^{in the workforce} who were endeavouring to maintain the best possible services. ~~There would be no need for Ministers to meet tomorrow (11 February) unless there was some major development. Subject to that~~ ^{my} ~~the~~ next meeting would be on Monday 14 February at 9.30 am.

*I am sending copies of this letter
(last paragraph on to the letter of 8 February)*

SECRET

Since I dictated the above, the CCU has met and agreed that it would be enormously helpful if the Prime Minister were to say something; and the Home Secretary asked Bernard and me to pass this on. Mr King agrees; and would want her to concentrate on the breach of agreements.



JOHN VEREKER

10 February 1983

PRIME MINISTER

cc Mr Mount
Mr Ingham

WATER STRIKE MEETING, 10 FEBRUARY

(i) Situation Report (Mr King and Mr Edwards)

Several potentially unhelpful factors are at work:

- Union occupation of water works (no longer extensive, and being dealt with in Wales by injunction to leave)
- Call by craftsmen's leaders to join the strike (not issued formally)
- Threats of reducing emergency cover
- Possible concentration of action on power stations (there is no sign yet of substance, rather than show, to the threats of sympathetic action by power station workers)
- Cold weather

Are any of these having, or are they likely to have, a significant effect on impact of the strike?

(ii) Negotiating Tactics and ACAS' Activity (Mr King and Mr Tebbit)

If ACAS fails to get the unions to agree to arbitration, can we at least obtain two things:

1. A public statement by ACAS making it clear that the unions have broken the 23 January agreement?
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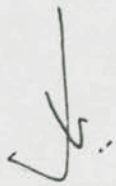
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Has the situation deteriorated to the extent that shorter notice for servicemen is justified?

(iv) Presentation (Mr Ingham)

Are we making any progress in putting the unions on the defensive for breaking their agreements? (You may want to ask Bernard to describe his activities yesterday, which were extensive.)

What can be done to get the NWC to appreciate the significance of presentation and to improve their performance (I attach a note, agreed with Bernard, illustrating some of their inadequacies so far, and suggesting that we must assume that the Government must go it alone).



9 February 1983

THE NWC'S PUBLIC PRESENTATION DURING THE WATER DISPUTE

The Regional Water Authorities have produced timely and well drafted public announcements about the need for economy and how to cope with the effects of the water strike. But the National Water Council's handling of the PR aspects of the negotiations have been awful. And the regional water authorities have generally done little or nothing to persuade the public that the mediator's award should be accepted.

Some illustrations -

1. As far as we know, no attempt was made to persuade the work force to accept the original offer, despite the fact that consultations were taking place on industrial action; and very few - and totally ineffective - efforts have been made since.
2. Len Hill allowed himself to be driven by Robin Day into mentioning, however qualified, an unsustainable £5-£10 figure on 3 February, which gave the unions a justifiable complaint of bad faith.
3. When the ACAS talks broke down at 10 pm on 6 February, the unions went straight to the TV cameras to get on the ITV news; the NWC were nowhere to be seen; they are not alive to the need to win public opinion.
4. The NWC failed to appreciate the significance of what they were saying last night about the offer's real worth, the effect it would have on their credibility, or the way it would distract attention from the union's refusal to go to arbitration.
5. After the unions turned down arbitration yesterday, the NWC allowed Mr Newall to go unchallenged (on BBC, ITV and this morning's Today programme) in saying there had been no proper negotiations; no effort has been made by the employers to demonstrate that the unions are operating contrary to agreements and procedure.

6. We can no longer rely on the NWC to get anything right; and it seems unlikely that they will recover their public credibility in the course of this dispute. We should therefore -

(i) Do what we can to persuade them to handle things better. Can day-to-day - even hour-to-hour - liaison between them and Environment's Press Office be instituted, so that we at least have the chance to tell them which programme to go on? Can they produce a publicly recognisable and credible spokesman, ie not Len Hill?

(ii) Assume that for presentational purposes we virtually have to go it alone. This means regular and hard briefing by Bernard in the Lobby, regular appearances by Mr King on the media and in the House, conveniently phrased Questions for Prime Minister's Question Time - and, we suggest, the deployment of other carefully selected Ministers to reinforce Mr King.

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I also made clear in both statements that there were 2 main options to achieve an end to the dispute and an immediate return to work.

The first of these options involved negotiations on higher earnings for productivity as recommended by the mediator. These negotiations failed to produce agreement.

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The whole House will appreciate the seriousness of the situation if a clear agreement, freely entered into, that provided the sensible procedure for resolving this dispute is not to be honoured.

WATER STRIKE: BREAKDOWN OF NEGOTIATIONS

Robin

It is fundamental to good industrial relations that agreements should be honoured. The agreement signed by the unions at ACAS on 23 January was absolutely clear. If negotiations on the basis of the mediated report failed to produce an agreement, either party had the right to seek arbitration and the other had the obligation to respond. The trade union leaders have flouted that agreement, which would have ended the strike with all the hardship and danger which it involves for the elderly and those with young families and also for the rest of industry and agriculture.

The Offer

The water workers have been offered an increase in basic pay which would bring their average earnings to over £145 a week. That is an increase of over 64% since April 1979, compared with an increase in prices of 52% over the same period. On top of that a number of further payments and benefits were discussed with the unions at ACAS on 6 February.

Even the 7.3% increase on basic rates alone is generous by any standards. It is well above the rate of inflation and well above what others with less secure jobs are settling for. Private sector settlements are estimated by the CBI to be running at about 6% - and are likely to fall further.

10 February 1983

MR INGHAM

cc Mr Butler
Mr Scholar
Mr Mount

WATER STRIKE: PRESENTATION

As I understand it, last night's shambles resulted from ineptitude rather than malice on the part of the NWC. Dickens, the employers' side Secretary, sent a circular to the RWAs explaining the earnings effect of the mediator's proposals on those entitled to long service increments. That does bring the offer up to 8.5% for 64% of the work force, but that is not inconsistent with the figures I have already circulated. The press got wind of the circular, enquired of the NWC what it meant, and a junior spokesman put out the statement we all saw last night. This morning the NWC are apparently surprised at all the fuss. The fact that they have drawn a red herring of huge dimensions across the path of what should have been our main opportunity to put the unions on the defensive for breaking their agreements has escaped them.

We shall have to consider at the next of the Prime Minister's morning meetings what can be done to get the NWC to take presentation seriously. Meanwhile I suggest that there are three lines of attack you can use with the Lobby:

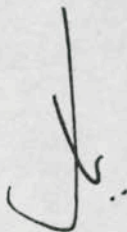
- (i) The unions are breaking their agreements. The press should be constantly asking the union leaders to explain why they are not honouring agreements, and whether their word can ever be trusted. Specifically, the unions were in breach of their NJIC procedure agreement in taking industrial action before the negotiating process, culminating in arbitration, had concluded; and they are now in breach of the 23 January ACAS agreement by refusing to accept arbitration. You may want to remind the Lobby of the terms of Pat Lowry's letter of 21 January to Dickens:

* I can't lay my hands on the text so you'd better not quote this in case it's not categorical.

"In the circumstances of such a disagreement [ie over the mediator's report] either party would have the right to seek arbitration and the other would have the obligation to respond";

(ii) It is simply not true that there has been a "refusal to hold real negotiations" on the part of the employers, as claimed by Mr Newall last night and this morning. It is an appalling reflection on the NWC's handling of the dispute that they have allowed this statement to go unchallenged. The facts show that it is the unions who have on each occasion jumped into industrial action before negotiations are concluded. The 4% offer on 11 November was accompanied by an offer of arbitration, and the unions responded by seeking authority for a strike, and by starting an overtime ban on 19 January. At the ACAS negotiations which concluded on 23 January, the 4% offer was raised to 7.3% over 16 months, and a long service supplement was added. The unions responded by starting an all-out strike. Last weekend at ACAS, the employers made further additions to the offer in the shape of rewards for improved productivity, over and above what was recommended by the mediator: the unions have now responded by intensifying the strike and refusing arbitration;

(iii) The offer is already high. There are many pitfalls in trying to describe the average earnings effect, but across the board the average for all manual water workers is probably around 8%. That compares very favourably with the earnings effect of the miners' settlement (6.5%), the amount recommended by the unions representing local authority manuals (4.5%) or our own estimate of the cumulative average level of settlements for the whole economy this pay round (about 5.5%).



9 February 1983

*Prime Minister**ms 3/2*PRIME MINISTERcc Mr Mount
Mr InghamWATER STRIKE MEETING, 10 FEBRUARY(i) Situation Report (Mr King and Mr Edwards)Several potentially unhelpful factors are at work:

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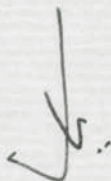
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SITUATION REPORT NO: 13 AT 16.30 HOURS WEDNESDAY 9TH FEBRUARY 1983

Totals of leaking mains and homes not served by mains water continue to rise.

Today's totals are:-

Mains failures remaining unrepaired	379
Properties without mains water - Authority areas	3936
Company areas	4551
	<u>8487</u>

Works performance remains generally satisfactory, as does river water quality. There is no problem with drinking water quality.

There is no notable change in picketing activity: but there was one significant escalation - namely the occupation, this afternoon of Rodbourne Sewage Treatment Works, Swindon, by a number of striking manual workers. Steps are being taken to notify the men concerned of the serious nature of their action.

Next report Thursday 10th February.

REPORT ISSUED BY PUBLIC RELATIONS

PRIME MINISTER

Prime Minister

MUS 9/2

WATER STRIKE - REGIONAL PRESENTATION

This return from the COI is day after day confirming our early impression:

- main news made either by national story or regional effects of strike;
- next to no activity on the part of the employers to win public opinion to their position;
- general (in the end) newspaper leader support for the Government, though increasingly tinged with criticism of the Government's 'inept' interventions and employer uselessness.

Generally speaking, the situation gets less good tempered but extension of the effects of the strike is very slow indeed.

Extracts from the reports are as follows:

North East

Public statements in recent days from union leaders and spokesmen for the Northumbrian Water Authority confirm a hardening of attitudes in the strike. But local press, radio and television are finding it increasingly difficult to say anything new about the situation.

Journal (Newcastle) has a front page story about 1,000 school-children in Newcastle being kept at home until the dispute is over because of a burst water main.

Northern Echo (Darlington) reports disagreement between the NWA and the unions on the procedure to be followed if any hospital finds itself with a burst main.

Leader article in the Shields Gazette (8.2.83) says that the Government, employers and the unions must share the blame for the muddle the water strike has now got into. "There have been inept interventions by Ministers and the employers have handled the negotiations badly." But the paper warns the unions that it is not realistic to suppose that with millions out of work and the economy in deep recession, that the waterworkers can achieve their goal of parity with gas and electricity workers. Arbitration provides the best answer. Middlesbrough Evening Gazette (8.2.83) describes the

dispute as "a three-sided pantomime". It advises Ministers and employers to shut up and let ACAS get on with its job of persuasion.

Yorkshire and Humberside

Main news this morning centres on the temporary occupation of a water treatment plant near Leeds, which attracted national media attention. Demonstration has now ended.

Elsewhere the main concern is river pollution.

In a leader comment the Halifax Courier urges the waterworkers to accept arbitration but is critical of the way "Government Ministers and Water Council spokesmen keep putting their foot in it with ill-advised statements."

Yorkshire Post has a series of readers' letters which are opposed to the waterworkers.

General situation on water supplies in the region is described by the YWA as "gradually deteriorating".

East

There is little evidence of hardship in the region, according to today's cuttings.

East Anglian Daily Times reports pupils in all ten secondary schools have rallied to call for help from Age Concern. Schools have agreed to release teams of teenagers to do shiftwork at the standpipes to assist the old folk.

Again there is no Anglian Water Authority management's comment on its side of the industrial dispute.

Midlands

No leader comments, but front page reports in most papers on operational matters, calls for economy and rows over emergency cover arrangements.

In Herefordshire white-collar union members are to be disciplined for strike-breaking in defiance of union orders.

South East

Reading Evening Post (Feb 8) reported that Thames Water Chief Executive, Sir Hugh Fish, had sent a personal letter to striking manual workers saying "This strike has gone on long enough", and calling on them to return to work and let their pay demand be put to an independent mediator.

The paper quoted Mr Ian Keys, Reading officer for the biggest water union, the General, Municipal and Boilermakers, as saying "From the tone of this letter it is obvious we have got the employers on the run".

Other media coverage concentrates on physical effects of the strike and advice and appeals for conservation.

South West

Editorial comment in the Post says it would be "crazy" for electricity workers to join waterworkers in dispute, and urges the waterworkers to go to arbitration with their pay claim.

Watermen eased their strike to man pumps which keep Somerset farmland drained, reports the Western Daily Press. Wessex WA spokesman said the men relaxed their ban after they were told rising waters could affect property and possibly lives.

In Swindon, an appeal to waterworkers to restore supplies to disabled and housebound people failed.

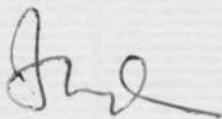
North West

At a meeting of union leaders in Warrington yesterday a vote was taken to withdraw all emergency cover throughout the North West, except for hospitals and patients on dialysis machines. NW Water Authority Chief Executive, Bryan Oldfield, appeared on Granada Television in same programme as union officials and pointed out waterworkers' responsibilities to all seven million consumers in the region.

Blackpool Gazette editorial says watermen would win public sympathy if they agreed now to go to arbitration, and similarly Manchester Evening News advocated arbitration before positions became entrenched.

Lancashire Evening Telegraph (Blackburn) reports police investigating possible sabotage at sewage treatment works at Clitheroe - effluent being discharged direct into River Ribble after equipment damaged with a garden spade.

I am copying to the Home Secretary and Secretary of State for the Environment.



B. INGHAM

9 February 1983

PART 2 ends:-

Employment to MCS 8/2

PART 3 begins:-

B. Ingham to PM 8/2

