

Ref: A01414

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PRIME MINISTER

Cabinet: Industrial Affairs

BACKGROUND AND HANDLING

You may like to ask Ministers to report on the following:-

Water

2. Mr. Heseltine could report on the aftermath of the GMWU's rejection of the employers' 19.2 per cent offer. He could mention the outcome of the meeting between Mr. King and Sir Robert Marshall due to take place today (Wednesday). Questions you might want to cover are:-

(a) What is the real likelihood of a strike (threatened from 25th February)?

Are the supervisors likely to join in (crucial to the effectiveness of contingency plans)? How will the GMWU Executive treat the vote for strike action by their conference? What of the attitude of the other water unions?

You will also want Mr. Younger's view on the strike threat in Scotland (where the water workers are local authority employees).

(b) Will the water employers increase their offer? If so, to what level?

We understand that the unions' further demands may crystallise round the consolidation of a 5 per cent efficiency bonus. Will the management concede this? Does Mr. Howell think this could have repercussions on gas and electricity, where negotiations are still going on? The GMWU negotiators are recommending acceptance of a 14.2 per cent offer for gas, which presumably could be rejected by their delegate conference, as with water.

(c) You might then seek views especially from Mr. Whitelaw and Mr. Pym on whether troops should be put on notice so as to be ready for use by 25th February. This mean alerting servicemen by the weekend: we understand that the water employers' view is that there is no need for troops to be put on notice yet; they are confident that they can provide adequate services - with the aid of the supervisors - for

cc IndPol (6L) P42  
Steel, Sis-  
ambulance  
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4-4<sup>th</sup> - 18<sup>th</sup> Thurs  
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several days after a strike begins. Putting the troops on notice would probably leak and jeopardise the co-operation of the supervisors. You might check that Mr. Heseltine agrees with this. If you want further consideration of this issue, then you could ask Mr. Whitelaw to convene an urgent meeting of the Civil Contingencies Unit at Ministerial level, perhaps on Friday.

A final decision about whether to declare a state of emergency can be delayed until next week, but CCU might be asked to look at this too.

Steel

3. Sir Keith Joseph could report on:-
- (a) The ACAS talks with the ISTC and NUB, and -
  - (b) Whether the other steel unions are likely to settle - they are meeting on Thursday to decide - following the rejection of BSC's offer by the TGWU delegate conference.

British Leyland

4. Sir Keith Joseph could report on management and union reaction to the results of the pay ballot (59 percent to 41 per cent against the offer, on an 82 per cent poll, i. e. 48½ per cent of all manual employees against); and on the market position and lay off plans. You are to discuss BL further with Ministers on Monday. The situation looks very gloomy.

British Shipbuilders

5. Sir Keith Joseph could report on the two days of pay negotiations ending today (Wednesday). Is there any chance of BS bridging the gap between the 20-30 per cent demanded by the Unions and the requirement of a virtually self-financing settlement dictated by their financial position?

Port of London Authority

6. Mr. Fowler could report on the effects of strike action over pay. This seems still sporadic and having only a limited effect. But there is no sign of an early settlement.

CONCLUSIONS

7. You may want to record conclusions on the discussion on water, in particular on whether any further meeting of CCU is needed.

REA

(Robert Armstrong)