



13 October 1981

MS 13/10

Prime Minister

WATER MANUALS PAY NEGOTIATIONS

Your Private Secretary asked in his letter of 23 September for an assessment by me of the prospects in the forthcoming water manuals pay negotiations as I see them.

The current situation is that a claim has been tabled for an increase in pay to match the RPI, for shorter working hours and improvements in other conditions of service. The employers intend to respond formally at a meeting of the NJIC on 5 November and will formulate their strategy for the negotiations at a meeting of the combined employers on 28 October. I shall have no firm information of their intentions until after that meeting although Tom King intends to speak to Robert Marshall and other key employers in advance of it to impress on them the need for low settlements. There are some pointers as to how the negotiations may proceed which will be of interest to you and colleagues at this stage though I must emphasise their speculative nature.

The unions have submitted their claim much earlier than usual because they are anxious to achieve a settlement by the due date of 7 December in order to avoid the delays of the last 2 years which they believed contributed to the very militant attitude of their members who rejected recommended settlements on a number of occasions. I believe the employers share this objective for a speedy settlement for the same reason and they also believe that low key negotiations carried out as expeditiously as possible will lead to the most reasonable settlement.

There is no clear indication of what they regard as a reasonable or realistic settlement this year. They are obviously apprehensive about developments in the miners' negotiations and the view has been expressed informally that the workforce are unlikely to ratify any settlement which falls much short of the perceived settlement figure for the miners. We shall try to persuade them to take a firm line against this approach; but one must recognise that it will not be easy for them to stand out against the effective threat of industrial action. We are at present heading for a settlement in high single figures, especially as the NWC Chairman virtually ruled out any possibility of it being in low figures in a recent radio broadcast. The settlement will likely also include some undertakings from the workforce on the implementation of higher productivity. These are some of the matters that Tom King and I will be working on to try and get the employers working at more acceptable levels.

I will let you and colleagues have a more complete assessment once the employers have considered their position and we have discussed it with them later this month.

I am copying this to colleagues on E Committee and to George Younger, Nicholas Edwards, David Howell and to Sir Robert Armstrong.

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