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## DEPARTMENT OF THE ENVIRONMENT

2 MARSHAM STREET

LONDON SW1P 3EB

01-212 3434

MINISTER FOR LOCAL GOVERNMENT AND ENVIRONMENTAL SERVICES

Prime Minister (4)

10 December 1981

MS 10/12

De Guffey.

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## WATER MANUALS PAY NEGOTIATIONS

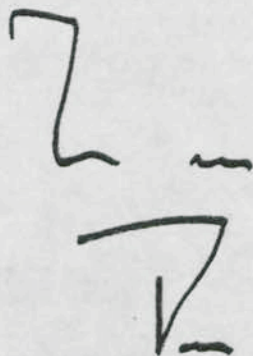
The water manuals union negotiators are unanimously recommending to their members an offer made at Tuesday's NJIC meeting which gives cash increases on basic rates equivalent to between 9 and 9.1%; consequential increases to shift pay and the marginal increase in minimum holiday entitlement already on the table will add up to a further 0.1%. This represents an increase of about 8.8% on average earnings, and of approximately 8.9% on the pay bill (with an outturn 2% or so below this if the pattern of last year is repeated).

As I intimated might happen in my letter of 4 December, a collateral agreement was reached to the effect that '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'. No timetable for consideration of the proposals has been fixed.

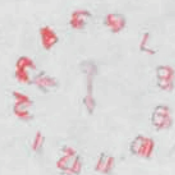
At the time the union negotiators took their final decision they must have known about the outcome of the miners negotiations. I think they must be reasonably confident that their members will accept, otherwise they would not be risking a rejection of a recommended offer for the third year running. In public statements made after the negotiations they said that they thought it would need a strike to persuade the employers to put more money on the table. The fact that some sections of the press, probably encouraged by the unions, are interpreting the collateral agreement as a commitment to examine indexation similar to the firemen may forebode difficulties for the future but, immediately, this would have a beneficial influence on the decisions of the workers. The unions carry out their consultations in various ways, in most cases by regional delegate conferences, and they will let NWC know their timetable shortly; a decision does not seem likely before Christmas.

It is of course important that we should not at this stage make any public statements about the offer which might prejudice acceptance by the workforce; nor is there anything that we could reasonably say about it which would encourage acceptance. I believe therefore that we shall have to adopt a low profile during the consultative period, leaving ourselves free to comment as robustly as we wish once a settlement has been ratified. Although I appreciate that in the coalminers negotiations the ball is in the union's court, anything that can be done to defer or to minimise the possible adverse impact on the waterworkers of developments would of course be helpful.

I am copying this to members of E Committee, and to George Younger, Nicholas Edwards, David Howell, Norman Fowler and to Sir Robert Armstrong.



TOM KING



1700 DECEMBER

CONFIDENTIAL

cc JV Local  
AO Govt



NBPM  
—

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

8 December 1981

The Rt. Hon. Tom King, MP  
Minister for Local Government and  
Environmental Services,  
Department of the Environment  
2, Marsham Street  
SW1.

WATER MANUALS' PAY

Thank you for your letter of 4 December.

I continue to be unable to understand why the National Water Council see advantage in continuing to make concessions in negotiations which can hardly reach any result until the likely shape of the coal industry settlement is clearer. But given that the strong arguments against this course have been squarely put to them - and rejected - I accept that there is nothing more that you can do about the further increase in the pay offer which is now proposed. But once again, I think we must make our view perfectly clear.

You also mention, however, that the employers are inclining towards agreeing to a joint study with the unions of watermanuals' pay. Experience in the current negotiations gives no grounds to expect that the employers would take a firm line in such a study. There must be a danger that it could develop into little more than a comparability exercise designed to make the case for further increases in pay (in spite of the assurances which Sir Robert Marshall has given you). I think therefore that the progress of this idea needs to be closely watched, and I would be grateful if you could keep colleagues in touch with developments.

I am copying this letter to members of E Committee and to George Younger, Nicholas Edwards, David Howell, Norman Fowler, and to Sir Robert Armstrong.

GEOFFREY HOWE

CONFIDENTIAL

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CONFIDENTIAL

Prime Minister

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cc JV  
AD

DEPARTMENT OF THE ENVIRONMENT

2 MARSHAM STREET

LONDON SW1P 3EB

01-212 3434

MUS 4/12

MINISTER FOR LOCAL GOVERNMENT AND ENVIRONMENTAL SERVICES

My Ref: K/PSO/35875/81

4<sup>th</sup> December 1981

Dear Geoffrey,

WATER MANUALS PAY

You asked me in your letter of 26 November what I see as the next moves in the water manuals negotiations.

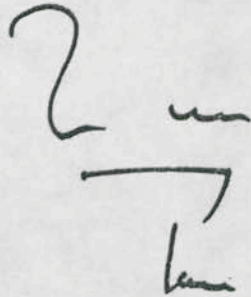
I arranged for officials to explore the possibilities directly with Sir Robert Marshall, who has emphasised that the unions, especially NUPE and TGWU, are continuing to press uncompromisingly for RPI increases. He believes that Wednesday's announcements will inevitably harden their attitudes, although we have of course drawn his attention to the petrol tankers ballot. The employers have seriously considered and rejected standing firm on their previous offer at next Tuesday's negotiating meeting. They believe that to do so would probably lead to the negotiations breaking down. Although the final decision will be taken by the negotiating group on the morning of the NJIC meeting, the current offer will probably be improved to give a further 50p (0.6%) on the basic rate. This would keep it within the current negotiating range (6½ - 9%) previously decided by the Combined Employers.

Besides the immediate increase, the unions have attached considerable importance to a request to study jointly with the employers the general position of water manuals' pay, both in its own right and vis-a-vis other manual workers. The Combined Employers have so far rejected this proposal; but are now considering whether some concession on this issue would persuade the unions to recommend an offer within the current negotiating range. What is in mind is an undertaking outside the formal negotiations to enter into long-term discussions of the whole area of pay and conditions, in which concessions by the employers would have to be matched by equivalent concessions on general efficiency and performance, operating practices, and possibly limits on recourse to industrial action. There could in fact be real benefits if operating practices were reformed to get the industry on a sensible 7 day working basis and avoid so much of the call-out, overtime arrangements which cost a lot of money.

My officials have drawn Sir Robert's attention to the Government's general views on indexation and formal comparability, and he has assured them that there was no risk that any undertaking given now would imply any commitment in that direction. I think we can accept that assurance.

Sir Robert is clearly in very close touch with the NCB, which is the best guarantee against mutual embarrassment. He is also aware of my adverse reactions to his negotiating tactics so far. I do not propose to speak to him further as there is nothing fresh that I could usefully say to him at this stage.

/ I am copying this letter to the recipients of yours.

A handwritten signature in black ink, consisting of a large, stylized 'T' followed by a horizontal line and a vertical line, resembling the name 'Tom King'.

TOM KING

4 DEC 1981

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Local Govt

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Prime Minister

ms 26/11

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

26 November 1981

The Rt. Hon. Tom King, MP.,  
Minister for Local Government and  
Environmental Services,  
Department of the Environment

ms

*Tom*

WATER MANUALS PAY NEGOTIATIONS

*TPM'd (with MCB?)*

Thank you for your letter of 23 November about recent moves in these negotiations, and the highly unsatisfactory situation which has emerged as a result.

I was grateful for the effort you made to put to the National Water Council the points in my letter of 17 November. The responsibility for the setback on 18 November to hopes of a moderate settlement clearly rests with Sir Robert Marshall. I am sure that it is right to leave him no doubt about our dissatisfaction with the way things have gone, and to do all we can to secure a more effective approach in the remainder of the negotiations. I do not think that we shall risk getting drawn into a leading role as long as we are essentially giving our views on figures which the NWC themselves put forward.

What do you see as the likely next moves in these negotiations?

I am copying this letter to members of E Committee and to George Younger, Nicholas Edwards, David Howell, Norman Fowler, and to Sir Robert Armstrong.

*[Handwritten signature]*

GEOFFREY HOWE





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AD

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

MINISTER FOR LOCAL GOVERNMENT AND ENVIRONMENTAL SERVICES

Mus 23/11

23 November 1981

*[Handwritten signature]*

Dear Geoffrey,

WATER MANUALS PAY NEGOTIATIONS

You will have seen that in the resumed negotiations for the water manuals group on Wednesday the unions rejected an improved offer, made in terms of cash increases on base rates, worth 8.1% on rates and about 7.8% on earnings. There were small consequential increases on shift pay and the minimum concession on holiday remains the same as in the opening offer.

I had been told on Tuesday evening of the possibility that the employers might make an offer in excess of the 7½% which had been mentioned to me by Sir Robert Marshall in my discussions with him last week. I spoke to him immediately before his negotiating team met. As I had done last week, I again emphasised the point which you also made in your letter to Michael Heseltine of 17 November, that, if there were no prospect of a settlement, it was not necessary to improve or adjust the opening offer by more than the absolute minimum token amount necessary to keep a dialogue going. Marshall's response was that he and his fellow employers involved in the negotiations had considered this possibility as well as that of deferring the negotiations but had concluded that both courses would probably lead to industrial unrest and would in the longer term be counter-productive. They recognised that they they would not be in a position to make an offer which the union negotiators would consider sufficient to recommend to their workforce but they had unanimously decided that they should pitch their offer at a level which, whilst not in any way embarrassing the miners negotiations, might be sufficient for the union negotiators to put to their members without a recommendation, or, in the case of the more hawkish unions, with a recommendation to reject: they believed that there was a chance, albeit a remote one, that the workforce would even in these circumstances accept the offer. I expressed in the strongest possible terms my scepticism about that approach which offered little prospect of success but would leave the employers exposed with a high offer on the table. Robert Marshall was left in no doubt about the strength of my feelings on the proposed approach but, while promising to consider what I had said, he

MCS Dip

emphasised that he and the RWA chairmen leading the negotiations were unanimous that it offered the best way forward and negotiating tactics were their prerogative. I was satisfied that he and his officials were in close touch with their counterparts in NCB and knew the details of the offer to the miners and the extent to which they could use them in their own negotiations; he assured me that there would be no developments which would embarrass the NCB.

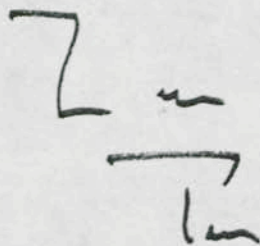
I am naturally very concerned about the outcome of the negotiations which was exactly as I warned it would be. I shall leave Robert Marshall in no doubt of our views on the handling of all the negotiations so far, before the NJIC meets again on 8 December. We shall continue to exert the maximum pressure on him, but we shall have to take care now that we do not get so involved in the fine-tuning of the negotiations that the employers have the opportunity to implicate the Government in the final settlement, as they did last year, to an extent that we cannot respond critically to it.

I have no reason to suppose that there is any significant disagreement among the RWA chairmen on the line taken so far. But they are particularly susceptible to NWC influence in pay matters and Robert Marshall is not subject to the same disciplines as in other nationalised industries where policies on pay are the prerogative of their Boards.

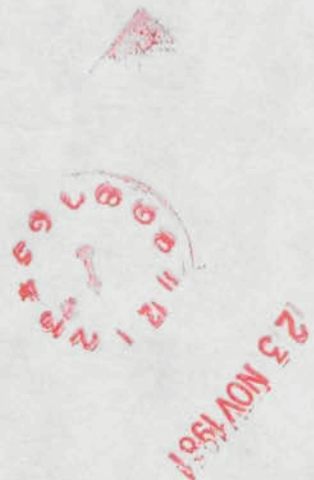
After the negotiations NWC officials told mine that informal discussions with the unions after the negotiations suggested that, although their positions varied, a further small increase might well secure their recommendation to accept. The reported public attitudes of the unions do not suggest it will be that easy.

The water craftsmen tabled a claim on Thursday which was essentially the same as the initial manual claim. Negotiations were adjourned until 15 December without an offer from the employers.

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



TOM KING





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

17 November 1981

The Rt. Hon. Michael Heseltine, MP.,  
Secretary of State for the Environment

*Michael*

WATER MANUALS' PAY NEGOTIATIONS

Tom King's Private Secretary wrote to mine on 13 November about the prospects for these negotiations when they resume on 18 November.

I confess that I do not understand Sir Robert Marshall's tactical judgement that it is necessary to improve the offer to the manuals at a meeting which holds no prospects of a settlement. I should have thought that the effect could only be to raise the starting point when serious bargaining about the settlement level resumes in due course. I can see that it is important to keep the dialogue going; but it would surely be possible to do so less damagingly, e.g. by talking about ways in which the existing offer could be re-allocated. If the unions are not prepared to move until there has been further progress in the coal industry negotiations, they can hardly be expecting much movement from the employers either.

If, for reasons which are not clear to me, the offer has to be increased, I would hope that a figure as high as 7.5 per cent would not be mentioned. This would be higher than the revised offer made to the miners (which, although rejected, has still not been increased), just as the opening offer was higher than the opening offer to the miners. Such an approach is scarcely consistent with getting a settlement which is lower than the miners'.

Finally, I am not clear why the offer to the miners cannot be presented to the water workers as much lower than 9.1 per cent. The relevant figure for comparisons is the 7.3 per cent on earnings which the offer to the miners represents. Surely the water industry employers can point this out to the unions in the negotiations? So far as I know, there is nothing secret about the figures - the press has already indicated that the effect on earnings of the offer to the miners is less than the effect on basic rates.

I regard it as important that these points should be put to the employers before the meeting on 18 November. It seems to me quite wrong that there should apparently be a real risk that the negotiations with the water workers will start to set the pace. Given that the unions are evidently prepared to wait on developments in the coal industry negotiations, it seems to me that the employers should do so too.

Prime Minister (2)

cc AD ✓  
JV ✓  
MS 18/11

Local  
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ms

CONFIDENTIAL



I am copying this letter to members of E Committee and to George Younger, Nicholas Edwards, David Howell, Norman Fowler, and to Sir Robert Armstrong.

A handwritten signature, likely "Geoffrey Howe", with several horizontal lines above and below it, indicating a signature line.

GEOFFREY HOWE

A red circular postmark with numbers 1 through 12 around the perimeter, and a vertical red date stamp to its right that reads "17 NOV 1981".

CONFIDENTIAL

R H

16 November, 1981

Water Manuals Pay Negotiations

The Prime Minister has seen and noted the Chancellor's minute of 9 November.

I am sending copies of this letter to the Private Secretaries to the members of E Committee, Muir Russell (Scottish Office), Anthony Mayer (Department of Transport), John Craig (Welsh Office) and David Wright (Cabinet Office).

M. C. SCHOLAR

John Kerry Esq  
HM Treasury

CONFIDENTIAL

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Local Govt



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DEPARTMENT OF THE ENVIRONMENT  
2 MARSHAM STREET  
LONDON SW1P 3EB  
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MINISTER FOR LOCAL GOVERNMENT AND ENVIRONMENTAL SERVICES

13 November 1981

Prime Minister

Two papers

Mr King said the right

\* things - but Sir R Marshall

is already off track.

Dear Private Secretary,

\* in line  
with the  
Chancellor's

WATER MANUALS PAY NEGOTIATIONS <sup>minute</sup>, attached.

Mes 13/11

My Minister, who is out of the office today, has asked me to report on the prospects for the water manuals negotiations which resume on 18 November. He spoke with Sir Robert Marshall after it was known that the NUM had rejected the Coal Board's offer, and earlier Mr Shaw had discussed the situation with Mr Hill who leads the employers' negotiating team. The Ministers expressed their disappointment that the water employers opening offer was higher than seemed necessary in the circumstances, and urged, as they have done on previous occasions, that they should be looking for a settlement which will be within and not at the level eventually achieved by the miners.

Sir Robert Marshall told Mr King that in view of developments in the miners' negotiations there was now no prospect of a settlement in next Wednesday's negotiations. In order to keep the dialogue going the employers would have to improve the opening offer and the minimum needed might be up to about 7½%. He was personally in close touch with Sir Derek Ezra (and we are assured that officials of the NWC and NCB are maintaining a close liaison). On the prospects for an eventual settlement, he remained optimistic that this would be achieved within the employers' present negotiating range of 6½% - 9%, but he assured the Minister that the employers were totally united in their determination to get the lowest achievable settlement.

Mr King expressed his concern that the water workers would assume the reported 9.1% offer to the miners to be the 'going rate' when, as Sir Robert already knew, that figure did not represent the level at which any rational read across should be made. This does of course make the water position difficult since no publicity can be given to the lower figures, and in this respect they will have to rely on NCB to assist them as much as they can.

Mr King also emphasised the need to keep the increase to be made to the opening offer next Wednesday to the minimum so as not to unnecessarily raise the base for the further increase that will be necessary to achieve a settlement in due course. Since the employers negotiating team do not meet until the morning of the negotiations, it seems unlikely that there will be any further opportunity to comment on their negotiating position before the NJIC meets.

I am copying this to the private secretaries of other members of E Committee, of the Secretaries of State for Social Services, Transport, Scotland and Wales and the Paymaster General, and of Sir Robert Armstrong.

Yours Sincerely,

*Martin Brasher*  
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MARTIN BRASHER  
Private Secretary

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13 NOV 1981