

dc JV



DEPARTMENT OF THE ENVIRONMENT

2 MARSHAM STREET

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01-212 3434

MINISTER FOR LOCAL GOVERNMENT  
AND ENVIRONMENTAL SERVICES

Prime Minister

(2)

24 September 1982 We can only wait and

see. MISC 61 last year

reported that the water workers were

not particularly militant, and that

the attitude of middle management to

taking industrial action would be crucial

Dear Chancellor of the Exchequer,

WATER PAY

You will have seen reports of developments on Tuesday in the pay negotiations for the water manual workers. As expected the unions tabled a claim related to their earlier demands that water manual earnings be brought into line with the upper quartile of manual workers generally, about which I wrote to you on 21 June and 16 July. On available information this suggests an increase of the order of 15% but may also include a 'cost of living' element for this year. The claim also seeks an addition of one week in annual holiday entitlements and a reduction of one hour (to 38) in the working week. The employers, in line with established practice in the industry, indicated they would respond to the claim at the next scheduled meeting on 11 November. The unions would not accept this delay and when the employers refused to give a commitment in principle to the upper quartile claim they indicated that they would seek the approval of their National Executives to a one day national strike on 18 October.

in determining  
how effective  
such action  
would  
be.

MUS 27/9

Although the employers had assumed that the unions might be more militant this year than hitherto, they were clearly surprised by their reaction at this early stage. Their statement to the press points out that what they describe as a "deplorable and unnecessary decision" is in breach of the national agreements and that it is unacceptable that strike action should be called more than two months before the settlement date and before negotiations have started. There are a number of reasons to account for the unions militant attitude the most significant of which is perhaps that GMWU feels it has to reassert itself if it is not to continue to lose considerable numbers of its more militant membership to a more aggressive NUPE; also the NHS dispute is significant especially as the same unions are involved there. It may be also that it is a vague reflection of the pre-emptive Scargill tactics in the miners negotiations.

I understand that the workforce do not have to be consulted further about strike action. The extent to which the workforce positively support the action will give some indication whether this will be merely a token protest before getting down to serious negotiations or the beginning of continuing disruptive action which will make the negotiations more troublesome than we have known them. If the latter, it could have implications for the local authority manuals negotiations which are likely to get seriously under way in early November.

I understand that the employers do not intend to change their planned approach to the negotiations in response to the union action. The Combined Employers Committee will consider its response to the claim on 27 October and table it at the November NJIC. The one day strike itself may result in inconvenience where emergency action is needed but it is otherwise unlikely to be at all damaging.

Before the negotiations began I met a team of employers - Len Hill and Bill Dugdale, Chairmen of the water employers main negotiating teams, and Tag Taylor who is responsible for pay issues arising from the abolition of the NWC. I reinforced the message you gave to the NICG about our pay objectives and discussed the prospects as they saw them for the manuals negotiations. They anticipated the upper quartile claim and emphasised that the Combined Employers would continue, as they had done during the informal discussions during the last year, to refuse flatly to accept the validity of the unions' position on this issue but would indicate a willingness to consider other ways of improving earnings though only on a step by step approach in return for equivalent concessions relating to performance and other managerial objectives. I do not believe that last Tuesday's events will influence their approach.

At the meeting the employers responded very positively to comments I made about negotiating tactics especially in regard to the need for the lowest practicable opening offer and more measured improvements to it under pressure in negotiations than had happened in the previous negotiations. However they challenged my assertion, based on published settlement levels, that water manuals have done better than almost all other public sector groups in recent years; by way of example, they pointed out that their average earning outturn in the previous year showed an increase of 10% against the national average of 10.9%, and that reductions in numbers have resulted in much lower paybill increases than for many other groups.

*in fact,  
the national  
average  
was  
around  
7 1/2 %  
MCS*

It is widely supposed that the unions' perception that it is the Government's intention to introduce decentralised pay bargaining once NWC is abolished will harden their attitudes in what they choose to regard as these last negotiations at the national level. It is probably another contributing factor, though not an obvious one, to the line they adopted last Tuesday.

CONFIDENTIAL.

On the other hand, if the employers decide to continue centralised bargaining - and I shall be writing to you later about this when the matter has been further considered by them - there may be a possibility for exacting a price though whether in these negotiations as well as in those dealing with the future pay bargaining system is a matter of timing and other practical considerations.

It was obvious to me that with the absence of Sir Robert Marshall we have a new team of employers representatives who are keen to give a good account of themselves. I found their responses to many of the points I put to them refreshingly positive and encouraging. It remains to be seen how successful they are in carrying the other RWA Chairmen and the water company representatives on the Combined Employers Committee with them in what I read as their determination to achieve a more responsible outcome to this year's negotiations. In that respect I naturally gave them the assurances they sought that we would of course back them as far as we possibly could in dealing with any serious industrial action.

I shall be seeing the same team on other matters next week and shall take the opportunity to explore further last Tuesday's developments and the Combined Employers immediate reaction to them. I intend to consider with them if and how they might further exploit the inherent irresponsibility of the unions' actions and whether by applying public and private pressures they might be able to persuade the union hierarchies not to endorse their negotiators call for a stoppage. I do not consider, however, that it would at this immediate stage be helpful or appropriate for us to be seen to be involved though, if the decision to strike is taken, we must consider then the Government's reaction.

I am copying this to the Prime Minister and to other members of E Committee and to Sir Robert Armstrong.

Yours Sincerely,

M. L. Brasher (Private Secretary)

(pp) TOM KING  
(approved by the Minister and  
signed in his absence)

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Local Govt.

noted  
on Mr King's copy letter  
plus 27/9

MR. SCHOLAR

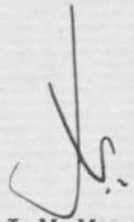
c. Mr. Mount

WATER PAY

I think the Prime Minister should see Mr. King's letter of 24 September to the Chancellor reporting on the breakdown last week of the pay negotiations for manual workers in the water industry. It is becoming clear that the water workers will be one of the most difficult groups this pay round, because of their aspirations to enter the league of the higher paid manual workers.

There is little to be done at this stage except wait and see how the negotiations develop. There are two particular indicators to watch:

- (i) how hard the new negotiating team are prepared to push the water workers. The assumption hitherto has been that the employers would not push matters to the extent of serious industrial action, but that may have changed. On the other hand, they do seem to have already taken up the position of defending the existing levels of water pay: Mr. King quotes them as pointing out that last year they got only 10% "against the national average of 10.9%", but the national average was in fact nearer 7½%. And in the previous year, of course, they got 12.3%;
- (ii) how widely supported any industrial action is. The Official Group (MISC 61) reported last year that the water workers were not a particularly militant body, and that the attitude of middle management to taking industrial action would be crucial in determining how effective such action was.

  
J.M.M. VEREKER

27 September 1982

CONFIDENTIAL

LOCAL GOVERNMENT.  
Prime Minister

P. 0862

MR SCHOLAR

MISC 1/10

Industrial Action in the Water Industry

As you know the trades unions have called for a one-day strike in the water industry in England and Wales on 18 October. The Minister for Local Government in his letter to the Chancellor of the Exchequer of 24 September said that the strike is likely to cause no more than inconvenience, and I understand that the Department of the Environment see no need for any action on the part of the Civil Contingencies Unit.

2. However, further disruption in the water industry during the course of this year's pay negotiations clearly cannot be ruled out. The Official Group on Water (MISC 61) will therefore be updating the report which it submitted to Ministers last year on withstanding a water strike (circulated with the Home Secretary's minute of 22 October 1981 to the Prime Minister). The one-day strike on 18 October may offer some useful pointers to the attitude of management and supervisory staff, whose co-operation was previously identified as crucial to withstanding a lengthy strike in the water industry. Officials therefore think that it would be sensible to wait until the lessons of that strike can be assimilated before MISC 61 submits its next report. The aim will therefore be to submit a revised report to Ministers early in November (the pay settlement date is 7 December).

3. I am sending a copy of this minute to the Private Secretaries to the Home Secretary, the Secretaries of State for the Environment and Employment, the Minister for Local Government and Sir Robert Armstrong and Mr Sparrow.

P L

P L GREGSON

30 September 1982

CONFIDENTIAL



DEPARTMENT OF THE ENVIRONMENT

2 MARSHAM STREET

LONDON SW1P 3EB

01-212 3434

cc to  
Local Govt

MINISTER FOR LOCAL GOVERNMENT  
AND ENVIRONMENTAL SERVICES

Prime Minister (2)

5 October 1982

MUS 5/10

Dear Willie,

INDUSTRIAL ACTION IN THE WATER INDUSTRY

You will have seen from my letter of 24 September to Geoffrey Howe that the manual workers unions are planning a one day strike on 18 October. I understand that, since I wrote, the GMWU and TGWU national executives have endorsed their negotiators' recommendations and NUPE is likely to follow suit. Employers' representatives confirmed to me at a meeting last Thursday that the background to the action was as described in my earlier letter and emphasised that the decision was premeditated and in breach of agreements and understandings arrived at earlier in the year about the conduct of the initial negotiations. They were impervious to the employers' argument that a response by them on 11 November was reasonable and would still allow ample time for a settlement to be reached on 5 December.

The employers do not foresee any major difficulties in coping with the stoppage, and the impact on the general public should be minimal. Local union representatives are not happy about the action but will follow instructions: the response of the manuals' workforce is less certain. Sympathetic action by other groups is not contemplated, but local employers will take active steps to discourage it especially among the key craft group. I fully endorsed the employers' intentions not to play into the unions' hands by action which would give the strike unnecessary prominence but to try to give the impression of business as usual. There are no obvious indications that the unions are contemplating further industrial action at this stage, but the resumed negotiations on 11 November will be coloured by the response of the workforce and to some extent of the public to the strike action.

Against this background I do not think it would be wise for us to go out of our way to make public statements at this stage which would bring the strike into sharper public focus. However, we must not be thought to be condoning the action and, should a suitable opportunity occur or in answer to specific questions, we should deplore the irresponsibility of the unions concerned in taking such precipitate action with two months to go to their settlement date without giving the employers time to respond to their claim. We could also say that it is a futile gesture which hurts the workers most.

I am copying this to the Prime Minister, members of E Committee and the CCU and to Sir Robert Armstrong, and I would welcome any comments which you or they may have on the low key approach I am proposing.

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TOM KING



5 OCT 1982

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Local Cont  
EJV



SCOTTISH OFFICE  
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Rt Hon Tom King MP  
Minister of State  
Department of the Environment  
2 Marsham Street  
LONDON SW1

NBPM

MW 19/10

15 October 1982

INDUSTRIAL ACTION IN THE WATER INDUSTRY

I have seen a copy of your letter of 5 October to the Home Secretary about the proposed one day strike by water manual workers in England and Wales on 18 October.

As you know, wage negotiations for water workers in Scotland are carried out separately by a Joint Negotiating Committee. In past years the pattern of events has been for the union representatives here to follow the progress of the negotiations in England and to seek to obtain a similar settlement for their members. Although the settlement date for Scotland is also 5 December, a claim would not normally be submitted until about the end of October and this year none has so far been received by the Employers' Side of the JNC.

Previous industrial action by Scottish water workers has not been co-ordinated to any extent with action in England and I should not have expected any sympathetic action here in support of the one day strike on this occasion. However, I have been told that such support is being sought by the unions. The Employers' Side of the SJNC take the view that this action is quite unjustified as Scottish negotiations have not even been set in motion by the submission of a claim.

My information is that although some response to the call for strike action in Scotland may be expected, especially in the traditionally more militant areas, it is likely to be patchy and there is no intention to withdraw emergency cover or in any way threaten the health and safety of the public. The intention seems to be no more than to make a token gesture of support for the workers in England and Wales and therefore the Scottish authorities do not foresee any great problems.

I wholly agree with the low key approach proposed in your letter.

A copy of this letter goes to the recipients of yours.

ALLAN STEWART

CJV


 Local Gov  
 Prime Minister (2)  
 DEPARTMENT OF THE ENVIRONMENT

 2 MARSHAM STREET  
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 MINISTER FOR LOCAL GOVERNMENT  
 AND ENVIRONMENTAL SERVICES

26 July 1982

## BRITISH WATERWAYS BOARD STAFF AND MANUALS - PAY

This is to let you know of developments in the pay negotiations for British Waterways Board employees. At a first negotiating meeting with the small (800) salaried staff group the Board responded to the tabled claim for increases of 11.2%, reductions in hours and longer holidays with an offer involving 4% increases in pay and no concession on hours or holidays. This offer was rejected by the unions concerned (mainly NALGO). After further consideration I understand the Board increased their offer to 5.5%. The unions agreed to consider this, though they indicated it was unlikely to be acceptable. A further meeting has been arranged for 10 August.

Last week the Board made the same opening offer to their 2,300 manual workers. It was rejected, as was a further offer of 5%. A further meeting has been arranged for 29 July.

Prior to the start of these negotiations I had impressed on the Board Chairman, Sir Frank Price, that the financial situation of the Board did not justify high pay offers, and there was a need to relate settlements to improvements in productivity. We did not think that this message was properly taken on board in their conduct of the negotiations, so Michael Heseltine took advantage of a meeting we were holding with the full Board on other matters to re-inforce his concern on this subject. He expressed his surprise that a Board so dependent on public grant should already have gone so far so quickly in its offers and his belief that no further increase could be justified. The Board has been re-considering its bargaining strategy in the light of his comments, and I will keep you and colleagues informed of any further developments.

Copies of this letter go to members of E Committee.

TOM KING

26 JUL 1982



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*CS JV*

*Local Govt*



DEPARTMENT OF THE ENVIRONMENT

2 MARSHAM STREET

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01-212 3434

MINISTER FOR LOCAL GOVERNMENT AND ENVIRONMENTAL SERVICES

21 June 1982

*Prime Minister (4)*

*Den Geaffroy*

*on Public Sector pay file  
Mus 23/6*

WATER PAY

In your minute of 9 June to the Prime Minister covering the Public Trading Sector Monitoring Report you referred to the press reports that the water manuals are seeking a special 15% comparability increase. This relates to the follow up to an agreement made in the context of but collateral to last year's annual settlement that the employers would, without commitment, consider representations by the unions on the position of the water workers in relation to the earnings of manual workers in the economy generally 'on the clear understanding that the employers will wish to ensure that corresponding benefits of equal value are obtained for management and customers'.

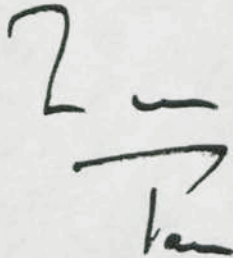
The press reports reflected the initial representations by the unions which have been put on the table at an informal joint meeting of the chairmen of the sides of the NJIC. The GMWU saw fit to report this to its annual conference even though there has been no substantive discussion or response by the employers so far. Sir Robert Marshall has assured my officials that the employers will in no circumstances respond positively to the unions' indexation proposal, but intend to direct the informal exploratory discussions toward consideration of their own proposals designed to improve performance and efficiency and, possibly, for a change in the annual settlement date to April. The Combined Employers Committee are reviewing the position at a meeting today and the informal joint discussions resume on 1 July.

The prospect of any substantive developments seems remote at least until the annual pay negotiations for the manuals group begin in the autumn. NWC regard it as inevitable that the issues will be subsumed by those negotiations, and it is their intention to try to ensure that the focus is then on their proposals and not those of the unions.

We are of course doing all we can to ensure that the employers continue to approach these discussions in a responsible manner taking full account of the Government's views on comparability, indexation and market forces. It is too early to assess their proposals in detail, especially whether they will be self-financing. We shall continue to emphasise however that we do not accept the view which has become increasingly prevalent among the employers in recent years that the water employees overall are inadequately paid, nor that they should in any case be regarded automatically as a special case because of their industrial muscle. You will appreciate that at this particular time there are special difficulties in taking up these matters with the NWC, and the consequences of the decisions we are announcing at the end of the month could affect the course of these joint discussions. I shall watch developments closely and act accordingly.

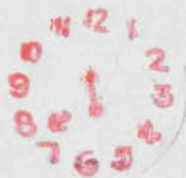
Turning to the water staff negotiations, I understand that NALGO has rejected the 7% offer made by the employers last week and has endorsed industrial action if it is not adequately improved. Negotiations resume tomorrow. I understand that the employers are not likely to improve the offer by any significant amount, if at all. There is obviously a particular difficulty about any higher offer in view of the Health Service situation and the other negotiations in which NALGO are involved.

I am copying this to the Prime Minister and to those to whom you copied your minute.

A handwritten signature in black ink, consisting of a large '2' followed by a horizontal line, a vertical line, and a horizontal line, ending in a stylized 'K'.

TOM KING

12 2 JUN 1982



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