

Prime Minister 2

MCS 21/1

MR SCHOLARcc Mr Mount
Mr Ingham
Mr WolfsonDEVELOPMENTS IN THE WATER WORKERS' DISPUTE

No doubt Mr King will be reporting to the Prime Minister over the weekend whatever may prove to be the outcome of the discussions at ACAS; meanwhile the Prime Minister may find it helpful to have this account of the position reached so far.

The negotiations which ACAS had been holding separately with the employers and the unions broke up at 22.45 last (Thursday) night. I understand that no discussion at all had taken place about the pay offer. ACAS was concentrating exclusively on agreeing with the parties a procedure which would bring the unions to arbitration. The unions wanted that in general terms, along the lines that they were prepared to bargain in good faith and to use the offices of a mediator, but that they recognised that in the last resort they should follow their national procedural agreements; the employers were seeking a specific commitment that if the mediator failed, the parties agreed to remit their differences to arbitration. It is not yet clear whether the unions' position remains one of substantive objection to arbitration, or merely the desire to avoid the appearance of being committed to it.

But there is one concrete achievement: the parties have agreed on who the mediator (and arbitrator, if that is agreed) should be. He is a Mr Buchanan, a senior lecturer in the Department of Economics at the University of Dundee. He has a long track record as an arbitrator for ACAS including the settlement of the June 1979 dispute on the London Underground. Mr Tebbit has agreed that he is suitable. (He is not known to Alan.) I understand that the Prime Minister had thought that the Chairman of the Civil Service Arbitration Tribunal might be asked, but apart from the fact that he would not be acceptable to the unions there would be dangers for us too: if Calcutt became tainted with a

particular figure, likely to be more than 5%, it would cause great difficulties if this year's Civil Service pay settlement became subject to arbitration (which of course we hope it won't).

The two sides to the dispute met separately among themselves this morning, and the talks reconvened at ACAS this afternoon. They are likely to continue well into this evening, and may be reconvened again tomorrow.

There is one encouraging and one discouraging aspect to the negotiations so far. It is encouraging that progress is being made on the procedure leading to arbitration without the employers having to make an increased offer; the National Water Council have done well to avoid conceding something. I understand that Pat Lowry is hopeful that an agreement on procedure can be reached today. It is discouraging that the unions are now saying, I understand, that they do not believe that the employers are genuinely free to negotiate, because they have seen the reports attributed to Government spokesmen that the Government had given the green light to the employers to raise the offer. That report, which the Department of the Environment regard as damaging, reflects the briefing given by the Lord President to the Lobby yesterday afternoon, when he said that he could not indicate the levels of increase in the pay offer, thereby confirming that there would be an increase. As a result, I am told that the NWC are not very optimistic about the willingness of the unions to start serious negotiations. One way or the other, we should know before the weekend is out.



21 January 1983

COVERING CONFIDENTIAL

M/fax to Chegners please.
a box

cc J.V.
local Govt.



Prime Minister

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

I have asked Mr King's

My ref:

Your ref:

21 January 1983

Please, too
see John
Verheer's
note (attached).

Office to keep us in touch
over the weekend with any
substantial developments (although not to
bother you if the radio/TV are getting the
same information almost instantaneously)

Dear Michael,

MUS 21/1

I attach a note by officials in this Department reporting on the latest developments in the Water Industry pay dispute. My Secretary of State has not yet had a chance to see it but it is also being sent to him this evening.

I am sending copies of this to the Private Secretaries to the Chancellor of the Exchequer, the Home Secretary, the Secretaries of State for Defence and Employment, Scotland and Wales, the Paymaster General and to Sir Robert Armstrong.

Yours sincerely,
Helen Ghosh

MRS H GHOSH
Private Secretary

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WATER SITREP 4.00 P.M. (FRIDAY 1983)

Effects so far for call-out and overtime ban etc.

1. As would be expected, the call-out and overtime bans have so far had no significant effects on the public. Un-repaired bursts have caused a small number of householders and others to be without a supply of water overnight. But there are no reports of serious breakdown.

Operations over the week-end

2. Weekend shiftwork by manuals is continuing in some areas but more generally, and especially in the North West, Yorkshire and Northumbria a backlog of repair work is likely to build-up.

The Dispute

3. Assuming the two sides can agree this evening procedures drafted by ACAS (arbitration remains a potential difficulty), negotiations will begin tomorrow under an independent, ACAS-nominated Chairman. He will mediate at the point when no further progress can be made, and if his recommendations are not mutually acceptable it is intended that arbitration under the terms of ^{the} national agreement (publicly supported by ACAS) should follow. This process may well last through at least into Sunday.

4. It remains important that public statements over the weekend should not in any way imply Government involvement in the negotiations, or suggest that it is Government which finances the pay settlements (the cost falls wholly on water charges).

5. Meanwhile we must assume that the strike is on.

Emergency Cover

6. The trade unions have said they will maintain emergency cover to protect health and safety. For the most part this is being interpreted narrowly: there tends to be argument at local level about maintaining any water supply other than to a hospital or old people's home. But this is variable.

[NOT FOR USE AT THIS STAGE: water authorities have told the trade unions in explicit terms of a number of other possible dangers to health and safety including e.g. inadequate water treatment, lack of mains pressure for fire fighting/sprinklers, sewer blockages, flooding of basements from burst mains etc].

Supervisors

7. NALGO have issued instructions to their membership to work normally. In some areas there are signs that supervisors may undertake extra duties, especially in emergencies, but in most areas the mood of the supervisors is not really predictable. Adverse reaction to talk of the use of troops has been reported.

Liaison at local level

8. All water authorities report that they have established satisfactory liaison with the military, with local authorities and with health authorities.

Local publicity

9. There is considerable press interest and the material on saving water and making it safe to drink is being printed in some local papers this weekend; particularly in the North West.

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Scotland

10. The Scottish employers have given their water workers an unqualified assurance that they will match any offer to the unions representing manuals in England and Wales. It now seem unlikely therefore that there will be industrial action in Scotland next week.

Reporting on Operations/ Developments

11. We shall receive telephoned reports from NWC over the week-end, and key people (Mr Bonsall's minute of yesterday) will be kept informed.

Co-ordination of Press Officers

12. Departments concerned in the water emergency have nominated press officers to deal with enquiries. This network includes DOE, HO, MOD, MAFF, DHSS, Dof I, No.10, DEm, DEn. The list of 'standard' questions and answers has been circulated to them all.

Co-ordination of Ministerial Consultation

13. CU have circulated a list of telephone numbers etc of private secretaries principally concerned.

JACK
J A L GUNN

21 January 1983