

break out

MR INGHAM

✓

cc Mr Scholar ✓
Miss Christopherson
Mr Mount

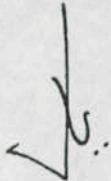
WATER STRIKE

The Ministerial CCU this morning devoted almost all its time to a discussion of the presentational difficulty about which we spoke first thing this morning. All those present agreed that Len Hill's "£5-10 increase" was being presented in a very damaging fashion, indicating that the Government and the National Water Council were giving in; and that the kind of figures that were being bandied around for the eventual pay increase would have to be knocked down. Mr King started to argue that any intervention at this stage might prejudice the negotiations which were expected to take place over the next few days, ^{but} he found no support. As we agreed, I said that Mr King and the NWC should agree a line making it absolutely clear what the terms of any further negotiations were, and should get this out without delay. The Home Secretary asked if we could do this with the Lobby; I said that we could, but it was more important to get Mr King on radio as soon as possible. It was agreed that Mr King would do World At One today (and he will also be available for World This Weekend on Sunday).

The outlook for the negotiations is quite promising. The unions know perfectly well that the £5-10 has a number of qualifications attached to it, and Len Hill explained in some detail last night that the opportunities for extra payments arose only where changes in working practices were needed. The NWC will explain to the unions today that the further discussions are taking place under paragraph 8 of the mediator's report, and on the understanding that the rest of the mediator's recommendations are accepted. They will not agree to further negotiations without preconditions. Peter Harrop believes that the negotiations may not reach a critical point until Sunday. Meanwhile the physical

effects of the strike are broadly unchanged, and it is not yet clear whether the threats to remove emergency cover are real.

After the meeting, the Home Secretary, Mr King, Peter Harrop, Mr King's Director of Information and I had a session at my request to agree the line that we would take with the Lobby, consistent with what Mr King would say on World At One. We shall of course have to follow carefully what Mr King says at lunchtime; but we agreed that the position which could be used publicly is as in the attached note.

A handwritten signature or set of initials, possibly 'J.S.', written in dark ink. The signature is stylized and somewhat abstract, with a vertical line on the left and a curved line on the right.

4 February 1983

The negotiations will be within the terms of the mediator's report, which was put to the unions on 23 January. This means that:

(i) The unions must accept the report as a whole, notably the recommendation of a 7.3% increase over a 16 month period, and the rejection of an increase to restore the relative position of water workers in the earnings league, or to bring them into the upper-quartile of manual workers' national earnings;

(ii) Payments for improved productivity will be available only where administrative efficiencies or changes in working practices are required and agreed. Such changes would have to be self-financing, and, as Mr Hill said in a BBC Radio interview yesterday, the new increase would not be available for everybody;

(iii) There is no question of an increase in the basic offer.

local spot

NEWS FROM

Thames Water

Mr. Scholar

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SITUATION REPORT No 9 AT 16.30 HOURS THURSDAY 3 FEBRUARY

Day 11, and no significant operational incidents have been reported.

Today's totals are :

Mains failures remaining unrepaired 232

(Please note that the figure given in Report No 8 was inconsistent with the figures given in this report and in all previous reports. Report No 8 quoted the mains unrepaired in the Authority's areas only, and did not include the Water Company figures. All other reports give total figures).

Properties without mains water - Authority areas	2396
Company areas	2919
	<u>5315</u>

Water treatment plants are in general giving satisfactory performance. Minor sewage treatment plants (there are 450 plants in the Thames region) are now starting to deteriorate slightly in terms of effluent quality. While there is still no water resource problem, a limited number of fish kills on tributaries may be experienced during the next few days.

The quality of water in supply remains satisfactory.

Despite many statements being made to the media about withdrawal by the unions of emergency cover, no instance has yet been recorded of refusal of cover for a genuine emergency.

Next report Friday 4 February

REPORT ISSUED BY PUBLIC RELATIONS

Mufaxed to No. 10

1.45 pm

A.2.83.

TOM KING ON WATER WORKERS

Water workers have not been made a new offer - it has been on the table since Tuesday, but has only just been fleshed out. Urged to go back and negotiate. The Conciliation Service has been in touch with the unions and employers but a spokesman says no formal meetings have yet been arranged.

These discussions which I hope will take place very soon are going to be about proposals made by the Mediator the Sunday before last, and I am very keen to see them go ahead, because I think the recommendation of the Mediator is a fair offer. It is going to give the water workers another £10 a week and some could do significantly better out of productivity earnings.

Mr. King denied today's stories that there had been a major change with a massive new offer. He said that the employers had always made clear the opportunities for higher earnings through genuine productivity.

He accepted that this might be the first time that a value - £5-£10 - had been put publicly on the productivity agreement, though he thought that the value might have been broadly known by the unions as a result of informal discussions ten days ago.

When Mr. King was asked why he was in the studio, he said:

"Because I think it is very important that this dispute is ended at the earliest possible time I think it is dangerous if there are misrepresentations, as there have been, of the situation at the moment, and it is very important that everyone makes the situation clear.