



LOCAL GOV.

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10 DOWNING STREET

From the Private Secretary

7 February 1983

The Prime Minister held a meeting at 0830 this morning to discuss the water workers' strike. Besides your Secretary of State and Mr. Shaw there were present the Home Secretary, the Secretaries of State for Defence, Employment and Wales, Mr. Mackay, (Parliamentary Under-Secretary of State for Scotland), Mr. Harrop, Mr. Gregson, Mr. Goodall and Bernard Ingham.

It was reported that the overall position remained fairly stable. There were now some 25,000 properties without piped water and about 7.5 million people boiling water as a precaution. There had been some reconnections in a number of places and it remained the case that the attitude of the strikers towards emergency cover differed widely across the country. There was some evidence of the unions arguing that it would be legitimate to deprive industry of water in order to maintain domestic supplies and thus safeguard the health of the highest proportion of the community; such arguments were incompatible with the water industry national agreement. In many places water supplies and sewerage services were being maintained under unpublicised local arrangements between management and workforce. The Scottish water unions had decided, at their meeting on 4 February, to join the strike if and when requested to do so by English and Welsh union leaders. Arrangements were in hand to keep supplies of chlorine available at water treatment works in order to contain the increase in the numbers on precautionary boiling.

Negotiation at ACAS on 6 February had broken down after 12 hours. The employers had now formally asked for arbitration (as provided for in the water industry's National Joint Industrial Council written constitution and as featured specifically in the agreement signed by both sides on 21 January which led to the appointment of the mediator) because negotiations on the basis of clause 8 of the mediator's recommendations had been unsuccessful. The unions were resisting arbitration. They had claimed that the £5-10 per week mentioned by the employers' chief negotiator on BBC radio on 3 February had been grossly misleading, because it would apply to only a very small number of manual workers (in fact, 10-15 per cent) and that the average value of the employers' most recent offer was only about 50 pence per week. The unions were threatening to step up their action and to be less co-operative in future about maintaining emergency cover. A possible complication arose from the fact that annual pay negotiations for the craftsmen in the water industry were due to open on

/8 February.

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8 February. The craftsmen would receive the same offer as the manual workers and it was expected they would let the offer lie on the table until the manuals' dispute was settled.

It was too early to expect signs of a substantial drift back to work. Meanwhile any assurance by the employers to those workers returning to work that their jobs would not thereby be in jeopardy would best continue to be given, unpublicised, on a local basis. The employers should also consider what tactics would be open to them if the unions persisted in their resistance to arbitration and refusal to call off the strike. A ballot of the workforce and abrogation of the closed shop agreement - which had already been broken by the unions - were two possibilities. Nothing should be done to prejudice continuation of the co-operation currently being shown by management and supervisory personnel to maintain supplies and services.

Whilst ACAS officials were working on the employers' formal request for arbitration it would be best for Government and employers' spokesmen to adopt a low profile and concentrate on the unions' refusal to go to arbitration, and on highlighting what manual workers were losing by not returning to work on the pay offer already made. In these circumstances there would be no advantage in your Secretary of State making a statement in the House this afternoon (unless in answer to a private notice question).

Summing up the discussion the Prime Minister said that it would now be necessary to wait and see what would come out of ACAS' latest moves. It was to be hoped that the employers would not offer bogus productivity agreements and other artificial devices designed to boost the existing offer. A low-key approach would be desirable on publicity for the next 24 hours. The Secretary of State for the Environment would not make a statement in the House today. The line for both Government spokesmen and employers to take should remain based on the mediator's recommendations; the generosity of the subsequent offer of 7.3 per cent over 16 months; the earnings losses of the strikers; the fact that consumers and not the government would pick up the bill for an excessive pay increase in the industry; and the unreasonableness of the unions' strike action, especially in view of their agreement to go to arbitration. The group would meet again on 8 February at 0830.

I am copying this letter to the Private Secretaries of those Ministers present and to Muir Russell (Scottish Office) and John Lyon (Northern Ireland Office) and to Messrs Harrop, Gregson and Goodall and to Richard Hatfield (Cabinet Office).

D. A. Edmonds, Esq.,
Department of the Environment.

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DRAFT LETTER TO MR EDMONDS FROM MR SCHOLAR

The Prime Minister held a meeting at ⁰⁸³⁰~~0850~~ this morning to discuss the water workers' strike. Besides your Secretary of State and Mr Shaw there were present the Home Secretary, the Secretaries of State for Defence, Employment and Wales, Mr Mackay, (Parliamentary Under-Secretary of State for Scotland), Mr Harrop, Mr Gregson, Mr Goodall and Bernard Ingham.

It was reported that the overall position remained fairly stable. There were now some 25,000 properties without piped water and about 7.5 million people boiling water as a precaution. There had been some reconnections in a number of places and it remained the case that the attitude of the strikers towards emergency cover differed widely across the country. There was some evidence of the unions arguing that it would be legitimate to deprive industry of water in order to maintain domestic supplies and thus safeguard the health of the highest proportion of the community; such arguments were ^{incompatible}~~incomparable~~ with the water industry's national agreement. In many places water supplies and sewerage services were being ^{unpublished} maintained under ^{between management & workforce} local arrangements ~~which did not feature in the media.~~ The Scottish water unions had decided, at their meeting on 4 February, to join the strike if and when requested to do so by English and Welsh union leaders. Arrangements were in hand to keep supplies of chlorine available at water treatment works ^{in order to contain the increase in} ~~which should prevent the numbers on~~ precautionary boiling ^{perhaps also to reduce them} ~~increasing greatly and might even result in their~~ reduction.

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It was regrettable that the muddle following the comments about £5-10 a week on BBC radio had ^{appeared to give} ~~given~~ the unions a publicity advantage. To regain the position it would be necessary for it to be understood that only a limited number of manual workers (perhaps 10-15 per cent) were in a position to change their working practices so as to benefit from the sums mentioned. It should be made equally clear that averaging out over the whole workforce any extra earnings, arising from the opportunities mentioned in the mediator's recommendations, ^{as the unions had done} ~~would also~~ be grossly misleading. Care ~~as the unions had done~~ should be taken to present issues to the public simply and accurately.

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Negotiation at ACAS on 6 February had broken down after 12 hours. The employers had now formally asked for arbitration (as provided for in the water industry's National Joint Industrial Council ^{written} constitution and as featured specifically in the agreement signed by both sides on 21 January ~~and~~ which led to the appointment of the mediator) ^{because} ~~on the grounds~~ ~~that~~ negotiations on the basis of clause 8 of the mediator's recommendations had been unsuccessful. The unions ^{were resisting} ~~had rejected~~ arbitration ~~on the grounds~~ that the employers had ~~not~~ negotiated in good faith. They had claimed that the £5-10 per week mentioned by the employers' chief negotiator on BBC radio on 3 February had been grossly misleading, ^{because it} (would apply to only a very small number of manual workers ^(in fact, 10-15 percent) and that the average value of the employers' most recent offer was only about 50 pence per week. The unions were threatening to step up their action and to be less cooperative in future about maintaining emergency cover. A possible complication arose from the fact that annual pay negotiations for the craftsmen in the water industry were due to open on 8 February. The craftsmen would receive the same offer as the manual workers and it was expected they would let the offer lie on the table until the manuals' dispute was settled.

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It was too early to expect signs of a substantial drift back to work, ~~but if this did eventually take place the employers would need to consider carefully whether the degree to which the unions might have ignored that part of the closed shop agreement, obliging them to make every effort to avoid harm to the health of the consumer, would justify ^{the employer} them in turn saying publicly that the agreement no longer prejudiced the job security of those who returned to work before the strike was called off.~~

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*the
by/employees that*

those

Meanwhile any such assurance should continue to be given privately to *those*
that their jobs would not thereby be in jeopardy workers returning to work. The employers should also consider what *would best* *continue to be given, unpublished, on a local* *basis.*

tactics would be open to them if the unions persisted in their resistance to arbitration and refusal to call off the strike. A ballot of the workforce and ~~unilateral~~ *- which had already been broken by the unions -* abrogation of the closed shop agreement

were two possibilities. *Nothing should be done to prejudice continuation of the cooperation whereby help given by management & supervisory personnel to maintain supplies & services.*

Whilst ACAS officials were still working on the employers' formal request for arbitration it would be best for Government and employers' spokesmen to adopt a low profile and concentrate *on* highlighting what manual workers

were losing by not returning to work *on the* ~~on the 7.3 per cent over 16 months~~ pay offer already made ~~(based on the mediator's recommendations and~~

~~generous by the standard of most recent settlements), whilst discussion~~ *attitude of*

~~continued on the improvements in further earnings opportunities covered in clause 8 of the mediator's recommendations.~~ *in these circumstances there was no advantage in*

~~It would be inappropriate for your Secretary of State to ^{making} make a statement in the House this afternoon~~ *(unless in answer to a*

~~but he would need to respond to any private notice question) put down by the opposition.~~

on the mins' refusal to go to arbitration, and on

Summing up the discussion the Prime Minister said that it would now be necessary to wait and see *what would come out of* ~~whether ACAS could make~~ *latest moves* ~~satisfactory arrangements~~

~~for arbitration.~~ A low-key approach would be desirable on publicity for the next 24 hours. The Secretary of State for the Environment would not

make a statement in the House today, ~~but would respond to any private notice question put down.~~

The line for both Government spokesmen and employers to take should remain based on the mediator's recommendations; the *generosity* relative fairness of the subsequent offer of 7.3 per cent over

16 months; *and the intractability* ~~the majority~~ of the unions maintaining the strike *strike action, especially in view of negotiation* ~~on causing quite~~

It was to be hoped that the employers would not ~~offer~~ ^{offer} but give priority to other requirements which designed to boost the existing offer.

The earnings losses of the strikers;

agreement to go to arbitration

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The fact that it ~~was~~ ^{should be} concerning and that the government ~~should~~ ^{should} perhaps ~~the bill for higher pay~~ ^{an excessive increase} in the industry;

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^{especially}
~~unnecessary hardship to everyone affected by it, as, under their agreements,~~
~~arbitration was the next step in the settlement process, and the only~~
~~obstacle~~^{to this} ~~appeared to be the unions' unwillingness to comply with their~~
~~agreements; and~~^{highlight} ~~the fact that manual workers were losing large amounts~~
~~of money by remaining on strike. The group would meet again on~~
~~8 February at 8.30 am.~~
~~as the Civil Servants' Unit meeting arranged for~~
~~4.30 on that day would be cancelled and was to take place.~~

I am copying this letter to the private secretaries of those Ministers
 present, Messrs Harrop, Gregson and Goodall and to Richard Hatfield
 (Cabinet Office).

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and to Miss Russell (SO) and
 John Lynn (NIO); and to

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