



File DA 12

cc John Vecker

10 DOWNING STREET

From the Private Secretary

8 February 1983

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The Water Workers' Dispute

The Prime Minister held a further meeting at 0830 this morning to discuss the water workers' strike. Those present were the Home Secretary, the Secretaries of State for Defence, Employment, Scotland, Wales and the Environment, Mr. Giles Shaw, Mr. Harrop, Mr. Gregson, Mr. Goodall and Mr. Ingham.

Your Secretary of State reported that about 28,500 properties were now without piped water supplies, an increase of some 2,500 on yesterday; and that the number of people boiling water as a precautionary measure was virtually unchanged at some 7½ million. Although the trade unions continued to threaten the withdrawal of emergency cover, in practice no serious difficulties had yet arisen. However, the police had now confirmed that the damage to the coal conveyor belt at the Hampton pumping station was indeed an act of sabotage, although this was not affecting the operation of the plant since coal could be delivered by lorry. Chlorine was being used in substantial quantities for water purification. Some deliveries had already been made and further replenishment of stocks would undoubtedly be necessary. This could give rise to problems, although they were not expected to prove insurmountable. There were no reports of any significant return to work by the strikers. The employers had now formally requested arbitration under the terms of agreement reached under the auspices of the Advisory, Conciliation and Arbitration Service (ACAS). They would be seeing ACAS today at noon to discuss the terms of reference for the arbitration and the membership of the arbitration panel. The trade unions continued to insist that they would not participate in arbitration because in their view meaningful negotiations had not yet taken place. This was not a tenable argument. The independent Chairman appointed by ACAS, Mr. Ian Buchanan, had assumed the role of mediator only because in his view further meaningful negotiation was impossible. It was clear that securing agreement on the terms of reference for the arbitration and on the arbitration panel would be difficult. The Government might best make no comment at this stage. The media now generally favoured arbitration and would be unlikely to support a continued refusal by the trade unions to participate in it. Finally, press reports had suggested that power station workers might take action in support of the water industry dispute. In practice the trades

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unions in the electricity supply industry had undertaken only to monitor the Electricity Boards' use of water so that management did not successfully circumvent the effects of the water industry dispute on the power stations.

In discussion it was argued on the one hand that if all the elements of the current offer to the water workers were taken into account, the offer was worth perhaps 11.3 per cent in total. On the other hand, not every employee would benefit from every element of the offer. For example, a substantial proportion of employees were already paid by bank transfer rather than in cash. Moreover, the proposed 1 hour reduction in the working week would not come into effect until April 1984. The employers' best estimate was that the offer was worth some 8 per cent over 16 months or some 6 per cent on an annual basis. Nonetheless, the offer was a high one, and there must be a considerable risk that it would be increased in some way by arbitration, unless the employers returned to a lower figure in their presentation to the arbitrator. With this in mind the employers should be encouraged to consider very carefully the question which would be put to the arbitrator. This might refer explicitly to the mediator's recommendations, so as to enable the employers to argue in their evidence to the arbitration panel for the offer which had been based on the mediator's recommendations rather than for their more recent offer. However, this might not prove possible since ACAS was required to agree terms of reference for arbitration with the two parties.

The Prime Minister, summing up the discussion, said that the employers' latest offer was generous. The Government's aim should be to avoid any further increase. It was, therefore, important that the employers should seek terms of reference for the arbitration which enabled them to revert in their evidence to their offer based on the mediator's recommendations. The Secretary of State for the Environment should discuss this with them urgently. The Government should aim to refrain from commenting today on the latest situation in the dispute; the trade unions were already under considerable pressure from the media to agree to arbitration. There was no need for Ministers to meet tomorrow (i.e. Wednesday, 9 February) unless there were to be some major development. Subject to that, the next meeting would be on Thursday 10 February.

I am sending a copy of this letter to the Private Secretaries to those Ministers present at the meeting; to John Lyon (Northern Ireland Office); to Messrs. Harrop, Goodall and Gregson; and to Richard Hatfield (Cabinet Office). I should be grateful if they would ensure that it is given the minimum necessary circulation.

David Edmonds, Esq.,
Department of the Environment.

Pl type bc JV

DRAFT LETTER FOR MR SCHOLAR TO SEND TO MR D EDMONDS, DEPARTMENT OF THE ENVIRONMENT

THE WATER WORKERS' DISPUTE

The Prime Minister held a further meeting at 08.30 this morning to discuss the water workers' strike. Those present were the Home Secretary, the Secretaries of State for Defence, Employment, Scotland, Wales and the Environment, Mr Giles Shaw, Mr Harrop, Mr Gregson, Mr Goodall and Mr Ingham.

2. Your Secretary of State reported that about 28,500 properties were now without piped water supplies, an increase of some 2500 on yesterday; and that the number of people boiling water as a precautionary measure was virtually unchanged at some 7½ million. Although the trade unions continued to threaten the withdrawal of emergency cover, in practice no serious difficulties had yet arisen. However, the police had now confirmed that the damage to the coal conveyor belt at the Hampton pumping station was indeed an act of sabotage, although this ^{was} ~~would~~ not affect ^{ing} the operation of the plant since coal could easily be delivered by lorry. Chlorine was of ~~course~~ being used in substantial quantities for water purification. Some deliveries had already been made ^{and} ~~but a~~ further replenishment of stocks would undoubtedly be necessary. This could give rise to problems, although ^{they} these were not expected to prove insurmountable. The employers had now formally requested arbitration under the terms of the agreement reached under the auspices of the Advisory, Conciliation and Arbitration Service (ACAS). They would be seeing ACAS today at noon to discuss the terms of reference for the arbitration and the membership of the arbitration panel. The trade unions continue ^d ~~x~~ to insist that they would

There were no reports of any significant returns to work by the strikers.

not participate in arbitration because in their view the ~~scope for~~ ^{more had to be} ~~negotiations~~ ^{meaningful} had not ~~been exhausted~~ ^{yet taken place.} This was not a tenable argument. The independent Chairman appointed by ACAS, Mr Ian Buchanan, had assumed the role of mediator only because in his view further meaningful negotiation was impossible. ^{It was clear that sewing} ~~Getting agreement on the terms of reference~~ ^{be difficult.} for the arbitration and on the arbitration panel would ~~clearly be tricky.~~ ^{might best} ~~It would probably be best for~~ The Government ~~to~~ make no comment at this stage. The news media now generally favoured arbitration and would be unlikely to support a continued refusal by the trade unions to participate in it. Finally, press reports had suggested that power station workers might take action in support of the water industry dispute. In practice the electricity supply industry ^{in the} trades unions had undertaken only to monitor the Electricity Boards' use of water ^{so} ~~to ensure~~ that management did not successfully circumvent the effects of the water industry dispute on the power stations. ~~There were signs that the aim of the trade union~~ ^{seemed to be} ~~leaders was to contain the situation, but clearly it would need to be~~ ~~watched carefully.~~

3. ~~The following were the main points made~~ ⁱⁿ discussion ~~in~~

3. It was argued on the one hand that if all the elements of the current offer to the water workers were taken into account, the offer was worth perhaps 11.3 per cent in total. On the other hand, ~~the point was made that~~ not every employee would benefit from every element of the offer. For example, a substantial proportion of employees were already paid by bank transfer rather than in cash. Moreover, the proposed 1 hour reduction in the working week would not come into effect until

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April 1984. The employers' best estimate was that the offer was worth some 8 per cent over 16 months or some 6 per cent on an annual basis. ~~More the less, that was still a generous offer, which would probably be increased in some way by arbitration unless some means could be found to prevent this happening. With this in mind~~ the employers should be encouraged to consider very carefully the terms of reference for the arbitration. ~~It would be preferable if these were to refer explicitly to the mediator's recommendations, since this would enable the employers to argue in their evidence to the arbitration panel for the offer which had been based on the mediator's recommendations rather than for their more recent offer. However, this might not prove possible since ACAS was required to agree terms of reference for arbitration with the two parties.~~ ^{question which would be put to the arbitrator} ^{This might refer} ^{so as to enable} ^{would thus be enabled}

4. The Prime Minister, summing up the discussion, said that the employers' latest offer was ~~a~~ generous ~~one~~. ^{The government's aim should be to avoid any further increase} ~~It would be regrettable if arbitration were to lead to any significant increase in it.~~ It was, therefore, important that the employers should seek terms of reference for the arbitration which enabled them to revert in their evidence to their offer based on the mediator's recommendations. The Secretary of State for the Environment should discuss this with them urgently. ~~It would probably be best for the Government to~~ ^{should aim to} ~~refrain from commenting today on the latest situation in the dispute; the trade unions were already under considerable pressure from the news media to agree to arbitration. There was no need for Ministers to meet tomorrow (ie. Wednesday, 9 February) unless there were to be some major development. Subject to that, the next meeting would be on Thursday, 10 February.~~

WATER STRIKE - PRESS DIGESTSummary

- Picture a little uglier with power workers unions threatening electricity disruption if efforts made to circumvent effects of water strike.
- Confusion over whether arbitration will work and whether unions are entitled to reject it.
- Emergency cover to be withdrawn from 4m in South; sabotage alleged at Hampton water station on Thames.
- Leading articles all over shop-pour scorn on all concerned (Mail); back strikers (D/Star); attack strikers (Express).

Detail

D/Star: Page 2: Britain faces threat of blackout on top of water disruption because powerworkers will black alternative water sources to power stations. Chapple says they are not prepared to see their pay claim depressed.

Sun: Page 2: Chapple in water alert. Water employers make formal request for arbitration.

Mirror: Page 2: Power men step up crisis. The unidentified power station already shut by contaminated water. Little chance of arbitration with unions refusing to co-operate; white collar workers being bribed or threatened to do strikers' work.

Express: Page 2: Strike puts 4m more in peril - emergency cover to be withdrawn in Southern England - Kent, Sussex, Hampshire and Isle of Wight.

Mail: Page 2: Power threat in water dispute - strike takes dramatic turn for the worse. Growing Government unhappiness at way talks handled. Police called in to investigate sabotage - slashing of conveyor belt - at Hampton, London. White collar workers there threatened. Shop stewards stop volunteers taking water to scores of pensioners in Winchelsea.

Telegraph: Page 2: Arbitration move hardens water strike. Lowry expected to consult unions on employers' request today but unions feel chances of negotiated settlement have not been exhausted; in another story the Telegraph reports suspected sabotage at Hampton. Flying pickets stop 24 men going back to work at Godalming.

Guardian: Front Page: Unions reject water mediation demand. Unions in power industry say their objective is to prevent CEGB from frustrating water strike. CBI continued to attack strikers yesterday - Campbell Fraser in Dundee.

Times: Front page lead: Power unions ready to enter water dispute. Arbitration in water dispute appears unlikely because ACAS rules prohibit it unless it has consent of all parties.

Two power station units taken out because of lack of clean water; in a further dozen water being drawn from artesian wells. In others water being recirculated. Chapple warns against disciplining powermen who refuse to co-operate in measures to circumvent water strike.

FT: Front Page: Power workers may back water strikers. 4 power unions set up procedures to monitor use of water in power stations. ACAS believes procedure agreement obliges unions to go to arbitration if employers ask for it.

On the inside page it says unions report confusion and anger as strike enters third week; it then goes on to set out the employers' proposals in detail and says they back unions' view that they are worth only 50p a week on average and employers' tantalising prospect of much larger earnings for possibly only a few if strike is called off.

Comment:

D/Star: Employers, backed by Government, guilty of cruel con trick. Unions went to bargaining table in good faith. Not first time Government and unions made a totally unhelpful contribution. Time we got down to serious talks.

Express: Routine procedure and predictable for waterworkers to threaten tougher action now talks have broken down. Technique of threatening to make life unbearable may have worked once but not today. Public no longer impressed. And scant public sympathy for unions with 3m unemployed. Employers not blameless and a period of silence from the Water Council would be welcome. But for workers "gimme or else" days are over.

Mail: Money water war is over. Nobody comes out of bargaining pantomime well. Union leaders from beginning have irresponsibly raised expectations. Government intervention has been clumsy. National Water Council less than consistent. But one obvious way out - binding arbitration. While unions are being cajoled into accepting best thing Ministers and Water Council can do is keep quiet. Dispute being prolonged by posturing ineptitude of all concerned.

B. INGHAM
8 February 1983