

MR SCHOLAR

cc Mr Mount
Mr Ingham
Mr Gow

WATER STRIKE

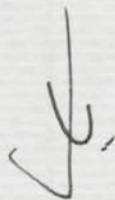
There is one development in the water dispute of which I think the Prime Minister should be aware before her speech tomorrow, although it does not change my advice that she should draw upon the speaking note I have provided about the dispute.

The Prime Minister will recall that the outstanding difference between the parties is at present whether any further arbitration or inquiry should be binding. The unions suggested a non-binding inquiry to ACAS; but the employers are sticking to the NJIC agreement. ACAS have today been trying to find a form of words which, without using the phrase "binding arbitration", would sufficiently pin the unions down to satisfy the employers. I understand that one possibility is a statement by Pat Lowry to the effect that he understands the two parties to be committed to the findings of whatever body is set up, as a final decision on the matters in the dispute, and ^{saying} that he has been assured that both sides are committed to the resolution of the dispute by such a process.

Since the unions have already shown themselves willing to disregard their commitment to binding arbitration, there is little point in arguing over the small print of a further commitment. And I see no significance in the difference between arbitration and an independent inquiry. This sort of form of words certainly says they will be bound yet again to the outcome. But I could not recommend another arrangement which depended on a unilateral statement by Pat Lowry. It would be too easy for the union leaders, when asked by the media if they agree to it, to fudge the reply. We need their signatures on another piece of paper, in a sufficiently clear form to leave no doubt in anyone's minds when it is published in the newspapers that the next round of arbitration is the last one.

CONFIDENTIAL

As last weekend, it would be premature for me to offer at this stage a briefing for the Prime Minister's meeting on Monday morning, but I will of course keep an eye on events over the weekend and do one on Sunday night if necessary.

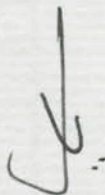
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11 February 1983

MR BUTLER ✓
MR SCHOLAR
MR INGHAM
MR MOUNT

THE WATER STRIKE

I have put together the attached chronology of events and folder of basic documents, which those of us dealing with the water strike may find it convenient to keep handy. I will bring it all up to date at intervals.

A handwritten signature in black ink, appearing to be 'J.' with a small dot at the end.

^{Feb}
11 November 1983

THE 1982/83 WATER STRIKE

Reference Documents

CHRONOLOGY

1. Extract from 8 December 1981 NJIC Collateral Agreement.
2. Fact Sheets: pay, numbers, rates.
3. Extract from the NJIC Closed Shop Agreement: health and public safety.
4. Extract of the NJIC Handbook on Wages & Conditions: Arbitration.
5. Extracts from Hansard: Mr King's Statements, and the PM in Question Time.
6. ACAS 21-23 January Procedural Agreement.
7. Buchanan's recommendations as mediator, 23 January.
8. Details of the NWC's offer following the 6 February discussions.
9. Estimate of average earnings effect of the 6 February offer.
10. ACAS 9 February Statement.
11. ACAS 15 February Statement on the Committee of Inquiry.

THE 1982/83 WATER STRIKE

Not quite
duplicates!

CHRONOLOGY

1981

8 December

NJIC: union negotiators unanimously recommend pay offer for 1981/82 equivalent to 8.8% on average earnings. Agreement on joint study of water workers' earnings.

1982

7 January

Outcome of union consultation: GMWU and NUAAW narrowly vote to accept, NUPE and TGWV decisively reject, but 10-9 for acceptance on union panel.

15 January

NJIC offer formally accepted.

1 July

Informal meeting: unions gave notice of 1982/83 claim for a special 15% comparability increase.

21 September

NJIC: claims formally tabled: upper quartile equivalence, 1 week's extra holiday, 38 hour working week. Employers offer to respond on 11 November.

18 October

Unions call one day strike: total support in England and Wales, sympathetic action in Scotland and Northern Ireland.

Late October

Combined Employers' Meeting decides to offer 6% plus arbitration.

11 November am

Mr King tells employers that to open above 4% would be "completely unacceptable" because of NHS dispute.

11 November pm

NJIC: 4% on basic rates plus arbitration offered: both rejected. Unions decide to recommend to their executives consultation on an all-out strike.

6 December

Mr King meets employers again. Employers say increased offer necessary before arbitration possible. Mr King agrees they can go to 4½%.

7 December

Unions decide to "ballot" members.

1983

7 January

"Ballot" result announced: massive majority to authorise industrial action.

12 January

Informal meeting between employers and unions. No increase in the offer.

18 January

Unions' ban on overtime working and certain stand-by and call-out duties begins.

21-23 January First round of ACAS discussions under Buchanan's Chairmanship. Increased Offer of 5½% on basic rates rejected. Unions, employers and ACAS all sign procedure agreement leading to binding arbitration. Buchanan appointed as mediator, and makes non-binding recommendation of 7.3% over 16 months.

24 January Employers formally table Buchanan recommendations. Unions seek further clarification of prospects for increased earnings. All-out strike begins.

25 January Unions reject offer; employers refuse to increase it.

26-29 January Unions consult members and conclude there is overwhelming support for rejection of Buchanan and continuation of strike.

31 January-1 February ACAS talks inconclusively to both sides, separately.

3 February Hill announces (on World at One) that "a minimum of £5-£10" is available under paragraph 8 (increased earnings opportunities through productivity) of Buchanan.

4 February Mr King, on same programme, tries to lower expectations.

6 February Second round of ACAS discussions. Increased offer on productivity, but not on basic rates. Talks break down with unions saying they were "conned".

7 February Employers formally request ACAS to arrange binding arbitration. Unions refuse to co-operate because binding.

8 February NWC spokesman says they made a mistake and offer is worth 8.5% to 64% of the work force.

9 February ACAS talks separately to Employers and Unions. Unions refuse binding arbitration. ACAS proposes non-binding inquiry, which is refused by employers. ACAS issues statement.

14 February House of Commons Debate.

14-15 February Further ACAS talks, followed by ACAS statement on the Committee of Inquiry.

THE 1982/83 WATER STRIKE

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EXTRACT FROM THE COLLATERAL AGREEMENT REACHED
AT THE 8 DECEMBER 1981 NJIC MEETING

"Careful consideration would be given to the representations made by the Trade Union side on the position of NJIC employees in relation to the earnings of manual workers in the economy generally, on the clear understanding that the employers would wish to ensure that corresponding benefits of equivalent value were obtained for management and customers. The consideration of the trade union proposals would be without commitment and would be considered outside pay negotiations."

CONFIDENTIAL

WATER MANUALS PAY - FACT SHEET

Numbers: 29,000; Operative date: 5 December; Unions: GMIU, TGIU, NUPE

Claim (submitted 21 September)

Upper quartile equivalence (15%) and annual increase (about 20% in total); 1 week extra holiday; reduction 1 hour in working week (to 38).

Offer

No commitment to upper quartile; 4% and arbitration; no reduction in working week; minimal holiday offer.

Current pay situation.

They are NOT a low paid group. Their earnings equate with the national average.

<u>Pay rates (4 grades):</u>	£78 - £81 - £83 - £85
<u>Average earnings:</u>	£119 - £126 - £142 - £154
<u>Overall average earnings:</u>	£134 (cf national average £134)
<u>% at upper quartile level (£154):</u>	approx 25%
<u>% at low pay threshold (£90-100):</u>	approx 7% full time.

Recent settlements. (Estimated earnings effect). Their annual settlements in percentage earnings terms have been better over the last 3 years than those with whom they wish to compare and significantly better than LG.

	<u>Water</u>	<u>LG</u>	<u>Coal</u>	<u>Gas</u>	<u>Electricity</u>
1979/80	21.4% (i)	13%	17%	18%	19(+)%
1980/81	12.3%(ii)	7.5%	9.7%	12.6%	12.5%
1981/82	8.8%	6.9%	7.4%	7.9%	7.4%

- (i) includes comparability settlement (LG comparability award in 1978/79);
- (ii) employers were discouraged from going to arbitration at 10%;
- (iii) gas/electricity incorporate 50% craftsmen; water craftsmen negotiate separately;
- (iv) gas/electricity settlements tend to have hangover effects which increase earnings during the year.

Comparisons

- a. Gas/electricity/miners (surface) average earnings £154.

- b. Local authority manuals on agency sewerage work (vast bulk of the work). LA manuals are about 10% behind on rates but earnings differential is small.

Low pay

Not a significant issue - less than 7% full timers at or below low pay threshold, and only 1356 part timers and 500 juniors whose low pay packets might be expected.

Job content

Dangerous jobs are confined to sewerage construction and maintenance most of which is carried out by LA manuals. Otherwise mainly routine manual work of no special significance.

Earlier informal discussions on relative position of manuals earnings.

Employers did not accept unions case for upper quartile equivalence. They offered to consider 'step by step' and 'something for something' proposals - to guarantee services and protect consumers in event of industrial action (and secret ballots); change of settlement date to April; an enabling clause to allow flexible working where required; and 'cashless' pay.

WATER PAY AND STRIKE

FACT SHEET

Q1. Number of workers in the industry in England, Wales and Northern Ireland (together), also Scotland (separate) in:-

A.	<u>England, Wales & N Ireland</u>	<u>Scotland</u>
a. 1975	61,634	Not available
b. May 1979	66,482	6725
c. Dec 1982	61,863	Not available

Q2. Average wage in:-

A. a.	April 1975	£61.80
b.	May 1979	£88.70
c.	April 1982	£136.90

Offer would take this to £147.60 (7.8%)- a real increase from May '79 of 10.1%.

RPI rise April 1975 - April 1982 - 148%
 April 1975 - December 1982 - 152%
 May 1979 - December 1982

Q3. Number of people earning at the upper quartile what the upper quartile level is:-

A. Approx 25% of workers (7,300) have earnings above £150 and are therefore close to or above the upper quartile (£154.60 at April 1982)

Q4. Average pay for local authorities sewerage workers

A. Local Authorities manual SCWU workers average weekly earnings:

Precise information is not available but the average for the groups in which sewer men will be above the average is:-

Skilled sewer man £114 (present offer (4½%) to £118)
 Specialists sewer men £124 (present offer (4½%) to £130)

NB LACSAB are most anxious that comparisons should not be made which could prejudice the current consultations on the local government 4½% offer.

Q5. Average Water Rates (England and Wales only)

Average domestic bill for all water services provided by water authorities

<u>Financial year</u>	<u>Effective from</u>	<u>Average Bill</u>	(82/83) Prices
		£	£
1975/76	April 1975	27.44	65.18
1979/80	April 1979	41.98	60.23
1982/83	April 1982	66.94	56.94

Q6. Total cost of the mediators' recommendations and total cost union claims

A SEE ATTACHED SHEET (p's b(i) and b(ii))

Q7. Total Pay Bill: Total employer costs of directly employed water authorities staff (England and Wales only)

<u>Financial Year</u>	<u>Effective Year</u>	£	(82/83) Prices
			£
1975/76	April 1975	198m	470m
1979/80	April 1979	366m	525m
1982/83	April 1982	537m (Estimated Outturn)	537m

Q8. Total expenditure by Water Authorities (England and Wales only)

	Revenue Expenditure		Capital Expenditure	
	Cash £	Real Terms 82/83 prices †	Cash £	Real Terms
1975/76	805m	1912m	484m	1016m
1979/80	1522m	2184m	539m	699m
1982/83	2130m*	2130m*	669m*	669m

* Estimated Outturns

Parliamentary

PRIME MINISTER'S QUESTIONS - WATER STRIKE

a. Union membership, NJIC employees

Precise numbers are not available.

NWC estimate

	%	Numbers
GMBATU	66	19,000
NUPE	30	8,700
TGWU	4	1,300
		<hr/>
		29,000.
		<hr/>

b. Wagebill costs

i) Cost of mediator's recommendations

7.6

£
14.2

ii) Cost of claim

Earnings 14.2
Extra Holiday 2.7
Reduction in working week 3.0
(39-38 hours)

19.9% \approx 37.2
20% total. (approx)

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31 January 1983

WOODROW WYATT'S FIGURES (SUNDAY MIRROR, 6 FEBRUARY)

Woodrow Wyatt said

"A 7.3 per cent rise over sixteen months is available to the manual water workers. It would give them gross average weekly earnings of £154.

This would compare with £160.50 for manual gas workers and £154.50 for electricity workers."

These gas and electricity figures are to be found in Table 4 of Part A of the 1982 New Earnings Survey. But -

(i) The NES describes the position at 1 April 1982, when the 1982 gas and electricity settlements were not known; the gas and electricity figures are therefore for the previous pay round;

(ii) The £154 a week for water workers is derived by adding 7.3% on to the £143.5 that appears in the NES: it is therefore for the subsequent pay round.

So the figures are two pay rounds apart. Put on a comparable basis, before this pay round begun, the figures are:

Gas	£173
Electricity	£166
Water	£143.5

The water figure in Table 4 of the NES is for all full time male manual workers: it includes some craftsmen and that is why it is higher than the £136.90 a week for all non-craftsmen, ie those on strike.

EXTRACT FROM THE NJIC CLOSED SHOP AGREEMENT

"The water service is essential to the public and it is agreed by both sides that every effort shall be made to avoid any industrial action which would prejudice public health and public safety and to ensure that in the event of industrial action every effort should be made to avoid harm to the health of the consumers."

EXTRACT FROM:-

HANDBOOK OF WAGES AND CONDITIONS OF SERVICE
NATIONAL JOINT INDUSTRIAL COUNCIL FOR THE WATER SERVICE

12. ARBITRATION

"In case the Joint Council is unable to determine any matter falling within the scope of its functions it shall, at the request of a majority either of the Employers' Side or the Trade Unions Side, refer the difference to the Advisory Conciliation and Arbitration Service or to any other agreed tribunal for arbitration, and any award made in relation to the difference shall be accepted by the two Sides and shall be treated as though it were an agreement between the two Sides."

PRIME MINISTER

Engagements

Q1. Mr. Teddy Taylor asked the Prime Minister if she will list her official engagements for Thursday 20 January.

The Prime Minister (Mrs. Margaret Thatcher): This morning I presided at a meeting of the Cabinet and had meetings with ministerial colleagues and others. In addition to my duties in this House I shall be having further meetings, including one with Afghans who are resisting the Soviet occupation. Later today I shall be leaving for an official visit to Yorkshire.

Mr. Taylor: Between those important meetings, will my right hon. Friend have time to consider the implications of strikes in essential monopoly public services, such as the Health Service and the water, gas and electricity industries, where disruption can cause serious health hazards and possible danger to life? Will she consider setting up a Royal Commission, or some other body, to draw up revised and fair terms and conditions of employment that would preclude the right to strike, such as we have for the police and armed services?

The Prime Minister: I note my hon. Friend's remarks about a Royal Commission, but "no strike" agreements

tend to be expensive. My hon. Friend mentioned the water industry. There is an agreement in that industry to solve disputes through arbitration, which is binding upon both sides. I understand that the employers and unions are negotiating through ACAS. I hope that the negotiations will be successful and that the threat to strike will be withdrawn.

Mr. Foot: The position in the water industry, with possible strike action, is serious. Will the Prime Minister, as a Government, do everything possible to ensure that the discussions at ACAS are allowed to succeed? Will she, as a Government, ensure that no steps are taken that would injure the possibility of successful negotiations? The unions have wanted that from the beginning, and they want it now. They want fair treatment from the Government.

The Prime Minister: The right hon. Gentleman knows that there is a threat to strike. I understand that that is in breach of the agreement, which is to resolve disputes through arbitration. I join with him in hoping that the discussions through ACAS will be successful.

Mr. Foot: I would not invite the right hon. Lady to say anything that would make a settlement more difficult—I would not wish to do so. I am sure that she will understand that there have been ballots throughout the industry. There is strong support among its workers, who feel that the proper negotiating machinery has been interfered with and that the Government have intervened. Will she encourage the discussions at ACAS to succeed through genuine negotiation? I am sure that a settlement could be reached on that basis.

The Prime Minister: I have already wished the negotiations well, and I repeat that.

Water Industry (Dispute)

3.31 pm

The Secretary of State for the Environment (Mr. Tom King): With permission, Mr. Speaker, I shall make a statement about the industrial action in the water industry.

The House will be aware that from last Monday night the unions representing manual workers in the water industry imposed an immediate ban on overtime and call out for emergencies. They also announced that with effect from midnight last night there would be a national strike.

The latest reports show that there have been some adverse consequences arising from last week's industrial action, which have affected normal water supplies in a number of local areas. Where it has not been possible to repair burst pipes, a supply has been maintained by stand-pipes or tankering as appropriate.

In the south-west, Manchester and parts of Wales, the water authority has advised the public, as a precaution, to boil any water to be used for drinking or cooking. Reports at midday today show that about 2,000 properties are without their normal supply. Water authorities have dealt this morning with bursts in major water mains in Eltham in south London and in the centre of Coventry. No major pollution has been reported.

My Department is in close touch with the reports from the water authorities, which are seeking to maintain adequate services to their customers. As I informed the House last Tuesday, contingency steps have been taken by the Government in the event of water undertakers asking for assistance to maintain essential services.

The House will be aware that intensive discussions have been taking place under the auspices of ACAS in an attempt to resolve this serious dispute. On Friday agreement was reached on a procedure involving negotiations under an independent chairman appointed by ACAS. It was agreed also that his powers should further extend to those of a mediator so that he could recommend terms for a satisfactory settlement. The talks began on Saturday morning. At that stage the employers increased their offer. It was rejected. After further discussions the independent chairman, acting then in his role as mediator, made recommendations for a settlement. The main recommendation was for an increase of 7.3 per cent. over 16 months plus a further 0.5 per cent. from an increase in the five-year service supplement. The employers have said that these recommendations are broadly acceptable.

I understand that the trade union side of the National Joint Industrial Council is meeting this afternoon to consider these recommendations, and that the full NJIC will meet this evening. I hope that it will be possible for agreement to be reached at this evening's meeting and thus to end, at the earliest moment, the industrial action in the water industry, which could otherwise have increasingly serious consequences all over the country.

PRIME MINISTER

Engagements

Q1. Mr. Tony Speller asked the Prime Minister if she will list her official engagements for Thursday 27 January.

The Prime Minister (Mrs. Margaret Thatcher): This morning I presided at a meeting of the Cabinet and had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall be having further meetings later today.

Mr. Speller: To minimise the health hazard through broken pipes in the water supply, will my right hon. Friend agree that, where the strikers have refused to do such repairs, they should be put out to private contract?

The Prime Minister: Private contractors are certainly one option, but I think it would be far better if the unions were to end this unjustified strike, especially bearing in mind that they have been offered on average £145 a week by an independent mediator to whose appointment they agreed. Most people will feel that with that on offer, it is totally unjustified to put the elderly, children and everyone else in great difficulty with water supplies.

Mr. Radice: Will the right hon. Lady take time off today to tell her Secretary of State for Employment to stop his ill-informed and frivolous intervention in the democratic machinery of my union, the General and Municipal Workers Union? Is she aware that the rule on ballots quoted by the Secretary of State refers to branch action that does not yet have the endorsement of the national executive? Is she aware that the executive

introduced a ballot in which 80 per cent. of the members participated and that what is normally a responsible body of men voted 3:1 in favour of a strike? Is it not time that the Government stopped playing party politics with the water dispute and got genuine negotiations going?

The Prime Minister: I support my right hon. Friend the Secretary of State for Employment in what he said. I understand that the hon. Member for Chester-le-Street (Mr. Radice) might be an official of that union. I am not sure, because he did not say so.

Mr. Radice: On a point of order, Mr. Speaker.

Mr. Speaker: Order. I shall take the hon. Gentleman's point of order now, but he has only to wait a moment until the Prime Minister sits down, when I shall call him to make his point of order.

The Prime Minister: The hon. Gentleman knows that the unions agreed to the appointment of the mediator. He has now pronounced what he is prepared to recommend which amounts on average to £145 a week. That is an average. Some water workers will get more and, of course, some will get less. That average offer of £145 a week was made by the mediator whose appointment the unions agreed. Under those circumstances. I hope that the hon. Gentleman will agree that this strike and its continuation is unjustified.

Mr. Radice: On a point of order, Mr. Speaker. I said quite plainly that I was a member of the General and Municipal Workers Union. I said that it was my union.

PRIME MINISTER

Engagements

Q1. Mr. Silvester asked the Prime Minister if she will list her official engagements for 1 February.

The Prime Minister (Mrs. Margaret Thatcher): This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall be having further meetings later today.

Mr. Silvester: Will my right hon. Friend today urge the water workers, when they come to consider whether to call off their strike, to remember that their present action is putting at risk the jobs of many other workers who have settled for pay settlements well below that currently on offer?

The Prime Minister: I agree with my hon. Friend that there are many people with less secure jobs who would envy the offer that has already been made to the water workers and there are many, many, unemployed people who would like to have similar pay to that which has been offered to the water workers—£145 to £146 a week. As that offer was made as a result of mediation I hope that the water workers will soon take wiser counsel than they have previously, and return to work. I notice that a MORI poll has just come out which shows that 75 per cent. of the population believes that the water workers should accept the offer that has been made.

Mr. Mates: Is my right hon. Friend aware that some water workers in my constituency came to see me on Saturday—[HON. MEMBERS: "What a drip".]—to complain about the so-called democratic process within their union? Is she further aware that they told me that they were prevented from taking part in the second ballot because they could not get to their places of work due to the pickets? The only workers who voted in the second ballot were those who were on the pickets, who are, by definition, against the offer. As this makes nonsense of the water workers' claim to have a 4:1 majority in favour of continuing the strike, will she take urgent steps to introduce proper, democratic processes?

The Prime Minister: As my hon. Friend knows, my right hon. Friend the Secretary of State for the Environment put out a discussion document on these matters. I hope that the water workers will consider the offer that has been made through mediation. In May 1979 the average pay of the water worker was £88.70. Before the dispute started, the average was £136.90. They have

now been offered £146 on average. That is an increase of 64 per cent. since May 1979, when the retail price index has gone up by only 52 per cent.

Mr. Bidwell: Does the right hon. Lady understand that her remarks in this Chamber on the water industry dispute have been exceedingly unhelpful? Taking examples of average earnings is always dodgy, especially if related to the Members of the House. With regard to the right hon. Lady's remarks last Thursday, may I point out that the report of a mediator connected with ACAS is not holy writ, as evidenced by the recent decision of the Department of Defence when the Government turned down a mediator's proposal in the dispute with the Transport and General Workers Union?

The Prime Minister: I am sorry that the facts get in the hon. Gentleman's way, as that is virtually all that I have given him in connection with this dispute.

The hon. Gentleman knows that the agreement between the employers and the employees is that the dispute, if such there be, should go to arbitration before there is industrial action. With regard to this dispute, the water workers wanted mediation and the employers agreed to it. The water workers agreed the name of the mediator, as did the employers. The mediator pronounced, and the employers accepted his decision. We are now awaiting the decision of the water workers.

Water Industry (Dispute)

course is unacceptable, the terms of the national agreement regarding arbitration should be followed. The way is there. It must be taken.

3.32 pm

The Secretary of State for the Environment (Mr. Tom King): With permission, Mr. Speaker, I shall make a statement about the industrial action in the water industry.

Since my statement last Monday there has been some increase in the number of people advised to boil water, as a precaution. This figure is now approximately 5.5 million. About 20,000 properties are without their mains water supply, but arrangements have been or are being made to provide supplies from standpipes or tankers. Some properties that had lost supplies have been reconnected.

The quality of effluent from some sewage treatment works has deteriorated but so far without serious effect on rivers. No significant pollution incidents have been reported. I am glad to tell the House that so far it has been possible to avoid or avert risks to public health.

In my previous statement, I expressed the hope that agreement would be reached that day at a meeting of the Water Industry National Joint Industrial Council.

I remind the house that both parties to the dispute had already agreed a procedure with ACAS for reaching a settlement, involving negotiations under an independent chairman, mediation by the chairman and, in the last resort, arbitration. An independent mediator was appointed by ACAS. He made a number of specific recommendations, which were subsequently accepted by the employers. They, therefore, made a further offer, reflecting his recommendations.

The employers offered an increase of 7.3 per cent. to run for 16 months from 5 December 1982 together with an increase in the service supplement for manual employees with more than five years service. The mediator, in paragraph 8 of his report, suggested further talks about increased earnings opportunities through bonus schemes and greater efficiency.

I have placed in the Library copies of the agreed procedure, together with the mediator's report.

Although the unions specifically requested mediation and agreed the mediator's terms of reference, they rejected the employers' offer based on his recommendations. On Saturday they announced the continuation of strike action, without any reference to the agreed procedure for the resolution of this dispute, which, as a last resort, provides for arbitration.

ACAS met the employers side yesterday. There have been further discussions today. I understand that ACAS is seeing the unions this evening.

The House will hope that the efforts of ACAS will enable this damaging dispute to be brought to the earliest possible conclusion. In the meantime, I know that the House will be anxious to see that the emergency cover continues to be provided and that hardship and distress are not caused. Whatever the dispute, there cannot be any justification for actions which hurt those least able to help themselves.

There are clearly two main options to achieve an end to the dispute and an immediate return to work. Either the mediator's recommendation of urgent discussions on the various ways in which the earnings opportunities of water workers can be improved is pursued further or, if this

Water Industry (Dispute)

4 pm

The Secretary of State for the Environment (Mr. Tom King): With permission, Mr. Speaker, I would like to make a further statement to the House about the water industry dispute.

Since my statement on Tuesday, there has been a further increase in the number of people advised to boil water as a precaution. The figure is now 6.75 million. Approximately 23,000 properties are now without any water supply, but arrangements have been made, or are being made, for alternative supplies. There has been some further reconnection of properties to the mains supply. The quality of effluent from more sewage treatment works has deteriorated, but there has been no serious effect on rivers and no significant pollution incidents have been reported.

In my statement on Tuesday I informed the House that there had been further discussions between ACAS and the employers and that ACAS was to see the unions in the evening. Following those talks the employers confirmed that they were ready and willing to have immediate negotiations about higher earnings in relation to improved productivity under the terms recommended by the mediator in paragraph 8 of his report. I understand that the unions have not accepted this proposal and that industrial action is, therefore, continuing.

I believe that there is no longer any justification for the continuation of this industrial action which is causing such inconvenience and distress to those affected by it. The offer to the water workers of an increase on average of £10 per week, together with the prospect of a significant increase in earnings in return for productivity, is by any standards this year, a very fair offer indeed.

There should be an immediate end to industrial action and the unions should decide which of the two options that I outlined to the House on Tuesday they will pursue. They can either accept the employers' offer to negotiate as a matter of urgency on the issue of higher earnings for productivity as recommended by the mediator, or, if they are unable to accept that, the agreement reached through ACAS must be honoured and the terms of the national agreement requiring arbitration followed. Either way, it is possible for the industry to resume its full responsibilities and services to the public at the earliest possible moment. That is now what must be done.

Water Industry (Dispute)

4 pm

The Secretary of State for the Environment (Mr. Tom King): With permission, Mr. Speaker, I should like to make a further statement to the House about the water industry dispute. Since my statement last Thursday there has been little change in the number of people advised as a precaution to boil water. This now stands at 7 million.

There has been a further increase of some 15,000 in the number of properties now without normal supplies which now stands at 38,000. Once again, arrangements have been, or are being made, for alternative supplies. There have been some further reconnections of properties to mains supply. The quality of effluent from many sewage treatment works continues to deteriorate and some streams are polluted, but there has been no serious effect on rivers.

In my statement last Thursday, I informed the House that the employers were ready to have immediate negotiations about higher earnings in relation to improved productivity under the terms recommended by the mediator in paragraph 8 of his report. These negotiations took place on Sunday at which time the employers tabled a series of proposals. These proposals covered improvements in productivity, pay by credit transfer and changes in working practices.

In spite of 12 hours of discussion at ACAS on Sunday, no agreement was possible. At this point, since there was still no agreement, the employers exercised their right to invoke the final stage of the agreed procedure, in accordance with the agreement signed by both parties and witnessed by Mr. Lowry of ACAS on 21 January. I now quote from Mr. Lowry's letter which accompanied the agreement:

"The third sentence of the clause deals specifically with possibility of arbitration—the final stage in the procedure. It emphasises that arbitration is the course of last resort which means that it will only be used when negotiations properly carried out (in this instance with the help of the mediator) have failed to produce an agreement. I consider that the sentence is absolutely clear. In the circumstances of such a disagreement either party would have the right to seek arbitration and the other would have the obligation to respond."

Last night ACAS was formally told by the trade union side that it was not willing to accept arbitration. [HON. MEMBERS: "Shame".]

In my two previous statements to the House, I urged the earliest possible end to this damaging dispute which while only seriously affecting a small proportion of the population is none the less causing very real hardship and distress to many, not least the sick and the elderly.

I also stated my belief that the offer of an increase of an average of £10 a week, quite apart from any further benefits through increased productivity, is by any standards this year a very fair offer indeed.

I also made clear in both statements that there were two main options to achieve an end to the dispute and an immediate return to work. The first of these options involved negotiations on higher earnings for productivity as recommended by the mediator. These negotiations failed to produce agreement. There therefore remains the second option that the agreement reached through ACAS must be honoured and the terms of the national agreement requiring arbitration must be followed.

If normal service to the public is to be resumed at the earliest possible moment and if the water workers are to

lose no more earnings, it is vital that those concerned reconsider their position and agree to accept binding arbitration as clearly stated in the agreement.

The whole House will appreciate the seriousness of the situation if a clear agreement, freely entered into, that provided a sensible procedure for resolving this dispute is not to be honoured.

Advisory, Conciliation and Arbitration Service

11-12 St James's Square, London SW1Y 4LA

Telephone Direct Line 01-214-8016
Switchboard 01-214-6000

J M Y Dickens Esq
Employers' Side Secretary
National Joint Industrial Council
for the Water Service
1 Queen Anne's Gate
London SW1H 9BT

Your ref:

Our ref:

21 January 1983

Dear Mr. Dickens, 21/1

1982/83 PAY AND CONDITIONS OF SERVICE CLAIM

I am attaching copies of the agreement signed by the Chairmen and Secretaries of the two sides of the NJIC at ACAS this afternoon.

As I indicated to you when we met this afternoon I am now writing formally to summarise the points which I, as Chairman of ACAS, made at our meeting.

I should emphasise that the agreement which you have signed is between the employers and the trade unions. But it has been under-written by ACAS and to that extent ACAS is associated with the agreement.

Clause 3

It is only necessary to explain that any recommendations of a Mediator are not binding. They may be accepted by the parties as they stand, rejected or amended by agreement between the parties as a result of further negotiations.

Clause 4

This clause was inserted at the unions' request to lay emphasis on the importance that the unions attach to the claim which seeks improvement to the relative earnings of water workers in the national earnings league. It goes without saying that the employers will have the right to table their full response to this claim both during negotiations and with the Mediator.

Clause 5

The first sentence of this clause registers the total commitment of both sides to try to reach an agreement on the unions' claim through direct negotiations. The Mediator will assist in any way he can. I am sure that everybody here would accept this as the preferred course because we do face a potentially damaging dispute which must be stopped. I therefore urge this course upon the parties.

The second sentence is an acceptance in general terms by both sides that there are procedural obligations made and contained in the written Constitution of the NJIC and that these will be observed.

6.
F
-water
D. M. Carr
FM
PS
B. Lynch
✓ file in home
25/1

J M Y Dickens Esq

The third sentence of the Clause deals specifically with the possibility of arbitration - the final stage in the procedure. It emphasises that arbitration is the course of last resort which means that it will only be used when negotiations properly carried out (in this instance with the help of the Mediator) have failed to produce an agreement. I consider that the sentence is absolutely clear. In the circumstances of such a disagreement either party would have the right to seek arbitration and the other would have the obligation to respond.

In the absence of any intervention by either side when I was making these points the parties have signified their agreement with them.

Needless to say, ACAS remains available to assist the parties in any way if necessary.

Yours sincerely,
J. P. Lowry

J P LOWRY

Advisory, Conciliation and Arbitration Service
11/12 St James's Square
London SW1Y 4LA

Reference: ACAS 2C/114/1983

MINUTE OF APPOINTMENT

A difference having arisen between the two sides of the National Joint Industrial Council for the Water Service; the Advisory Conciliation and Arbitration Service appoints Mr I L Buchanan to act as mediator with terms of reference and powers as set out in the attached agreement.

The Service further appoints Mr A J Lord to act as Administrative Assistant.

SIGNED on behalf of the Advisory, Conciliation and Arbitration Service, this 21st day of January 1983.

C L PARISSON

WATER INDUSTRY DISPUTE

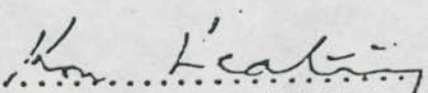
Arising from discussions held under ACAS auspices between representatives of the employers and representatives of the trade union side of the National Joint Industrial Council for the Water Service it is agreed as follows:-

1. At the request of ACAS a special meeting within the purview of the NJIC shall be convened on Saturday, 22 January in order that negotiations may be resumed on the 1982/83 pay and conditions of service claim of the trade unions.
2. This special meeting shall be opened and chaired by an Independent Chairman appointed by ACAS. He will be Mr I L Buchanan.
3. The Independent Chairman shall first give guidance to the negotiators. His powers shall further extend to those of a mediator so that he may recommend terms for a satisfactory settlement.
4. The terms of reference of the mediator shall be to assist the parties to negotiate a satisfactory settlement having full regard to the NJIC trade union side 1982 claim on pay and conditions and - in particular - that part of the claim seeking an improvement to the relative earnings position of water workers in the national manual workers earnings league.
5. The parties commit themselves to bargain in good faith with the firm intention of reaching agreement through direct negotiations assisted, as necessary, by the mediator. The parties acknowledge all the procedural rights and obligations set out in the constitution of the NJIC. In this connection the parties will only exercise their right to invoke the final stage of the procedure in the last resort.

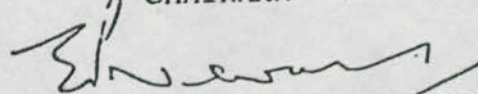
SIGNED ON BEHALF OF THE EMPLOYERS' SIDE

SIGNED ON BEHALF OF THE TRADE UNIONS SIDE


.....
CHAIRMAN

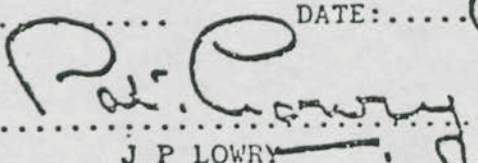

.....
CHAIRMAN


.....
SECRETARY


.....
SECRETARY

DATE: 21 January 1983

DATE: 23 January 1983

WITNESS: 
.....

J P LOWRY
CHAIRMAN

ADVISORY, CONCILIATION AND ARBITRATION
SERVICE

7.

RECOMMENDATIONS OF THE MEDIATOR IN A DIFFERENCE BETWEEN THE TWO
SIDES IN THE NATIONAL JOINT INDUSTRIAL COUNCIL FOR THE WATER SERVICE

- 1 By minute dated 21 January 1983, I was appointed by the Advisory, Conciliation and Arbitration Service to act as mediator in the above difference with the following powers and terms of reference:
"to assist the parties to negotiate a satisfactory settlement having full regard to the NJIC trade union side 1982 claim on pay and conditions and - in particular - that part of the claim seeking an improvement to the relative earnings position of water workers in the national manual workers earnings league".

- 2 I met the parties jointly and separately at the offices of the National Water Council at 1 Queen Anne's Gate, London SW1 on 22 and 23 January 1983. They submitted to me oral and written evidence and I was asked to direct myself to two aspects of the claim which the trade union side had made, namely:
 - (a) an increase in rates of pay in line with "the going rate" of settlements and inflation; and
 - (b) an increase in average gross earnings to bring water workers into the upper quartile of the manual workers' national earnings league.

- 3 In view of the urgency which attaches to this matter, I will not summarise the evidence, but proceed at once to consider my recommendations.

- 4 In framing my recommendations I took most careful account of all the evidence that was submitted by both sides on the claim. I deal first with that part of the claim seeking an improvement to the relative earnings position of water workers in the national manual workers earnings league. I noted the trade unions' demonstration that the position of their members vis-a-vis workers doing comparable jobs in the gas and electricity industries had deteriorated very markedly between 1975 and 1978, and again, after 1979. In 1979, the water workers recovered lost ground in their relative position when they received a pay increase, which included a comparability payment amounting to 8%. The causes of the subsequent decline lie in the wage movements which occurred in the gas and electricity industries very shortly after the 1979 water workers' increase.
- 5 One can readily appreciate that the existing position in relation to the comparator workers should provide the basis for a deeply held sense of grievance, and for efforts to have the position improved.
- 6 However, the circumstances prevailing in 1979, which allowed for the provision of a comparability exercise do not apply now; conditions in the labour market have changed to an unparalleled extent as large scale unemployment has made its impact on terms and conditions of employment - particularly the rate at which these terms and conditions have changed. Thus, I consider the water workers - through this adverse movement in relative position - to have been the victims of wage inflation elsewhere in the economy, on the one hand and the recession, on the other.

7 But, having said this, I do not think it would be right to make a recommendation along the lines the trade union side sought; the changes that I have referred to above are facts of life and the proposal that the clock should be put back for a certain group of workers is unsound. Thus, I do not recommend that there should be any increase to bring water workers into the upper quartile of the manual workers' national earnings league; nor do I recommend that there should be any increase on this part of the claim which would restore the relative position of water workers in the said earnings league to some previously prevailing position.

0

8 Nevertheless, I recognise that a deeply held grievance exists, and that it will continue to be an important influence on the attitude of the trade union side. I think the employers' side too, should recognise that this is a problem which will not go away, unless there is an understanding, positive, and determined response on their part, with a view to increasing earnings opportunities for the manual workers in the Water Industry. There are already certain possibilities which the sides could explore and rapidly proceed to implement; e.g. administrative efficiencies by moving to payment of wages by credit transfer, and development or extension of performance-related bonus schemes. I recommend that they now do so as a matter of great urgency.

9 I turn now to "the going rate" aspect of the claim. I consider that there are positive advantages for the parties in moving their settlement date from the first Sunday in December (as currently applies) to the first Sunday in April. Thus, the rate of increase that follows is recommended to run for 16 months with effect from

5 December 1982. On this basis, and in response to the union side's claim for an increase in line with "the going rate", I recommend an increase of 7.3%. I expect this recommended increase to be fed through to other supplementary payments, in line with existing national and/or local agreements. The increase of 7.3% is exclusive of the service supplement which I recommend should be at the rate of the employers' side's last offer, i.e. 5.2p per hour.

- 10 Having made the above recommendations, I consider that I have discharged my duties as mediator to the parties on the one hand, and to ACAS, who appointed me, on the other. I urge the parties to give the most earnest consideration to what I have recommended.

I L BUCHANAN

MEDIATOR

23 January 1983

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EMPLOYERS ONLY

PRIVATE & CONFIDENTIAL

EMPLOYERS' ONLY CIRCULAR NO.6/83

NATIONAL JOINT INDUSTRIAL COUNCIL FOR THE WATER SERVICE

01-222 8111

cc Mr Schuler
Mr Lyburn
Mr Rowntree

1 Queen Anne's Gate,
London SW1P 8BT

7th February 1983

Full Details of the present offer - may
be handy for reference (X overleaf is
what caused the problem on Tuesday night)

1982/83 NJIC Pay and Conditions Claim

1/9/83

Employers' Proposals on Paragraph 8 of the Mediator's Recommendations

1. A special meeting of the NJIC took place yesterday (Sunday, 6th February) at the headquarters of the Advisory, Conciliation and Arbitration Service (ACAS). The meeting was chaired by Mr. Pat Lowry (Chairman of ACAS).
2. The purpose of the meeting was to consider the employers' response to Paragraph 8 of the Report and Recommendations of the Mediator (Mr. Ian Buchanan). It will be recalled that Mr. Buchanan said:-

"Nevertheless, I recognise that a deeply held grievance exists, and that it will continue to be an important influence on the attitude of the trade union side. I think the employers' side too, should recognise that this is a problem which will not go away, unless there is an understanding, positive, and determined response on their part, with a view to increasing earnings opportunities for the manual workers in the Water Industry. There are already certain possibilities which the sides could explore and rapidly proceed to implement; e.g. administrative efficiencies by moving to payment of wages by credit transfer, and development or extension of performance-related bonus schemes. I recommend that they now do so as a matter of great urgency."
3. The Employers' Side re-affirmed their acceptance in full of the Mediator's Report, and this included making a constructive response to Paragraph 8. However, the employers did not want to see Paragraph 8 used as a bridgehead to undermine the other conclusions reached by the Mediator namely:-
 - (a) the rejection of Part 1 of the Trade Union Side claim that NJIC employees should be placed in the upper quartile of the manual workers earnings league.

Contd/.....

- (b) the rejection of any attempt to restore NJIC employees to some previously prevailing position in the earnings league.
 - (c) the rejection of any comparability study between NJIC employees in the water industry and their counterparts in Gas and Electricity.
4. The Employers' Side also made it clear that they were not prepared to improve upon their revised offer of 25th January, which was based upon the Mediator's Report. Thus, the offer of an increase of 7.3% on basic rates of pay to run for 16 months, with a doubling of the Service Supplement remains unchanged, together with the improvements to Shift Pay and Holidays.
5. In making their response to Paragraph 8, the employers noted:-
- (a) that the Mediator had asked the employers to make a response "with a view to increasing earnings opportunities", not to increase earnings, per se.
 - (b) that Mr. Buchanan indicated that "there are already certain possibilities which the Sides could explore and rapidly proceed to implement". He did not say that any additional general increase should be offered in the current pay negotiations.
 - (c) that the two examples quoted by Mr. Buchanan were both related to improved productivity.
6. However, the employers' response was designed to make an immediate improvement to earnings directly related to those NJIC employees on WIPPS Schemes, and in the medium term to set away a Joint Working Party to examine:-
- (a) the introduction of a 38 hour week for NJIC employees from April 1984, coupled with making a National Agreement to allow for the introduction of Flexible Working Hours on a regional/local basis. The introduction of the former being dependent upon making an agreement on the latter.
 - (b) a change in the method of paying wages from weekly payments in cash to monthly/four weekly payments by credit transfer.

The details are attached. The Joint Working Party would be under an Independent Chairman to be nominated from ACAS, and would be asked to report within three months to the NJIC.

7. The Trade Union Side rejected the employers response. In principle they take issue with the assumption that any increase in earnings flowing from Paragraph 8 of the Mediator's Report should be related to improved productivity. They want an immediate increase of 2% payable as a supplement, together with further amounts to be made available in this pay year through the consolidation of bonus schemes or in other ways to equal 8% overall in total. The figure of 8% was the additional sum agreed in settlement of the 1978/79 Comparability Study with Gas and Electricity. The 8% is additional to the present offer.
8. The Employers' Side were not prepared to entertain this proposition. Negotiations, therefore, broke down.

9. The Employers' Side then indicated their intention to refer the matter in dispute with the Trade Unions to arbitration. This is provided for in Clause 12 of the NJIC Constitution and in Clause 5 of the Procedural Agreement drawn up by ACAS and jointly agreed on 21st January. A formal request for arbitration has been sent to ACAS today (7th February).
10. It will be recalled that the employers first sought arbitration on 11th November. The Trade Unions refused to honour the National Agreement on the grounds that "meaningful" negotiations had not taken place on the pay claim.
11. The claim has been considered by the NJIC on six occasions. It has also been the subject of a report by an independent Mediator appointed by ACAS and jointly agreed. A national official strike is now underway. In these circumstances the right course is immediate and binding arbitration, coupled with the ending of industrial action. The employers would, of course, honour any arbitration award.
12. The increase in average weekly earnings resulting from the employers' offer is £10.61. The increase in basic rates is 7.3% for 16 months for all NJIC employees. For the 64% with five years' service and more the basic rate increase (including the improved service supplement) is 8.5%.
13. Would you please take steps to ensure that the information contained in this circular is widely circulated to NJIC employees, to regional and local media and to staff generally.

J.M.Y. Dickens

Employers' Secretary

To: Chairman)
Chief Executive) All Water Authorities
Personnel Officer)

Chairman)
Director General)
Assistant Secretary (Establishments)) National Water Council
Director of Finance)

Director & Secretary, Water Companies' Association
All Water Companies (2 copies)
All Affiliated Internal Drainage Boards
The Secretary, Association of Drainage Authorities
All Members of the Employers' Side of the NJIC for the Water Service

NATIONAL JOINT INDUSTRIAL COUNCIL FOR THE WATER SERVICE

1982/83 NJIC PAY AND CONDITIONS NEGOTIATIONS

EMPLOYERS' REVISED OFFER

This Revised Offer is based upon:-

- the recommendations of the Mediator appointed by ACAS;
- additional items which the Employers are prepared to offer in response to paragraph 8 of the Mediator's Report which called upon the Employers to increase earnings opportunities for NJIC employees as a matter of great urgency.

MEDIATOR'S GENERAL RECOMMENDATIONS

1. Basic Rates

An increase in basic rates of 7.3% with effect from the pay week including Sunday 5th December 1982 to run for 16 months:-

<u>Class</u>	<u>Existing Rate</u> £pw	<u>Increase</u> £pw	<u>Proposed Rate</u> £pw
Class 4	78.20	5.71	83.91
Class 3	80.75	5.89	86.64
Class 2	83.35	6.08	89.43
Class 1	85.85	6.27	92.12

2. Service Supplement

An improvement in the service supplement from 2.5p to 5.2p per hour. This would provide a basic rate increase of 8.5% for the 64% of NJIC employees with five years' service.

3. Shift Payments

There will also be a consequential improvement in shift payments:-

	<u>Existing Rate</u> p/hr	<u>Proposed Rate</u> p/hr
Alternating Shifts	25.6	27.5
Rotating Shifts	37.4	40.1

Contd/.....

EMPLOYERS' RESPONSE TO PARA.8 OF THE MEDIATOR'S RECOMMENDATIONS

Immediate Proposals to Operate from 5th December 1982

1. Water Industry Productivity Payments Scheme (WIPPS)

(i) Waiting Time, Unmeasured Work and Unoccupied Time

To increase the payment of Unmeasured Time and Unoccupied Time to 90% of Achieved Performance. It is estimated that this will produce on average an additional 86p per week for employees on WIPP schemes.

(ii) Minimum Bonus Guarantee

To commence bonus payments in WIPP Schemes only at an 80 performance rather than the present 65 performance and to continue the current performance/pay relationship. This would produce a minimum WIPP Scheme bonus payment of £12.00 per week on the basic rates given in the Employers' Revised Offer. This would benefit all NJIC employees. A recent survey showed that 120 were in this category, but this number and those who make it up will vary from week to week.

(iii) Interim Productivity Payment (IPP)

To double the Interim Productivity Payment from £4 to £8 per week. There are currently 550 employees receiving IPP.

Short and Medium Term Proposals

2. Proposed Joint Working Party on Improved Earnings and Efficiency

The Employers proposed the setting up of a Joint Working Party on Improved Earnings and Efficiency to meet under an Independent Chairman appointed by ACAS. The Joint Working Party would be instructed to report to the NJIC within three months. The additional proposals to be referred to the Joint Working Party are:-

(i) The introduction of a 38 hour working week (from April 1984) coupled with a National Agreement which would allow for regional/local negotiations on the introduction of Flexible Working Hours (to operate from varying dates but prior to April 1984.) The reduction in the working week would be dependent on the acceptance of Flexible Working Hours. A basic payment of £4 per week would be payable to all NJIC employees who are asked and agree to undertake to work to flexible working hours. This would be in addition to any payments negotiated regionally or locally to meet particular circumstances.

(ii) Change in the Method of Payment of Wages

From dates to be agreed at regional/local level all NJIC employees will be encouraged to receive their wages by monthly or four weekly payments by credit transfer. Those NJIC employees who apply to receive their wages by this method will qualify for the following to "bridge the gap" in the first month of the new arrangement:-

(a) the payment of any entitlement to "frozen" holiday pay, and

(b) an incentive payment of £50, paid on a once for all basis.

Special bridging finance would be available to meet particular circumstances.

3. Following requests from the Trade Union Side the Employers indicated that the effects of this package would provide an immediate average increase in earnings of 55p to all NJIC employees and a further 40p per week following the introduction of flexible working hours plus a further increase of f1 due to increases in bonus and overtime pay following the introduction of the 38 hour week.

ADDITIONAL ITEM

1. Annual Leave

An additional day's leave for employees with more than 10 years' service.

The Trade Union Side rejected the offer in informal discussions and the Employers indicated their intention to further refer the matter to ACAS for arbitration in accordance with Clause 12 of the National Agreement.

9.

MR SHAW
 MISS EASTABROOK
 MISS OXFORD
 MR POWER
 MR D B SMITH
 MR WAKE
 MR COVINGTON

MR TUCKER
 MR MOOREY
 MR WILSON
 MR THOMPSON

WATER WORKERS: VALUE OF OFFER

It has not yet been possible to check out in detail what this offer is worth. A provisional estimate based on information from the employers is as follows:

Immediate increase backdated to due settlement date (5 December 1982)

<u>Item</u>	<u>Effect on Average Earnings Whole Workforce</u>
+7.3% increase on basic rates to all grades	7.1%
Improved service supplement to 64% of the workforce worth £1.05p a week	0.5%
Improvement to existing productivity scheme (WIPPS) 86p. to those who qualify, 55p on average	0.3%
	<u>7.9%</u>

Items available through further talks recommended by the mediator (para 8 of his recommendation) on Improving Earnings. (The precise date of introduction is not known but the calculation assume payment from 5/12/82

<u>Item</u>	
Flexible working hours 40-50p across the board	0.3%
£50 lump sum for introduction of cashless pay	0.7%
	<u>1.0%</u>

(first year cost 8.9%)

Forward Commitments

Cost of a reduction in the working week from 39 to 38 hours (1 April 1984)	0.7%
TOTAL	<u><u>9.6%</u></u>

2 This calculation is on the standard basis used for the Monthly Pay Brief ie by how much average earnings will increase in the 12 months following a settlement. This is an average; some workers will receive bigger rises than others because some items apply only to part of the workforce eg the service supplement is paid only to the 64% of the workforce with more than 5 years of service. The major element of doubt in costing their offer is the impact on earnings of the reduction in working time. If this leads to a full compensating increase in overtime it would be worth 2.6%. But, the employers maintain that this will not happen to any significant extent and that average earnings will increase by only 0.7%. Only time will tell whether the employers' estimate is accurate.

3 The offer runs for 16 months. The mediator is thought to regard the 7.3% element as equivalent to 6% for the first 12 months and 5% for the last 4 months. 8.9% over 16 months can be presented as 6.6% annualised. But, this is misleading because:

(i) The cost in the first 12 months (8.9%) is the same regardless of whether it is a 12 or 16 month settlement;

(ii) Future negotiations will start on the basis of 108.9% ie in future there will be a higher base level than a lower 12 month settlement would have produced;

(iii) The only saving will be from a freeze for the first 4 months of the second year.

4 This note is for internal use and the figures in it are not for public use. Ministers are receiving separate briefing on the presentation of this dispute.

J.M. Dewsbury

J M DEWSBURY
10 February 1983

IRF1

CONFIDENTIAL

~~DRAFT~~ STATEMENT

THE WATER DISPUTE

1. Since 11 November and particularly over the course of ~~the~~ ~~last~~ 3½ weeks ACAS has made every effort to help the parties, ~~first~~ ~~to~~ avoid industrial action and, after the strike started, to ~~reach~~ ~~a~~ pay agreement for the water industry. After four days of ~~discussions~~ (18-21 January), the two sides of the National Joint Industrial Council for the Water Service reached an agreement, which ~~was~~ witnessed by the Chairman of ACAS. This agreement provided ~~for~~ the resumption of direct negotiations under the independent ~~chairmanship~~ of Mr Ian Buchanan, whose powers further extended to those of a mediator who could make recommendations to achieve a settlement. The parties committed themselves to bargain in good faith and acknowledged the procedural rights and obligations set out in the constitution of the NJIC. It was made perfectly clear in a letter sent by the ACAS Chairman ~~to~~ the Secretaries of the two Sides of the NJIC that this meant that if negotiations properly carried out failed to produce an agreement either party would have the right to seek arbitration and the other would have the obligation to respond. Both sides made it clear that they accepted this.

2. There followed a weekend of negotiations under Mr Buchanan's chairmanship, at the end of which, in the absence of any agreement, he made recommendations as a mediator for the resolution of the dispute. On 24 January an offer was made having regard to the agreement was reached. Mediator's report but no/ By this time, a national strike had begun

3. Following further informal discussions between ACAS ~~and~~ parties to the dispute, negotiations were resumed, under ~~the~~ chairmanship, on 6 February during which for the first time ~~specific~~ and quantified offers based on paragraph 8 of the mediator's ~~report~~ were made. However after 12 hours of talks it became apparent that no agreement was possible. At this point the Employers' ~~Side~~ of the NJIC informed us that they would be formally requesting that the dispute should be referred to binding arbitration. We have ~~not~~ been formally told by the trade unions that they are not willing to accept arbitration.

4. Over the last 3 weeks the employers have made several improvements to their original offer of a 4% pay increase, but not to a level acceptable to the unions, particularly regarding the position of water workers ^{earnings} ~~league~~ ^{to} ~~the~~ they made to the media by the employers, and subsequently dashed, have not made the negotiations easier and have prejudiced the prospects of a settlement. One party considers that the bargaining has been conducted in good faith. The other does not. Whatever the rights and wrongs of that matter, further argument is sterile and will not impress the public who must be increasingly concerned at the continuation of a dispute with such serious consequences. For the time being it is apparent that there is no foreseeable resolution to the dispute either by direct negotiations or through the processes of conciliation or mediation. It is our view therefore that the dispute can now only be resolved, and further hardship avoided, by a reference either to arbitration or to some other third party, for a final decision.

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Should be accepted by the 2 sides

5. In rejecting the employers' request for an immediate reference to binding arbitration the trade unions have instead explored the possibility that ACAS might set up an inquiry into the dispute. This proposal has today been rejected by the employers on the grounds that its finding would not be binding.

6. ACAS remains available to assist the parties in any way possible.

9 February 1983

TEXT OF ACAS STATEMENT AT 2.00 AM ON 15 FEBRUARY
FOLLOWING SEPARATE DISCUSSIONS WITH THE EMPLOYERS AND THE UNIONS

Lowry: "ACAS has received assurances from the Employers and the Trade Unions that both will accept the resolution of the dispute through the process of this Committee of Inquiry. It is not intended that any further substantive negotiations on matters in dispute will take place once the findings are known, although both sides agree that a full, final and special meeting of the NJIC will be required to translate the findings into a detailed, workable agreement for the industry. That meeting will be held under the Chairmanship of ACAS as soon as the Committee of Inquiry has completed its work and reported".