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LOCAL GOV.
cc HMT
Mrs M O'Hara, HMT
Mr Mount

10 DOWNING STREET

From the Private Secretary

4 March, 1983

SEWERAGE AND WATER AUTHORITIES

The Prime Minister was concerned to hear that the Department of Environment were proposing to introduce a new clause into the Water Bill, early next week, which would make it possible for Water Authorities to expand their labour force by taking over sewerage functions from Local Authorities.

The Prime Minister understands that the 1973 Act imposed a duty on Water Authorities to seek to enter into arrangements with Local Authorities for the provision and maintenance of sewers, and that the result of this is that the overwhelming majority of sewerage workers work for District Councils. The Prime Minister notes that the sewer men did not go on strike last month.

As the Prime Minister understands it, the Water Bill, now going through the Lords, replaces the 1973 Act duty on the Water Authorities by a mere power to enter into arrangements with the District Council concerned; and that the Water Authority would have the right to vary or end any such arrangement. The Prime Minister also understands that the Monopolies and Mergers Commission Report of November, 1982, into the sewerage function in the North West and Anglian Water Authorities concluded that the best arrangement was to retain the existing law, on the grounds that District Councils were local, flexible and effective sewer managers, but that Department of the Environment supervision should be improved by revising the "model arrangements" covering these agency agreements.

The Prime Minister believes that it would be a mistake to increase the monopoly power of the Water Authorities by making possible the transfer of these functions from Local Authorities to Water Authorities. She would be grateful for your Minister's observations on this.

We have arranged a meeting later on today to discuss this issue.

I am sending a copy of this letter to Mr. John Gieve, H.M. Treasury.

Mrs Joan Dunn
Department of the Environment

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