

MR INGHAM

cc Mr Butler
Mr Scholar
Mr Mount

WATER STRIKE: PRESENTATION

As I understand it, last night's shambles resulted from ineptitude rather than malice on the part of the NWC. Dickens, the employers' side Secretary, sent a circular to the RWAs explaining the earnings effect of the mediator's proposals on those entitled to long service increments. That does bring the offer up to 8.5% for 64% of the work force, but that is not inconsistent with the figures I have already circulated. The press got wind of the circular, enquired of the NWC what it meant, and a junior spokesman put out the statement we all saw last night. This morning the NWC are apparently surprised at all the fuss. The fact that they have drawn a red herring of huge dimensions across the path of what should have been our main opportunity to put the unions on the defensive for breaking their agreements has escaped them.

We shall have to consider at the next of the Prime Minister's morning meetings what can be done to get the NWC to take presentation seriously. Meanwhile I suggest that there are three lines of attack you can use with the Lobby:

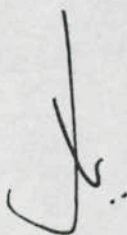
- (i) The unions are breaking their agreements. The press should be constantly asking the union leaders to explain why they are not honouring agreements, and whether their word can ever be trusted. Specifically, the unions were in breach of their NJIC procedure agreement in taking industrial action before the negotiating process, culminating in arbitration, had concluded; and they are now in breach of the 23 January ACAS agreement by refusing to accept arbitration. You may want to remind the Lobby of the terms of Pat Lowry's letter of 21 January to Dickens:

* I can't lay my hands on the text so you'd better not quote this in case it's not categorical.

"In the circumstances of such a disagreement [ie over the mediator's report] either party would have the right to seek arbitration and the other would have the obligation to respond";

(ii) It is simply not true that there has been a "refusal to hold real negotiations" on the part of the employers, as claimed by Mr Newall last night and this morning. It is an appalling reflection on the NWC's handling of the dispute that they have allowed this statement to go unchallenged. The facts show that it is the unions who have on each occasion jumped into industrial action before negotiations are concluded. The 4% offer on 11 November was accompanied by an offer of arbitration, and the unions responded by seeking authority for a strike, and by starting an overtime ban on 19 January. At the ACAS negotiations which concluded on 23 January, the 4% offer was raised to 7.3% over 16 months, and a long service supplement was added. The unions responded by starting an all-out strike. Last weekend at ACAS, the employers made further additions to the offer in the shape of rewards for improved productivity, over and above what was recommended by the mediator: the unions have now responded by intensifying the strike and refusing arbitration;

(iii) The offer is already high. There are many pitfalls in trying to describe the average earnings effect, but across the board the average for all manual water workers is probably around 8%. That compares very favourably with the earnings effect of the miners' settlement (6.5%), the amount recommended by the unions representing local authority manuals (4.5%) or our own estimate of the cumulative average level of settlements for the whole economy this pay round (about 5.5%).



9 February 1983

*Prime Minister**ms 3/2*PRIME MINISTERcc Mr Mount
Mr InghamWATER STRIKE MEETING, 10 FEBRUARY(i) Situation Report (Mr King and Mr Edwards)Several potentially unhelpful factors are at work:

- Union occupation of water works (no longer extensive, and being dealt with in Wales by injunction to leave)
- Call by craftsmen's leaders to join the strike (not issued formally)
- Threats of reducing emergency cover
- Possible concentration of action on power stations (there is no sign yet of substance, rather than show, to the threats of sympathetic action by power station workers)
- Cold weather

Are any of these having, or are they likely to have, a significant effect on impact of the strike?

(ii) Negotiating Tactics and ACAS' Activity (Mr King and Mr Tebbit)

If ACAS fails to get the unions to agree to arbitration, can we at least obtain two things:

1. A public statement by ACAS making it clear that the unions have broken the 23 January agreement?
2. A private assurance from the NWC that they will not come up with a further bombshell, such as yet another improved offer, without time for discussion among Ministers?

- (iii) CCU Activity (Mr Whitelaw and Mr Goodall)

Has the situation deteriorated to the extent
that shorter notice for servicemen is justified?

- (iv) Presentation (Mr Ingham)

Are we making any progress in putting the unions
on the defensive for breaking their agreements?
(You may want to ask Bernard to describe his
activities yesterday, which were extensive.)

What can be done to get the NWC to appreciate
the significance of presentation and to improve
their performance (I attach a note, agreed with
Bernard, illustrating some of their inadequacies
so far, and suggesting that we must assume that
the Government must go it alone).

9 February 1983

PRIME MINISTER

Prime Minister

MUS 9/2

WATER STRIKE - REGIONAL PRESENTATION

This return from the COI is day after day confirming our early impression:

- main news made either by national story or regional effects of strike;
- next to no activity on the part of the employers to win public opinion to their position;
- general (in the end) newspaper leader support for the Government, though increasingly tinged with criticism of the Government's 'inept' interventions and employer uselessness.

Generally speaking, the situation gets less good tempered but extension of the effects of the strike is very slow indeed.

Extracts from the reports are as follows:

North East

Public statements in recent days from union leaders and spokesmen for the Northumbrian Water Authority confirm a hardening of attitudes in the strike. But local press, radio and television are finding it increasingly difficult to say anything new about the situation.

Journal (Newcastle) has a front page story about 1,000 school-children in Newcastle being kept at home until the dispute is over because of a burst water main.

Northern Echo (Darlington) reports disagreement between the NWA and the unions on the procedure to be followed if any hospital finds itself with a burst main.

Leader article in the Shields Gazette (8.2.83) says that the Government, employers and the unions must share the blame for the muddle the water strike has now got into. "There have been inept interventions by Ministers and the employers have handled the negotiations badly." But the paper warns the unions that it is not realistic to suppose that with millions out of work and the economy in deep recession, that the waterworkers can achieve their goal of parity with gas and electricity workers. Arbitration provides the best answer. Middlesbrough Evening Gazette (8.2.83) describes the

dispute as "a three-sided pantomime". It advises Ministers and employers to shut up and let ACAS get on with its job of persuasion.

Yorkshire and Humberside

Main news this morning centres on the temporary occupation of a water treatment plant near Leeds, which attracted national media attention. Demonstration has now ended.

Elsewhere the main concern is river pollution.

In a leader comment the Halifax Courier urges the waterworkers to accept arbitration but is critical of the way "Government Ministers and Water Council spokesmen keep putting their foot in it with ill-advised statements."

Yorkshire Post has a series of readers' letters which are opposed to the waterworkers.

General situation on water supplies in the region is described by the YWA as "gradually deteriorating".

East

There is little evidence of hardship in the region, according to today's cuttings.

East Anglian Daily Times reports pupils in all ten secondary schools have rallied to call for help from Age Concern. Schools have agreed to release teams of teenagers to do shiftwork at the standpipes to assist the old folk.

Again there is no Anglian Water Authority management's comment on its side of the industrial dispute.

Midlands

No leader comments, but front page reports in most papers on operational matters, calls for economy and rows over emergency cover arrangements.

In Herefordshire white-collar union members are to be disciplined for strike-breaking in defiance of union orders.

South East

Reading Evening Post (Feb 8) reported that Thames Water Chief Executive, Sir Hugh Fish, had sent a personal letter to striking manual workers saying "This strike has gone on long enough", and calling on them to return to work and let their pay demand be put to an independent mediator.

The paper quoted Mr Ian Keys, Reading officer for the biggest water union, the General, Municipal and Boilermakers, as saying "From the tone of this letter it is obvious we have got the employers on the run".

Other media coverage concentrates on physical effects of the strike and advice and appeals for conservation.

South West

Editorial comment in the Post says it would be "crazy" for electricity workers to join waterworkers in dispute, and urges the waterworkers to go to arbitration with their pay claim.

Watermen eased their strike to man pumps which keep Somerset farmland drained, reports the Western Daily Press. Wessex WA spokesman said the men relaxed their ban after they were told rising waters could affect property and possibly lives.

In Swindon, an appeal to waterworkers to restore supplies to disabled and housebound people failed.

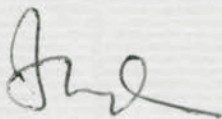
North West

At a meeting of union leaders in Warrington yesterday a vote was taken to withdraw all emergency cover throughout the North West, except for hospitals and patients on dialysis machines. NW Water Authority Chief Executive, Bryan Oldfield, appeared on Granada Television in same programme as union officials and pointed out waterworkers' responsibilities to all seven million consumers in the region.

Blackpool Gazette editorial says watermen would win public sympathy if they agreed now to go to arbitration, and similarly Manchester Evening News advocated arbitration before positions became entrenched.

Lancashire Evening Telegraph (Blackburn) reports police investigating possible sabotage at sewage treatment works at Clitheroe - effluent being discharged direct into River Ribble after equipment damaged with a garden spade.

I am copying to the Home Secretary and Secretary of State for the Environment.



B. INGHAM

9 February 1983

With permission, Mr Speaker, I would 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 produced an agree-

ment. 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 were formally told by the Trade Union side that they were not willing to accept arbitration.

Mr Speaker, in my 2 previous statements to the House I urged the earliest possible end to this damaging dispute which while only 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 2 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 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 the sensible procedure for resolving this dispute is not to be honoured.

Robin

WATER STRIKE: BREAKDOWN OF NEGOTIATIONS

It is fundamental to good industrial relations that agreements should be honoured. The agreement signed by the unions at ACAS on 23 January was absolutely clear. If negotiations on the basis of the mediated report failed to produce an agreement, either party had the right to seek arbitration and the other had the obligation to respond. The trade union leaders have flouted that agreement, which would have ended the strike with all the hardship and danger which it involves for the elderly and those with young families and also for the rest of industry and agriculture.

The Offer

The water workers have been offered an increase in basic pay which would bring their average earnings to over £145 a week. That is an increase of over 64% since April 1979, compared with an increase in prices of 52% over the same period. On top of that a number of further payments and benefits were discussed with the unions at ACAS on 6 February.

Even the 7.3% increase on basic rates alone is generous by any standards. It is well above the rate of inflation and well above what others with less secure jobs are settling for. Private sector settlements are estimated by the CBI to be running at about 6% - and are likely to fall further.

10 February 1983

THE NWC'S PUBLIC PRESENTATION DURING THE WATER DISPUTE

The Regional Water Authorities have produced timely and well drafted public announcements about the need for economy and how to cope with the effects of the water strike. But the National Water Council's handling of the PR aspects of the negotiations have been awful. And the regional water authorities have generally done little or nothing to persuade the public that the mediator's award should be accepted.

Some illustrations -

1. As far as we know, no attempt was made to persuade the work force to accept the original offer, despite the fact that consultations were taking place on industrial action; and very few - and totally ineffective - efforts have been made since.
2. Len Hill allowed himself to be driven by Robin Day into mentioning, however qualified, an unsustainable £5-£10 figure on 3 February, which gave the unions a justifiable complaint of bad faith.
3. When the ACAS talks broke down at 10 pm on 6 February, the unions went straight to the TV cameras to get on the ITV news; the NWC were nowhere to be seen; they are not alive to the need to win public opinion.
4. The NWC failed to appreciate the significance of what they were saying last night about the offer's real worth, the effect it would have on their credibility, or the way it would distract attention from the union's refusal to go to arbitration.
5. After the unions turned down arbitration yesterday, the NWC allowed Mr Newall to go unchallenged (on BBC, ITV and this morning's Today programme) in saying there had been no proper negotiations; no effort has been made by the employers to demonstrate that the unions are operating contrary to agreements and procedure.

6. We can no longer rely on the NWC to get anything right; and it seems unlikely that they will recover their public credibility in the course of this dispute. We should therefore -

(i) Do what we can to persuade them to handle things better. Can day-to-day - even hour-to-hour - liaison between them and Environment's Press Office be instituted, so that we at least have the chance to tell them which programme to go on? Can they produce a publicly recognisable and credible spokesman, ie not Len Hill?

(ii) Assume that for presentational purposes we virtually have to go it alone. This means regular and hard briefing by Bernard in the Lobby, regular appearances by Mr King on the media and in the House, conveniently phrased Questions for Prime Minister's Question Time - and, we suggest, the deployment of other carefully selected Ministers to reinforce Mr King.

SITUATION REPORT NO: 13 AT 16.30 HOURS WEDNESDAY 9TH FEBRUARY 1983

Totals of leaking mains and homes not served by mains water continue to rise.

Today's totals are:-

Mains failures remaining unrepaired	379
Properties without mains water - Authority areas	3936
Company areas	4551
	<u>8487</u>

Works performance remains generally satisfactory, as does river water quality. There is no problem with drinking water quality.

There is no notable change in picketing activity: but there was one significant escalation - namely the occupation, this afternoon of Rodbourne Sewage Treatment Works, Swindon, by a number of striking manual workers. Steps are being taken to notify the men concerned of the serious nature of their action.

Next report Thursday 10th February.

REPORT ISSUED BY PUBLIC RELATIONS