

S E C R E T

Mr. John Mackay, SO
Mr. Giles Shaw, D/E
BI



10 DOWNING STREET

SUBJECT
c.c. Mr. Goodall, CO
Mr. Gregson, CO
Mr. Harrop, D/E
NIO
CO
HO
MOD
D/M
WO
CST

cc Master
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From the Private Secretary

14 February 1983

Dear David,

The Prime Minister held a meeting at 9.30 a.m. today to discuss the water workers' strike. Those present were the Home Secretary, the Secretaries of State for Defence, Employment, the Environment, Wales and the Chief Secretary to the Treasury, Mr. John Mackay (Scottish Office), Mr. Giles Shaw, Messrs. Harrop, Gregson and Goodall, and Bernard Ingham.

Your Secretary of State said that the daily rate at which properties were losing piped water supplies had accelerated - the total without piped water was now 55,000 (of which 9,000 were in Wales), which was 17,000 more than Thursday last week. Some 7.6 million people had now been advised to boil water as a precaution. These figures did not reveal the level of reconnections or resumption of chlorination which had been achieved in some areas. The National Water Council (NWC) had been considering whether or not to issue a national invitation to the manual workforce for a return to work, but had agreed not to do so in advance of the emergency debate today. There were signs that other water unions, in particular those representing craftsmen, would instruct their members not to cross water workers' picket lines. It now seemed more likely that the local government manual workers' unions might today announce that their members had rejected a 4.5 per cent pay offer. There was a danger that the water unions would regard such developments as a strengthening of their cause. There had been little movement in the negotiations during the weekend but there was now much speculation that a court or committee of inquiry would be set up in the near future, and not necessarily on condition that its findings would be binding on both sides. It remained therefore essential for the employers and Government to stand firm on the need for existing agreements to be honoured and this was the line he proposed to take in the emergency debate this afternoon.

During discussion there was concern that a sudden deterioration in either water supplies or sewage services in one or more areas of the country might oblige the Government to act quickly to keep these services going. The Civil Contingencies Unit (CCU) should examine once again the existing arrangements, and should

/look again

look again at the circumstances in which a state of emergency might be required. Any public call for striking workers to return to work might best be made, at least initially, by individual water authorities in whose areas there was likely to be a favourable response; and after the craftsmen's decision. The best approach for the Government would continue to be insistence on the need for existing agreements to be observed and that any further agreement, e.g. to the appointment and terms of reference for an arbitrator or any other agreed tribunal should be endorsed in writing by both sides to the effect that they would be willing to accept any award made. At the same time a demand that the strike should be called off whilst the arbitration process was carried out could be regarded as a test of the good faith of the union leadership, who would have no case for refusing the demand if they genuinely intended to accept the award.

Summing up the discussion, the Prime Minister said there was a danger of the situation drifting out of control and the emergency debate, which had not been sought by the Government, should be used to point to the necessity that agreements between employers and unions be honoured, and that the existing water industry National Joint Industrial Council constitution, reinforced by the agreement reached at the Advisory Conciliation and Arbitration Service on 21 January, laid down that arbitration, the result of which was to be accepted by both sides, was a final step in procedure which was yet to be taken. She was strongly opposed to any suggestion that a practising Judge might be appointed arbitrator; and, if a committee of inquiry were to be set up, the aim should be to make the mediator's report its starting point, and to avoid an inquiry with wide scope. The CCU should look again at the contingency arrangements for maintaining water supplies and sewage services and the possible declaration of a state of emergency with a view to ensuring that all possible preparations were in hand. It would also be necessary to clarify the legal basis of the statutory duties laid on water authorities to provide water and sewage services, with a view to preparing the ground for wider use of private contractors by water authorities to keep the system going. The next meeting would be on Tuesday 15 February at 8.30 a.m., to which the Attorney General should be invited if he was available.

I am sending copies of this letter to the private secretaries of those Ministers present, 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.

Yours sincerely,

Michael Scholten

David Edmonds, Esq.,
Department of the Environment.

SECRET

D/E

The Prime Minister held a meeting at 9.30 am today to discuss the water workers' strike. Those present were the Home Secretary the Secretaries of State for Defence, Employment, the Environment, Wales and the Chief Secretary to the Treasury, Mr John Mackay (Scottish Office), Mr Giles Shaw, Messrs Harrop, Gregson and Goodall and Bernard Ingham.

Your Secretary of State said that the daily rate at which properties were losing piped water supplies had accelerated - the total ^{without piped water -} now was 155,000 (of which 9,000 were in Wales), which was 17,000 more than Thursday last week. Some 7.6 million people had now been advised to boil water as a precaution. These figures did not reveal the level of reconnections or resumption of chlorination which had been achieved in some areas. The National Water Council (NWC) had ^{been} considered ^{ing} over the weekend whether or not to issue a national invitation to the manual workforce for a return to work, but had agreed not to do so in advance of the emergency debate today. There were ~~some~~ signs of ^{that water} other unions ^{in particular those representing craftsmen, would} being prepared to instruct their members not to cross water workers' picket lines, which ~~could mean that those craftsmen currently working would stop doing so.~~ ^{It now seemed more likely} There was also concern that the local government manual workers' unions might today announce that their members had rejected a 4.5 per cent pay offer. There was a danger that the water unions would regard such developments as a ~~welcome~~ strengthening of their cause, ~~and make it that much more difficult to arrive at a settlement on acceptable terms.~~ ^{agreements, with movement} There had ^{now} been ~~no moves~~ in the negotiations during the weekend but there was ^{or Committee} much speculation in this morning's newspapers that a court of enquiry would be set up in the near future, and not necessarily on condition that its findings would be binding on both sides. It remained therefore essential for the employers and Government to stand firm on the need for existing agreements to be honoured and this was the line he proposed to take in the emergency SECRET debate this afternoon.

During discussion ~~it became clear that~~ there was concern that a sudden deterioration in either water supplies or sewage services in one or more areas of the country might ^{obvige} ~~lead to a need for~~ the Government to act quickly to keep these services going. The Civil Contingencies Unit (CCU) should examine once again the existing arrangements, with a view to ^{as} ~~reassuring Ministers that such~~ action could be taken quickly and effectively, if necessary. ^{and} ~~The CCU should~~ Also look again at the circumstances in which a state of emergency might be required. ~~It was considered that~~ Any public calls for striking workers to return to work might best be made, at least initially, by ^{individual} those water authorities in whose areas there was likely to be a ^{favourable} large scale response; ~~Any such call that proved to be ineffective would risk giving those unions who might be considering instructing their members not to cross picket lines a good excuse for doing so and blaming the employers - therefore it would be essential to get the timing right and the Secretary of State for the Environment's advice should be sought by the NWC before any call of this kind was made.~~ The best approach for the Government would continue to be insistence on the need for existing agreements to be observed and that any further agreement, eg to the appointment and terms of reference for an arbitrator or any other agreed tribunal should be endorsed in writing by both sides to the effect that they would be willing to accept ^{any} ~~the~~ ^{made} award. At the same time a demand that the strike should be called off whilst the arbitration process was carried out could be regarded as a test of the good faith of the union leadership, who would have no case for refusing the demand if they genuinely intended to accept the award. ~~In the meantime efforts should be made to dampen media speculation about a court of enquiry as earlier experiences had indicated that arbitration would be, in practice, the only satisfactory way to settle the dispute; and the problems that could follow prematurely. ~~These~~ ~~hopes~~ ~~have~~ ~~been~~ ~~known.~~~~

3 and after the craftsmen's decisions

Summing up the discussion the Prime Minister said there was a danger of the situation drifting out of ~~the employers' or Government~~ control and the emergency debate, which had not been sought by the Government, should be used to ^{point to} ~~re-emphasise~~ the need ^{necessity for that} to agreements between employers and unions ~~to~~ be ^{honoured,} properly observed and to ~~point out~~ that the existing water industry National Joint Industrial Council constitution, reinforced by the agreement reached at the Advisory Conciliation and Arbitration Service on 21 January, ^{had laid down that} arbitration, the results of which was to be accepted by both sides, ^{had} ~~as~~ a final step in ~~the dispute's~~ procedure which was yet to be taken. Meanwhile the CCU should look again at the contingency arrangements for maintaining water supplies and sewage services and the possible declaration of a state of emergency with a view to ensuring that all possible preparations were in hand. It would also be necessary to clarify the legal basis of the statutory duties laid on water authorities to provide water and sewerage services. The next meeting would be on Tuesday 15 February at 8.30 am, to which the Attorney General should be invited if he was available.

I am sending copies of this letter to the private secretaries of those Ministers present, 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.

She was strongly opposed to any suggestion that a presiding judge might be appointed arbitrator; and also that, if a committee of enquiry were to be set up, the aim should be to ~~draft its~~ ^{base its} make terms of reference in relation to the mediation its starting point report, and to avoid an enquiry with wide scope

, with a view to preparing the ground for a wider use of private contractors by water authorities to keep the system going.