

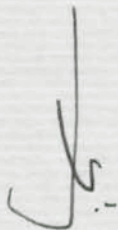
MR SCHOLAR

cc Mr Butler
Mr Mount
Mr Ingham

COMMITTEE OF INQUIRY ON THE WATER DISPUTE

I share the Prime Minister's dismay, as I am sure we all do, at the way in which the Committee of Inquiry has gone about its task. It is appalling that what we had hoped would be a quasi judicial arbitration, leading to recommendations on the basis of the merits of the arguments, should have degenerated into yet another negotiating forum.

But with the advantage of hindsight, it seems to me that the cause can be traced to the phrase which was added to the terms of reference at the last minute - "... and to report its findings in order to resolve the current dispute and restore normal working in the industry". When we were first told of the likely terms of reference, that phrase did not appear. Its inclusion does I think make it difficult for the inquiry to report without checking with the parties first whether the proposed recommendations are likely to resolve the dispute; and if not, a process of negotiation between the Committee and the parties was inevitable. All we can do is remember this point for any future inquiries, which should be asked simply to make recommendations on the merits of the case. Meanwhile, I do not think the Prime Minister would be on very good ground in criticising the inquiry, however obliquely, for the way it has gone about its business.



22 February 1983

MR SCHOLAR

9.7 - 9.8 % over 16 months

cc Mr Butler
Mr Mount
Mr Ingham

+ 1.1 % productivity later

(84 onwards ?)

REPORT OF THE WATER STRIKE INQUIRY

The report was delivered to the parties at 10.30 this morning, and the NJIC is now in progress. The report will be published at lunchtime, or when the NJIC finishes, whichever is the sooner.

The report is signed by the Chairman only, The main elements in it are:

1. The £5.00 bonus is consolidated into the basic rate.
2. There is no double counting of this bonus (the effect of consolidation is therefore slight, since almost everyone got it anyway: but it will affect overtime rates).
3. Basic rates are then increased by 7.3% over 16 months (the £5.00 bonus is therefore also increased by 7.3%).
4. The long service supplement is to be paid after two years instead of five.
5. There will be one day's extra holiday after ten years service, as already offered.
6. The NWC offer on waiting time and unmeasured time is confirmed.
7. The minimum bonus guarantee is raised from the £12.00 offered by the NWC to £14.00, but it probably only covers a few hundred people.
8. The employers' offer to double the interim productivity payment from £4.00 to £8.00 is confirmed.

9. The once and for all payment for credit transfer for wages is increased from £50 to £70.

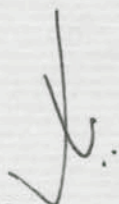
10. The employers' offer of £4.00 a week for flexible working is increased to £5.00.

Comment

It is impossible for us to work out the average earnings effect of this package. The unions will no doubt point out that it increases some basic rates by as much as 13%; let's hope that the employers, once it has been safely signed and sealed, can come up with a much lower figure on average earnings over 12 months. It does seem likely that the unions will eventually accept this package, and the Department of Employment do not expect Mr Lowry to allow further negotiation to take place during the NJIC.

The good points in it from our point of view are that the recommendations provide nothing at all for the unions' claim for comparability, or for progress towards the upper quartile, although of course there may be some words of comfort in the report itself; and that the principal sticking point of the employers, ie 7.3% on basic rates over 16 months, is confirmed.

Depending on events in the next few hours, I suggest that the Prime Minister should confine herself at Question Time to saying that she hopes and assumes that this is the end of the dispute.


22 February 1983

WATER DISPUTE: CHAIRMAN'S RECOMMENDATIONS

The latest report from the Department of the Environment indicates that the Chairman of the Inquiry team has recommended the following:

- (i) The consolidation of £5 of the existing bonus into basic pay.
- (ii) An increase in basic pay of 7.3% over 16 months.
- (iii) The service supplement will take effect after two years not five.
- (iv) An additional day's leave for those with more than ten years service.
- (v) There will be an increase in payment for waiting and unoccupied time which will mean an increase of about 80 pence per week for 50% of the workforce.
- (vi) An increase in the interim productivity bonus from £4 to £8. (This affects only about 500 workers.)
- (vii) An increase in the minimum bonus guarantee from £8 to £12. (This has a very small effect.)
- (viii) The credit transfer payment for moving from cash payment goes up from £50 to £70.
- (ix) The bonus for working flexible hours goes up from £4 to £5.
- (x) The reduction of an hour in the 38 hour week from April 1984.

As far as DOE can assess the effect on the wage bill of the Chairman's proposals would be an increase of 10.2%

over 16 months as compared with 7.8% over the same period before the Inquiry sat. I understand that the Chairman ducked the issue of the upper quartile claim.

The employers are now discussing a NJIC resolution based on the Chairman's findings.

TF

22 February 1983



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

PA

22.2.83

(19.30 hrs)

Dear Michael,

Here is a copy of the
Johnson findings.

Yours ever,

Daniel Mann

Michael Scholar Esq

CLARIFICATION OF THE FINDINGS

Dr Johnston has ruled as follows:

1. For the period 5 December 1982 to 27 February 1983 the rates to be used for the calculation of bonus shall be the existing basic rates plussed up by 7.3%.

2. The final sentence of paragraph 5(4) of the report should read:-

Paragraphs (7) to (9) below deal with other aspects of WIPPS.

3. The minimum bonus guarantee and the interim productivity payment shall both be offset by a sum of £5 per normal week of 39 hours, with pro rata adjustments for variations from the normal week.

COMMITTEE OF INQUIRY
FINDINGS ON A DISPUTE BETWEEN
THE TWO SIDES OF THE
NATIONAL JOINT INDUSTRIAL COUNCIL
FOR THE WATER SERVICE

DISPUTE BETWEEN THE TWO SIDES OF THE NATIONAL JOINT INDUSTRIAL
COUNCIL FOR THE WATER SERVICE

COMMITTEE OF INQUIRY

- | | |
|------------------------|--|
| Dr T L Johnston MA PhD | - Principal - Heriot Watt University
Edinburgh |
| M Bett Esq MA | - Board Member for Personnel -
British Telecom |
| W H Keys Esq | - Joint General Secretary - Society of
Graphic and Allied Trades 82 |

Representing the Employers' Side of the National Joint Industrial
Council were:-

- | | |
|---------------------|--|
| Mr L Hill | - Chairman NJIC |
| Sir William Dugdale | - Chairman Water Industry
Combined Employers' Committee |
| Mr J M Y Dickens | - Secretary Employers' Side NJIC |

Representing the Trade Unions' Side of the National Joint Industrial
Council were:-

- | | |
|--------------|--------------------------------------|
| Mr R Keating | - Vice Chairman NJIC |
| Mr E Newall | - Secretary Trades Unions' Side NJIC |
| Mr M Martin | - National Secretary T&GWU |

Also present were a number of observers from both sides of the NJIC

INTRODUCTION

1. The Advisory, Conciliation and Arbitration Service (ACAS) is established to provide conciliation and mediation as a means of avoiding and resolving disputes; to make facilities available for arbitration; to provide advisory services to industry on industrial relations and related matters.

2. A dispute having arisen between the two sides of the National Joint Industrial Council for the Water Service (NJIC) over the pay of manual workers for the pay year commencing 5 December 1982 ACAS invited representatives of the parties to talks with a view to helping them resolve the issue. Following failure to settle the dispute by conciliation and mediation the Chairman of ACAS decided to establish a Committee of Inquiry, consisting of an agreed Chairman appointed by ACAS, a side member nominated by the Employers' Side and a side member nominated by the Trade Union Side to inquire into the dispute and to make findings with a view to resolving the differences.

3. On 16 February 1983 the Committee of Inquiry was appointed to look into the dispute with the following terms of reference:

"The Committee is invited to inquire into the matters currently in dispute between the two sides of the National Joint Industrial Council for the Water Service and to report its findings in order to resolve the dispute and restore normal working in the industry".

4. The parties made written submissions and representatives made oral submissions at the offices of ACAS at 11/12 St James's Square, London SW1 on Friday 18 February 1983 commencing at 6.00 pm and again on Saturday 19 February 1983.

FINDINGS

5. After full and careful consideration of all the written and oral evidence before the Committee, the Committee was unable to reach unanimous conclusions. The findings set out below have been arrived at by me exercising my powers as Umpire.

(1) BASIC RATE

The increase in the basic rate of 7.3% to run for 16 months which the Mediator recommended in his report dated 23 January 1983 is confirmed.

(2) CONSOLIDATION OF BONUS

For each normal working week the first £5.00 of bonus payments earned, will be transferred from bonus pay and added to the existing basic rates for each class. These will then be increased by 7.3 per cent to give the new Consolidated Basic Rates for each class set out in paragraph (3) below. These will be used as the calculators for bonus and overtime purposes.

The first £5.00 of bonus pay calculated on the new Consolidated Basic Rates for a normal working week will thus have already been included in these Consolidated Basic Rates. For working hours varying from the normal week, the rates of pay shall be calculated pro rata.

(3) NEW BASIC CONSOLIDATED RATES

The new basic rates are as follows:-

<u>Class</u>	<u>Existing Rate</u>	<u>New Rate after Consolidation</u>
	<u>£ per week</u>	<u>£ per week</u>
Class 4	78.20	89.27
Class 3	80.75	92.01
Class 2	83.35	94.80
Class 1	85.85	97.48

The above new basic rates continue to be used for their established purposes. In relation to bonus calculations they become effective from the pay week which includes Sunday, 27 February 1983.

(4) PERFORMANCE-RELATED BONUS SCHEMES

In line with the stress laid by the Mediator on developing or extending performance-related bonus schemes, and as a matter of urgency, the parties are to set up a Joint Working Party to consider and to agree, within three months,

- (i) ways in which the Water Industry productivity payment schemes not yet integrated with the Water Industry Productivity Payments Scheme (WIPPS) may be assimilated as quickly as possible;

and

- (ii) necessary improvements by way of stabilisation within the WIPPS scheme.

Paragraphs (7) ⁵ and (9) below deal with other aspects of WIPPS.

(5) SERVICE SUPPLEMENT

Every employee with not less than two years' continuous service shall be entitled to a service supplement of 5.2p per hour as an addition to the appropriate scheduled rate.

(6) ANNUAL HOLIDAY ENTITLEMENT

With effect from 1 April 1983 the minimum annual holiday entitlement to be increased by one additional day for employees with more than ten years' continuous service.

(7) PRODUCTIVITY PAYMENT SCHEME

Payment to be increased to 90% of achieved performance for the following components:-

(a) unmeasured work

(b) unoccupied time

These are the components referred to in sections 6, and 15.4 respectively of the national Part I specification for the scheme.

(8) MINIMUM BONUS GUARANTEE

This guarantee to be 14.29% of the basic rate for the class.

(9) INTERIM PRODUCTIVITY PAYMENT

The interim productivity payment in Section 7 of the NJIC agreement on wages and conditions of service to be increased from £4.00 to £8.00 per week.

(10) CHANGE IN THE METHOD OF PAYMENT OF WAGES

I endorse the recommendation in Section 26, 1 of the NJIC agreement that wherever possible payment should be made by cheque or credit transfer. In order to encourage monthly or four weekly payment by credit transfer, an incentive payment of £75.00 paid on a once for all basis to those who elect to do so is to be paid in the first month.

In addition the payment of an entitlement to 'frozen' holiday pay will be available in the first month, ~~also~~ to those who elect for payment by credit transfer. Special bridging finance is to be available to meet particular circumstances.

(11) NATIONAL WORKING WEEK

The normal working week of day workers at present 39 hours spread over five days, Monday to Friday, inclusive, is to be reduced to 38 hours per week with effect from the commencement of the pay week in which Sunday, 1 April 1984 falls.

(12) FLEXIBLE WORKING HOURS

A basic payment of £5.00 per week is to be paid to all NJIC employees who are asked and agree to undertake to work to flexible

working hours. This will be in addition to any payments negotiated regionally or locally to meet particular circumstances.

6. Except where otherwise stated I intend that the effective date of implementation of the findings set out in paragraph 5(1), (3), (5) (7), (8) and (9), shall be 5 December 1982.

7. I wish to place on record my sincere thanks for the co-operation I received from my colleagues, Mr Bett and Mr Keys, in what proved to be a difficult assignment.

I also thank the Secretary of the Committee, Mr C L Parsisson for his expert assistance.

/Signed/

21 February 1983

T L Johnston (Chairman)

Local
Society

Peter Foryan.
MCS 1872

MR. SCHOLAR

cc Mr. Ingham
Mr. Mount

WATER STRIKE INQUIRY

It may help to have this note of the likely timing.

Johnston and Bett have been told, and have accepted, that there is no rush. They have specifically been told to ignore today's press stories about the need to report by Sunday afternoon.

The unions want the NJIC on Sunday afternoon, followed by an instruction that evening to return to work on Monday morning. But the NWC have stood down their negotiating Committee, who will not return to London until Monday morning. So the most likely timing of the NJIC is Monday afternoon.

But there is still a danger that the Inquiry team's report will, if it is completed, be issued - or leak - on Sunday afternoon. They are being discouraged from allowing it to be published if that will be 24 hours or so before the NJIC can meet, because that would only encourage the media to speculate publicly, and unhelpfully, on its acceptability to the two sides.

I hope to be told on Sunday about both the timing and substance of the report before it happens, and if so I will of course call you and Bernard. If you hear first, please let me know.

J.

18 February 1983