

COVERING CONFIDENTIAL

*Ned 2 Ned*



*Prime Minister*

2 MARSHAM STREET  
LONDON SW1P 3EB

*Water manuals to*

My ref:

*be approx 60%.*

Your ref:  
17 November 1980

*7-8% on pay bills,*

*9.8% on basic rates.*

*to the Minister  
Mr. Dwyer.*

*DM Tim*

PAY IN THE WATER INDUSTRY

*B. 197*

My Secretary of State felt that the Prime Minister and all Members of E Committee would be interested in this letter from the Chairman of the National Water Council about the present wage negotiation for manual workers in the water industry. I am, therefore, copying this letter and the enclosure to the Private Secretaries to Members of E Committee, and to Sir Robert Armstrong.

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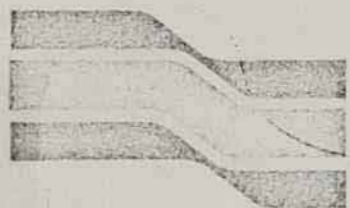
*MS*

*In cc,  
Dine*

D A EDMONDS  
Private Secretary

Tim Lankester  
No 10

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NATIONAL  
WATER  
COUNCIL

Chairman  
Sir Robert Marshall,  
KCB, MBE.

Director-General  
P. F. Stott, CBE, FEng.

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CONFIDENTIAL

Date 13th November, 1980.

The Rt. Hon. Tom King, MP  
Minister for Local Government and Environmental Services,  
Department of the Environment,  
2 Marsham Street,  
London SW1.

*Dear Tom*

Our Employers' Committee met last night to consider the offer to be made in reply to the Trade Unions' claim on behalf of the manual workers in the industry. I reported to them at the start what you had said to me yesterday morning about the Government's current expectations on wage negotiations in the public sector of industry. In particular I laid emphasis on your statement that the 6% cash limit for public service workers was a clear and new signpost of your intentions, even though it had not been extended formally to the water industry; that it was now your view that we should seek to settle "well within" single figures rather than "within" as you had previously said to us; but that the decision was ours and we had to conduct the negotiations.

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We have decided that our offer will be around 7 to 8% increase on the total wage bill and that our negotiating objectives shall be to stay as close as possible to the opening figure with an overriding aim of trying to keep within single figures.

The Employers' Committee met before the size of the NCB's revised offer to the NUM had been made known. As I understand it, this amounts to 9.8% on the basic rate of pay with a further £3.50 per week bonus payment for face-workers without requirement for improvement in productivity, giving an overall pay increase of 13% over a period of 10 months. Surface-workers get corresponding increases. The NCB's offer must make more difficult the task we have set ourselves of settling within single figures, though I myself take some encouragement in terms of the national situation.

We shall obviously be watching with close attention this and other developments elsewhere before we make our offer on 10th December. We shall be meeting again towards the end of the month and within a week of our offer date to take stock of the situation and to decide the detail of our package and at what exact level to pitch it.

We will keep the Department informed of the development of our thinking about the main elements in our offer and I should of course let you know at once if we decided to change our objectives or our opening bid. I am absolutely at your disposal if you want to talk further about our present stance.

*Yours ever*  
*Bob Marshall*  
Chairman.



17 NOV 1980  
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