

Nat Ind

CONFIDENTIAL

Ref. A01210

PRIME MINISTER

Cabinet: Prospects for Industrial Action in the Water Industry

We have not listed this on the formal agenda. But you may wish to ask for a brief oral report on the possibilities of industrial action in the water industry. The Home Secretary will be ready to speak on contingency planning, and the Secretary of State for the Environment could comment on the latest position on pay negotiations.

2. No immediate decisions are necessary. The industry are still hopeful of an agreement, but in any case they believe that we would get seven days' notice of a strike, which would allow time to activate contingency plans.

3. The main problem is likely to be that the employers will wish to include a comparability element in the settlement. Both sides believe that they are committed to this as a hangover from last year. Unless this element is explicitly acknowledged, any settlement acceptable to the unions is likely to look big in percentage terms.

CONCLUSION

4. You might

(1) Take note of the current position.

(2) Invite the Secretary of State for the Environment to ensure that the Home Secretary, the Chancellor of the Exchequer and the Secretaries of State for Employment and Scotland are kept closely in touch with developments on both pay bargaining and contingency fronts.

(3) Agree any guidance which the Secretary of State for the Environment can pass on informally to the National Water Council on the handling of the negotiations.

(4) Invite the Paymaster General and the Central Press Unit to become involved in the presentational aspects of the dispute.

RA

(Robert Armstrong)

23rd January, 1980