

CONFIDENTIAL

CC NO 2



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My ref:

Your ref:

23 May 1983

*[Handwritten scribble]*

*Pro Mura*

*JA*

*23/5*

*Dear John*

WATER PAY NEGOTIATIONS: STAFF

The Chancellor of the Exchequer drew attention in his letter of 17 May covering the Public Trading Sector Report to the negotiations for the water industry staff grades which resume on 26 May: the Report gives the background to the negotiations.

The Combined Employers Committee have set as the parameters for their negotiators, chaired by Sir Godfrey Taylor, that they are to seek to achieve a settlement as much below a ceiling of 6% as they can; it is to be a 12 month settlement based on a common percentage increase across the board; they are to focus exclusively on increases to basic rates except for a prior commitment on standby and call-out allowances which can be treated on its merits.

We have been in touch with Sir Godfrey Taylor and he is taking fully into account the settlements for comparable staff groups, such as the local authority APT&C (4.9%), and the latest developments in the gas and electricity staff negotiations. Although the negotiating team will not decide on its tactics and negotiating position until the morning of 26 May, he is determined that they should attempt to secure a settlement as close to 5% as possible and not to go beyond 5.6% which he considers is the 12 month equivalent of 7.3% increase on base rates awarded to the manuals.

Sir Godfrey's approach is reassuring and further involvement at this stage does not seem necessary.

I am copying this to the private secretaries to the Prime Minister, to members of E(NI), and to Sir Robert Armstrong.

*John Kerr*

*[Handwritten signature]*

D A EDMONDS  
Private Secretary

John Kerr Esq  
PS/Chancellor of the Exchequer

ELON POL i Public Sector Party

PK 10

20 MAY 1997

