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20 January 1982

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At their 36th meeting E Committee, after discussion of Norman Tebbit's paper and the CPRS memorandum on arbitration arrangements in the public sector, invited me to consider further whether the arrangements for workers in the water industry should be changed in legislation in the 1982/83 Session.

I have wanted for some time now to wind up the National Water Council and with it the requirement in Section 26 of the Water Act 1973 for the Council to set up and run (or try to) salaries and bargaining machinery. It would then be up to the water authorities to make their own arrangements. They would not need statutory power to do that, but they might have a duty imposed on them, and it might be that, in the light of E Committee's decision, we would want to qualify the duty in some way in respect of access to arbitration.

I have instructed my officials to get in touch with Norman Tebbit's. In the light of what they report to me I shall write to you again.

I am copying this letter to the members of E Committee and to Sir Robert Armstrong.

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