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PART 5

CONFIDENTIAL FILING

BRITISH RAIL FARES

INDUSTRIAL ACTION BY NUR: ASLEF

POSSIBLE LINE CLOSURES

BRITISH RAIL FINANCES

POLICY AND PAY NEGOTIATIONS

TRANSPORT

PART 1: Sept 1979

PART 5: June 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>28.6.82</del>							
<del>29.6.82</del>							
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TO BE RETAINED AS TOP ENCLOSURE

## Cabinet / Cabinet Committee Documents

Reference	Date
CCU (82) 8th Mtg	28.6.82
MISC 80 (82) 2nd Mtg	28.6.82
CCU (82) 9th Mtg	29.6.82
CC (82) 36th Concs Min 4	1.7.82
MISC 80 (82) 3rd Mtg Min 1	1.7.82
MISC 80 (82) 3	2.7.82
CCU (82) 10th Mtg	2.7.82
MISC 81 (82) 1	6.7.82
MISC 80 (82) 5th Mtg	6.7.82
CCU (82) 33	7.7.82
MISC 80 (82) 4	7.7.82
CCU (82) 11th Mtg	8.7.82
CC (82) 37th Concs Min 4	8.7.82
MISC 80 (82) 6th Mtg Min 2	8.7.82
LCA: CC (82) 37th Concs Min 4	8.7.82
MISC 80 (82) 7th Mtg Min 2	9.7.82
MISC 80 (82) 8th Mtg	13.7.82
MISC 80 (82) 5	14.7.82
MISC 80 (82) 6	14.7.82
MISC 80 (82) 7	14.7.82
CC (82) 38th Concs Min 4	15.7.82
MISC 80 (82) 9th Mtg Min 1	15.7.82
CCU (82) 12th Mtg Min 2	15.7.82

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed R. Pomman

Date 31 Oct. 2012

PREM Records Team







PART 5 ends:-

mes to transport 30/9/82

PART 6 begins:-

Transport to mes 7/10/82



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10 DOWNING STREET

From the Private Secretary

30 September 1982

Dear Richard,

British Rail Fares Increase

The Prime Minister was grateful for your Secretary of State's minute of 24 September about British Rail's decision to increase their passenger fares with effect from 28 November.

The Prime Minister has commented that the proposed increase is disgraceful and must not go ahead. She hopes that your Secretary of State will press hard to have the fares increase reduced within a percentage point or so of the expected RPI. The Prime Minister does not, of course, wish British Rail to hold their fares down at the expense of a higher EFL; but she believes that, by a tough attitude towards this year's pay increase, and by looking hard at the extent to which the Board have taken account of the lower inflation forecast, it should be possible to bring this proposed increase down. She has further commented that the public should not be made to suffer both two strikes and then fare increases because of those strikes.

I am sending a copy of this letter to Margaret O'Mara (HM Treasury), Jonathan Spencer (Department of Industry), John Rhodes (Department of Trade), David Heyhoe (Lord President's Office) and Richard Hatfield (Cabinet Office).

Yours sincerely,

Michael Scholar

—

Richard Bird, Esq.,  
Department of Transport.

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**CONFIDENTIAL**

Prime Minister

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MR. SCHOLAR

The proposed increase must Agree to X - on the strict not go ahead. It is disgraceful

First the public have to suffer less strikes, understanding that there would be

BRITISH RAIL FARES INCREASE

agree with X  
in that  
note  
no

In his note of 24 September, Mr. Howell endorses British Rail's proposal to increase their fares by amounts ranging from 10.5% to 11.3%, from 28 November. We think that both Mr. Howell and British Rail Board are underestimating the strength of the Board's position in achieving further cost-cutting measures, following this year's industrial action.

no consequential EFL increase?

MUS 27/9

Mr. Howell suggests that the increases could be presented as "a consequence of the chaotic rail events of the past year". But the defeat of two rail strikes has surely demonstrated that the unions can no longer bargain their way into unreasonable pay increases and out of necessary productivity measures. And the commuters who showed that they could get by without the railways would certainly not expect to be rewarded with a substantial fares increase.

Mr. Howell also suggests that pressing BR for a lower figure would weaken their resolve to make other cost reductions, whereas we think the reverse: only if the Board is constrained both by its EFL and by keeping fares increases to a minimum will it have the necessary incentive for cost reductions.

The Government cannot stand by and watch nationalised industries put up prices by nearly twice the expected rate of inflation. Milton Friedman was pointing out in London only last week that public enterprises were still the main contributors to inflation. The Prime Minister may feel that you should reply to Mr. Howell's office indicating that she is not content with what is proposed, and that Mr. Howell should press hard to have the proposed fare increases reduced to within a percentage point or so of the expected RPI. It would of course be wrong for BR to hold down their fares at the expense of a higher EFL; but by a tough attitude towards this year's pay increase, and by looking hard at the extent to which the Board have taken account of the

X

/lower

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- 2 -

lower inflation forecast, it should be possible to bring these proposed increases down. If BR does not do that, they must surely risk losing even more passengers.

J.

27 September 1982

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SK JV  
Prime Minister (2)

MUS 24/9

**CONFIDENTIAL**

Prime Minister

BRITISH RAIL FARES INCREASE

British Rail have decided to increase their passenger fares with effect from 28 November, twelve months after the previous increase. They will make a press announcement on 15 October but no doubt the news will leak before then. There have already been one or two accurate, though incomplete, stories in the press.

The average increases, apart from saver fares, will be 11.3% on Inter-City, 10.5% on London and South Eastern services and 10.8% overall.

The size of the increase is a matter for concern and I have considered whether I should ask the Board to abate it. On balance I have decided against this. The Board's financial position is very poor and has been made worse by this year's strikes. I have been pressing the Board, with some success, to take every action to reduce the gap between costs and revenue. The fares increase represents their judgement of how far they can reasonably go in maximising their revenue. In the longer run it is essential that there should be a dramatic improvement in the quality of their service if they are to get their finances right. But in the immediate period ahead it is probably commercially correct to raise fares by these amounts, however unwelcome it will be. If I were now to press them to a lower figure, against their commercial interests, I should risk weakening their resolve to get on with other actions in the more important field of cost reduction.

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In its public presentation, I think the increases will and should be seen as a consequence of the chaotic rail events of the past year. I shall certainly make the point that it illustrates the fatal damage from failing to keep costs down and get productivity up. I shall also ask the Board to give due prominence to the range of discount fares which are available, and which dramatically reduce the price of many trips.

I am copying this minute to Geoffrey Howe, Patrick Jenkin, John Biffen, Arthur Cockfield and Sir Robert Armstrong.

*DA*

DAVID HOWELL  
24 September 1982

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24 SEP 1982

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10 DOWNING STREET

*W. Spence*  
c. HMT  
HO  
TRANSPORT  
DHSS  
D/M  
CDL  
CPRS  
MR INGHAM  
MR VEREKER

From the Private Secretary

15 September 1982

*Dear Richard,*

Railway's Pay and Productivity

The Prime Minister was grateful for your Secretary of State's minute of 13 September about the recommendations of the McCarthy report. Thank you too for your letter of 13 September to me with which you enclosed a copy of the report.

The Prime Minister considers that the 6% pay offer recommended by McCarthy, even though it would come into effect half-way through the year, is much too high for an industry making such substantial losses as British Rail is, and in which so much industrial action has been taking place. The Prime Minister considers that the 6% should be offered only if the NUR and ASLEF have given specific agreement on the outstanding productivity points, and after the details have been settled in the Rail Staffs Joint Council. The Prime Minister hopes that your Secretary of State will make the Government's position on this matter clear to Sir Peter Parker.

I am sending copies of this letter to the Private Secretaries to members of MISC 80, Richard Hatfield (Cabinet Office) and Gerry Spence (CPRS).

*Yours sincerely,*

*Michael Schuster*

Richard Bird, Esq.,  
Department of Transport.

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*AS*



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MR. SCHOLAR

Prime Minister

(1)

cc. Mr. Mount  
Mr. Ingham

Agree I write as at X?

MCS 14/9

BR: The McCarthy Award

a) - b) we really one point - and I should

(attached)  
Report  
(attached)

Mr. Howell's note of 13 September summarises the latest decisions of the McCarthy Tribunal. I do not suggest that the Prime Minister look at the Tribunal's Report itself, but it may be helpful if I outline the main features, since (as always with McCarthy) an understanding of some of the small print is necessary in deciding how to handle the Report.

stick to that alone

[N.B. - the one at (4) follows without being put expressly]

Productivity

McCarthy takes the disputed productivity items first, and briefly the position is as follows:

- (1) Open stations. The Board and unions agree that progress is satisfactory with open station experiments, and McCarthy merely comments that the 1981 commitments have been met by the unions concerned.
- (2) Flexible rostering. Here, of course, both ASLEF and NUR have now agreed to operate flexible rosters, but because ASLEF have not joined NUR in a commitment to persuade their staff to make the new arrangements work, BR have not yet agreed to the 39-hour week for ASLEF members. McCarthy says that BR should do so without delay.
- (3) Single manning of certain freight trains. BR is seeking trials, and agreement by the unions to the dates and services affected. The NUR maintain that the 1981 agreement was only to "an examination to establish the circumstances" in which single manning might apply, and that they had delivered that. McCarthy says that the NUR should now agree to three pilot schemes; and

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/that



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that the detailed working arrangements for them should be agreed in the Railway Staffs Joint Council (RSJC), of which more below.

- (4) Single manning of certain passenger trains, notably Bedford-St. Pancras. In the summer BR offered a compromise of a split service on the Bedford-St. Pancras line, partly single manned. They have now withdrawn that and seek single manning for the whole service. The NUR's position is that the 1981 agreement was only to discussions, and that they have their own proposals to make. Here McCarthy is unequivocal: the NUR proposals are too expensive, and involve 83 extra staff: there is no point in further experiments. The NUR must therefore accept a driver only operation on Bedford-St. Pancras, with the details to be settled in the RSJC. Surplus guards should be retained for six months.
- (5) Manning of traction units (i.e. engines). This is a complex area where BR are seeking more efficient working practices, including some single manning, and have asked for "a negotiated agreement". BR appear to recognise that there is some way to go before such an agreement can be reached, and McCarthy concludes that the unions should accept the need for serious discussions, through the normal negotiating machinery with a strict 30-day timetable.
- (6) The train man. The Board have consistently maintained that this is a matter for discussion between ASLEF and the NUR; McCarthy agrees and calls for implementation within three months.

/Those

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Those are the items left over from the 1981 settlement; in addition, the Board is now seeking further major changes - adjustments to the passenger timetable, reallocation of work between depots and administrative economies. McCarthy comments that these have not yet worked their way through the normal negotiating machinery and that the RSJC therefore cannot pronounce upon them.

#### Pay

Before the industrial action of last July, BR had offered a 5 per cent pay increase as from 6 September, provided no further revenue was lost through strikes. After the strike, they told the Tribunal that they could afford only a pay increase at a lower level than that, and provided that there was a commitment by the unions to the 1981 productivity deal. McCarthy awards 6 per cent as from 6 September, together with an extra day's holiday; and he makes no link with the productivity items, although he does - paradoxically - strongly recommend that further productivity deals should make any link with pay "clear and unambiguous".

#### Assessment

This is much the clearest and most convincing of the various McCarthy awards I have seen - the passage on the financial background, in which McCarthy accepts that the loss of revenue from the strikes (75 per cent of total revenue losses) is not recoverable from the Government, is particularly good - but it contains familiar weaknesses. First, the absence of conditionality as between the pay and productivity provisions enables the unions to claim the first without delivering on the second. Second, the dead hand of the railway negotiating machinery rests heavily upon the productivity recommendations, since, as we know only too well, disagreement in the RSJC leads inexorably back to the RSNT and McCarthy.

In the light of that, I have tried to clarify with the Department of Transport what is meant by Sir Peter Parker's /reported



reported determination "to take productivity in advance of pay". I understand that he wants to be clear that there are both agreements and timetables for the trials of single manning of freight trains, and for Bedford-St.Pancras, although he accepts that actual delivery of these items may take longer. The key issue here, it seems to me, is whether the <sup>pay</sup> increase is made before or after discussion in the RSJC. If it is before, then the way remains open for continued union prevarication. These are really the only two productivity items still in dispute.

It does seem, therefore, that the Board's initial reaction is somewhat less than totally robust. I find it surprising that they have not vigorously objected to the failure to make the pay/productivity link, and that they have not pointed out that the pay award itself is higher than what they said they could afford even before the strike. Why should the unions be given 6 per cent for delivering what they promised last year when they got 11 per cent? If the Prime Minister agrees, I suggest you might reply to Mr. Howell's office to the effect that she hopes that he will leave Sir Peter Parker in no doubt that:

- (a) *A* Six per cent, even halfway through the year, is much too high for an industry making such substantial losses, and in which so much industrial action has been taking place;
- (b) ~~so~~ it should be offered only if the NUR and ASLEF have given specific agreement on the outstanding productivity points, and after the details have been settled in the RSJC;
- (c) and if the unions start to raise any objections at all to the delivery of the outstanding productivity points, there should be no question of a pay offer as high as 6 per cent.

*One point*

14 September, 1982

J. M. M. VEREKER



Prime Minister

THE RAILWAYS - PAY AND PRODUCTIVITY

The recommendations of the Railway Staffs National Tribunal (RSNT) under Lord McCarthy, published today, are not binding. If accepted they would give a pay increase of 6% from this month i.e. nearly half way through the pay year and so equivalent to less than 4%; they would commit the NUR to the operation of the Bedford-St Pancras electric trains, and of a number of freight trains, without guards; and they would provide for some progress on other outstanding items, affecting ASLEP.

Although the RSNT have not made any direct and clear link between delivery of productivity and payment of a pay increase, the Railways Board have concluded, rightly in my view, that it would not be wise to reject these recommendations out of hand. If this year's pay increase can be held to what the RSNT have recommended, then that would avoid the risk of any damaging repercussions on other fronts. The NUR are committed to recall their Annual Conference to consider the recommendations - probably round about 12 October - and what the RSNT has said should help Sidney Weighell to get the right conclusions from the Conference about eliminating guards from Bedford-St Pancras and from freight trains.

The lack of a clear link between productivity and pay is the point of greatest difficulty and I have agreed with Sir Peter Parker that his objective must be to re-establish so far as possible the very strong position he had built up of making one conditional upon the other. As the Board develop their tactics for handling the McCarthy Report with this objective, they will be stressing that it is vital to take productivity in



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advance of pay, and they will be seeking to establish clear timetables for delivery by ASLEF on the matters which McCarthy has fudged.

I shall be keeping in close touch with Sir Peter Parker, but I do not think there is any further steer we need give him at this stage. So far as we need to take any public position, it should be to emphasize the correctness of the Board's approach that pay cannot be separated from productivity.

I am sending copies to the members of MISC 80, Sir Robert Armstrong and Mr Sparrow.

*DA*

DAVID HOWELL  
13 September 1982

CONFIDENTIAL



NBPM at pr

ce JV



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Michael Scholar Esq  
Private Secretary to the  
Prime Minister  
Downing Street  
LONDON SW1

13 September 1982

Dear Michael,

I attach as promised a copy of Lord McCarthy's Report on  
BR pay and productivity which is issuing today.

*copies in attached folder*

I am copying this to the Private Secretaries to the  
members of MISC 80 and to Sir Robert Armstrong and Mr Sparrow.

Yours sincerely,  
Richard Bird

R BIRD  
Private Secretary



# RAILWAY STAFF NATIONAL TRIBUNAL

DECISION No 78

Claim by the National Union of Railwaymen, Transport Salaried Staffs' Association and Associated Society of Locomotive Engineers' and Firemen for a substantial increase in salaries and conditions of service for all salaried, footplate and other conciliation staff.

September 1982



## BRITISH RAILWAYS

### RAILWAY STAFF NATIONAL TRIBUNAL

#### INTRODUCTION

1. The Railway Staff National Tribunal (RSNT) is established under Part VI of the Appendix to the Memorandum of Agreement dated 28 May 1956, known as the 'Machinery of Negotiation for Railway Staff 1956', between the British Transport Commission (now the British Railways Board) (BRB) of the one part, and the National Union of Railwaymen (NUR), the Associated Society of Locomotive Engineers and Firemen (ASLE&F) and the Transport Salaried Staffs' Association (TSSA) of the other part.

2. The function of the RSNT is to hear and decide, in respect of employees to whom the Machinery of Negotiation is applicable, issues as to standard salaries, wages, hours of duty and other standard conditions of service, which have been agreed or decided in the prescribed manner to be issue of major importance and which have been previously considered by the Railway Staff National Council (RSNC).

3. The following constituted the RSNT during consideration of the present case:-

Lord McCarthy MA DPhil	-	Chairman
E F Choppen, Esq	-	nominated by the BRB
G H Doughty, Esq	-	nominated by the Railway Unions

4. The Machinery of Negotiation provides that at the desire of the parties to the issue the RSNT may be assisted by representatives of the parties sitting as Assessors. On the present occasion, the Assessors were:-

BRB	-	J Palette, Esq
NUR	-	W Fordham, Esq
ASLE&F	-	D Fullick, Esq
TSSA	-	J Mills, Esq



5. Under the procedure laid down in Part VI of the Machinery of Negotiation, the parties forwarded terms of reference to the RSNT.

6. The terms of reference were:-

(1) SUBMITTED BY THE NATIONAL UNION OF RAILWAYMEN

"To ask the Railway Staff National Tribunal established under Appendix Part VI of the agreement in regard to the Machinery of Negotiation for Railway Staff dated, 28 May 1956, to consider under paragraph 65(b) the claim of the NUR for a substantial increase in wages and salaries, a reduction in standard working hours and an increase in holiday entitlement for all railway staff.

The RSNT to consider the application against the background of the understandings given by the British Railways Board and the Unions in the 1980 and 1981 pay settlements, the 1981 ACAS Understandings, and the tripartite discussions between the BRB, the Railway Unions and the Government under the auspices of the British Rail Council, and to make an award".

(2) SUBMITTED BY THE TRANSPORT SALARIED STAFFS' ASSOCIATION

"To ask the Railway Staff National Tribunal, established under Appendix Part VI of the Agreements in regard to the Machinery of Negotiation for Railway Staff, dated 28 May 1956, to consider under paragraph 65(b), the claim of the Transport Salaried Staffs' Association for a substantial improvement in salaries and conditions of service of Salaried Staff employed by the BRB and to make an award".

(3) SUBMITTED BY THE ASSOCIATED SOCIETY OF LOCOMOTIVE ENGINEERS & FIREMEN

"To ask the Railway Staff National Tribunal, established under Appendix Part VI to the Agreement in regard to the Machinery of Negotiation for Railway Staff, to consider under Paragraph 65(b) the Claim of the Associated Society of Locomotive Engineers and Firemen 'for a substantial percentage increase in the basic rates of pay of ASLE&F member grades employed by the British Railways Board, completely separate and apart from any productivity initiatives and to make an award'".



7. The RSNT heard the parties on 3 and 4 August 1982. Submissions were made for NUR by Mr S Weighell, for TSSA by Mr T Jenkins, and for ASLE&F by Mr R W Buckton, Mr J G Urquart replied on behalf of BRB.

#### BACKGROUND

8. Agreement could not be reached between BRB and the three rail unions in relation to the pay year commencing April 1981. As a result the three rail unions placed the problem before the RSNT. In decision No 75 the RSNT awarded:-

- (i) Rates of pay for all grades covered by this reference should be raised by 8% from 20 April 1981.
- (ii) A further increase of another 3% on the rates prevailing on 19 April 1981 should be paid to all grades from 1 August 1981.
- (iii) The Minimum Earnings Level should be raised by 15% from 20 April 1981.
- (iv) The London Allowance should in future be calculated on the basis of the formula agreed between the parties in 1974 - ie following the publication of the Pay Board Report. Payment on this basis should begin from 1 July 1981.

9. The BRB reaction was that it could not find the money to pay the award unless there were some savings by increased productivity.

10. To settle the issue between BRB and the three rail unions it was decided to seek assistance from the Advisory, Conciliation and Arbitration Service (ACAS). Discussions at ACAS took place on 18, 19 and 20 August 1981 at the end of which two separate understandings were signed by BRB and the three rail unions. One on productivity (details are given in Appendix A) committed the parties to complete discussions by given target dates on the open station concept, manning of passenger trains, variable rostering



hours within limits to be negotiated, easement of conditions for single manning of traction units, manning of freight trains and the trainman concept. The second understanding in relation to pay provided for (1) the payment of an 8% increase in pay from 1 April 1981 (2) a further 3% increase in pay from the beginning of January 1982 retrospective to 3 August 1981 (3) deferment of the introduction of the shorter week from 1 November 1981 until the beginning of January 1982. The understandings reached in the discussions at ACAS were endorsed as agreements at a meeting of the RSNC on 27 August 1981.

11. The defined target date for agreement on variable day rostering was 31 October 1981 to facilitate the introduction of the shorter working week from 4 January 1982. Negotiations on variable day rostering commenced in each Section of Railway Staff Joint Council, were completed in December for Traffic Staff. Six meetings were held of the Railway Staff Joint Council (Locomotive Section) (RSJC Loco) between 2 September 1981 and 30 November 1981 but the target date was overrun without any agreement being reached.

12. Following the 30 November meeting at which there was a recorded failure to agree, an RSNC meeting was held on 2 December. At this meeting there was a recorded failure to agree on the method of implementing the shorter week for footplate staff. The Board endeavoured to arrange a return to ACAS under the terms of the August understanding, but this was unsuccessful.

13. On 23 December 1981 the BRB wrote to the ASLE&F and NUR notifying them that for those staff covered by the RSJC (Loco) they would not introduce the shorter week from 4 August 1982 nor would they make payment of the additional 3% increase in wages.

14. As a result of this decision by the BRB the ASLE&F took industrial action.

15. Talks at ACAS on 19, 22 and 26 January 1982 failed to resolve the dispute between BRB and ASLE&F. The Chairman of ACAS announced on 2 February 1982 the setting up of a Committee of Inquiry. After taking written and oral submission from BRB, NUR and TSSA on



9, 10 and 11 February 1982 the Committee made certain recommendations. ASLE&F, although invited to do so, made no formal submission to the Committee and were not represented at the hearings. The Committee's summarised recommendations were as follows:-

"Para 113.

- (1) The ASLE&F should confirm its continued commitment to the understandings of August 1981 as endorsed by the RSNC - in specific terms sub-paragraph 2(c) of the productivity understanding and paragraphs 2 of the understanding on pay.
- (2) The parties should agree to procedure for dealing with the way in which sub-paragraph 2(c) of the productivity understanding is to be applied to locomotive grades. This should take the following form:-
  - (i) There should be a meeting of the RSJC (loco) within seven days to consider the Board's proposals to implement sub-paragraph 2(c). Unless agreement is reached within seven days, or the RSJC (Loco) agrees to extend the period, a failure to agree should be recorded at a meeting of the RSNC held within a further two days.
  - (ii) Unless, at the meeting of the RSNC agreement is reached, or the RSNC agrees to extend the period, reference should be made to the RSNT. This reference should take preference over all other outstanding references.
  - (iii) Unless there is agreement to extend the period of consideration by either RSJC (Loco) or the RSNC, the parties should agree to a hearing before the RSNT on one of the following dates:- 15, 16 or 19 March 1982.



- (iv) Reference to the RSNT should be by the use of either Paragraph 65(a) or 65(b) of the Machinery. If it is not possible to secure agreement for the use of binding arbitration, the parties hold agreement to abide by the more customary procedure under Paragraph 65(b).
- (v) The terms of reference for the RSNT should be as follows:-

"To ask the Railway Staff National Tribunal, established under Appendix, Part VI, to the Agreement in regard to the Machinery of Negotiation for Railway Staff, dated 28th May 1956, to consider under paragraph 65(a) (b) the proposals of the British Railways' Board for the implementation of sub-paragraph 2(c) of the 1981 Productivity Understanding to footplate staff and to award".

- (3) As soon as the procedure is agreed the ASLE&F should agree to call off all forms of industrial action. At the same time the Board should implement paragraph 1(ii) of the 1981 Pay Understanding.
- (4) On the publication of our report the Chairman of ACAS should bring the parties together to assist the parties to draw up and agree the terms for its implementation.

16. Following talks at ACAS on 17/18 February 1982 the recommendations of the Committee of Inquiry were accepted by BRB and the three rail unions. At a meeting of the RSJC (Loco) on Thursday 25 February 1982 BRB and ASLE&F recorded a failure to agree on the Board's proposals for the implementation of sub-paragraph 2(c) of the 1981 Productivity Understanding. A failure to agree was also recorded at a meeting of the RSNC on Monday 1 March 1982. The problem was referred to RSNT in accordance with the Committee of Inquiry's recommendation in paragraph 113(2)(ii) of its report.



17. In Decision 77 the RSNT recommended the acceptance by ASLE&F of flexible rosters between 7 and 9 hours subject to a list of 13 safeguards being agreed between the BRB and ASLE&F.

18. ASLE&F declined to accept the RSNT recommendations and when BRB decided to impose the flexible rosters on footplate staff the ASLE&F members took industrial action.

19. On 1 March the Trade Unions presented claims at Railway Staff National Council for general pay increases and condition changes to be effective from 19 April 1982. In response the BRB said that before any improvement could be made in pay in 1982 the Board insisted that the negotiations on the Productivity Agreement of 1981 must be satisfactorily completed.

20. Providing negotiations on the Productivity items contained in the 1981 Productivity Agreement had been completed by 30 July 1982 the Board was prepared to improve rates of pay by 5% with effect from 6 September 1982. In addition the Minimum Earnings Allowance would be increased by 5% from the same date for the grades concerned with the exception of staff aged 18 and 19 for whom it would remain at the existing level. No changes in conditions could be agreed.

21. The Board was only able to sustain the increase in pay providing a full and continuous service to customers was maintained. Disruptions to services would prejudice the Board's financial position and in the event of industrial action the offer was to be withdrawn.

22. The reaction of all three Trade Unions was unfavourable and each Union Executive Committee advised rejection of the offer. The NUR advised further that a strike would be called from 28 June 1982.

23. The NUR strike action was suspended from 29 June by the Union's Annual General Meeting, but ASLE&F then took strike action (on the issue of flexible rostering) from 5 July to 18 July 1982. Because of these strikes BRB formally withdrew their 5% offer. The three Rail Unions submitted the disagreement on pay to the RSNT on three different terms of reference. These were noted but not agreed by the Board.



MAIN POINTS OF THE SUBMISSION BY THE NATIONAL UNION OF RAILWAYMEN

24. In the NUR's view the financial framework within which the Board had to operate was at the heart of the current problems affecting the railways. In particular, the failure to provide adequate Public Service Obligation finance in recent years had imposed a double burden: on staff, in the form of deteriorating pay and conditions and on the infrastructure in the form of inadequate investment by reducing the essential replacement of track, locomotives and rolling stock. The need for increased investment and a relaxation of external financial constraints had long been accepted by the Board. Recent statements by Government Ministers had also recognised the need to match productivity improvements with investment. However, nothing had been done to provide the finance necessary - indeed, if anything, the Board had been placed under increased financial pressures.

25. The need for an adequate level of finance, as well as being of importance in itself, could have a powerful effect within the industry. If railway workers could see a firm commitment to the future of the industry, if they could see approval of major electrification schemes and other investment proposals, they would have greater confidence in the future of the industry and be more amenable to changes in the industry.

26. In recent years there had been a continuing process of wide-ranging change on the railways: during the past 30 years staff numbers had fallen from just under half a million to 166,000. New techniques and equipment had been introduced and working practices had changed. Recent years had seen a large-scale rationalisation of freight marshalling yards, withdrawal from the collection and delivery of parcels and reductions in passenger train mileage etc. As a result, 15,500 posts had been eliminated between April 1980 and April 1982 with a total saving of £74 million - nearer £100 million when overtime and overheads were taken into account - and numbers were continuing to fall at the rate of 1,000 a month.



27. The NUR submitted that, throughout this process of change it had adopted a responsible attitude - showing a willingness to consider changes in the structure of the business and in working practices. It had been delivered on all commitments made and agreements reached and remained prepared to continue discussions with the British Railways Board. However, it could only retain its members' commitment to change and to taking the long-term view if the Board took action to provide adequate rewards and working conditions. The 1979 Railwaymen's Charter had made the position clear: this had recognised the need to improve efficiency and the competitiveness of the business. It had also pointed to the falling living standards of members and the growing gap in conditions of service between the railways and other comparable industries. The price for change, therefore, was to be improved terms and conditions, security of employment and the maintenance of the existing railway system.

28. The link between productivity and improved terms and conditions had been a central feature of the 1980 pay negotiations: Clause 2 of the final agreement described the productivity commitments as being ..... "given on the understanding that account will be taken of savings achieved in making further improvements to pay and conditions".... However, the Board's response had been disappointing. They had failed to keep their promises to use savings to bring real improvements to pay and conditions: NUR members generally had seen nothing of the staff savings of over £100 million made since the 1980 pay settlement.

29. Against the background the BRB's offer of 5% from September 1982 had been totally unrealistic. It involved a substantial cut in real living standards and was tied to acceptance of the Board's proposals on changed working practices. And yet the productivity understandings agreed under the auspices of ACAS had not been that the BRB's proposals would be accepted in their entirety - provision had been made for negotiation.

30. The NUR's view was that it had adopted a positive attitude on all six understandings. Variable rostering had been accepted in December 1981. Pilot schemes for open stations had been introduced.



As for the manning of passenger trains and the Bedford/St. Pancras/Moorgate service, the NUR had made proposals for modifying the guard's role by laying greater emphasis on revenue protection and customer service. The question of the single manning of traction units had been dependent on progress being made on the issue of variable rostering. Aggregate and continuous driving time and the rostering of physical needs breaks were still the subject of negotiation - which the Union was pursuing in good faith. As to the manning of freight trains, the "joint examination" of possible pilot exercises was proceeding. Finally, on the trainman concept, some positive progress had been made at joint Trade Union meetings during 1981. Unfortunately, the issue of flexible rosters - now resolved - had delayed matters.

31. The NUR had presented the Board with a chart which linked four of the ACAS understandings - open station concept, manning of passenger trains, manning of freight trains and trainman concept - in a new pay and grading structure. The Board had failed to pick up this NUR challenge at any stage.

32. The NUR submitted that it had conducted serious negotiations with an intent to reach agreement within the spirit of the understandings. Progress had been more rapid in some areas than in others - but in the difficult area of working practices and manning agreements this was to be expected as the BRB themselves had recognised in their 1981-1985 Corporate Plan. Despite the progress achieved, the BRB's attitude on pay throughout the 1982 negotiations had remained intransigent.

33. There was a clear case for a substantial pay increase. Despite BRB's recognition of its obligation to protect the living standards of its employees, since 1975 the real value of railwaymen's pay had continued to decline. Increases of the order of 27-36% on basic rates were now required to restore their 1975 values. In terms of the movement of wage rates in the economy as a whole over this period, there was a shortfall of 23-32%. NUR also advanced detailed comparisons of railwaymen's earnings with those of other industries in both the public and private sectors - these, the Union argued, clearly showed the substantial relative decline in railway earnings over the period. Although the Board had repeatedly acknowledged that railwaymen's earnings had fallen behind, nothing



had been done to remedy the situation. Nor had last year's RSNT award done anything to restore rates of pay to their earlier value.

34. As a result railwaymen were fast becoming the lowest paid of the low paid. Not only staff on the Minimum Earnings Level (MEL) but also signalmen, technicians and guards and other staff in highly responsible positions fell within the classification 'low paid' on the most frequently used definition - two-thirds of average earnings. NUR also produced calculations to show that the take-home pay of a railwayman on MEL could be over £11 below the supplementary benefit level. The problem of low pay, however, was not confined to the lower grades. Signal and Telecommunication staff, in respect of whom direct comparison could be made with British Telecommunications, had also fallen considerably behind.

35. NUR also advanced detailed statistics on current wage settlements in both the public and private sectors of industry in support of its contention that BRB's 1982 offer had been grossly inadequate. Given that railwaymen had seen their standard of living decline by over 25% in the past seven years they could not be expected to accept the cut in real wages which an offer of 5% from September 1982 represented - against an annual rate of inflation (April 1982) of 9.4%.

36. At the same time there was scope for improvement in conditions of service in terms of hours and annual leave. Although the 39 hour week had been implemented from January 1982, other public sector employees already worked shorter hours and there was evidence to suggest that the normal basic week for manual workers would go down to 38 or 37 hours in the near future. There was also a similar trend towards increased annual leave - with 92% of manual workers enjoying a basic leave entitlement of 4 weeks or more. By 1983, when workers employed in engineering and metal manufacture became entitled to five weeks leave a substantial minority of manual workers would be on annual leave of five weeks or more.



37. The NUR were looking for an award from the Tribunal which:

- (1) condemned the Government for failure to provide finance promised the industry;
- (2) condemned the Board for failure to fulfil their commitment to use savings in the industry to bring real improvements in pay and conditions;
- (3) insisted that the Board immediately enter negotiations, separate from the annual pay negotiations, to use the labour savings that had already been achieved to produce real improvements in railwaymen's pay and conditions;
- (4) endorsed the positive approach taken by the NUR to the ACAS understandings on productivity;
- (5) required the Board to enter negotiations with a view to the abolition of the Railman rate by the end of 1982;
- (6) provided for the introduction of the 38 hour week from January 1983 with a view to achieving the 35 hour week, in stages, by January 1986;
- (7) provided for five weeks leave for all railway staff with more than twelve months' service from the 1983 leave year;
- (8) provided for a pay increase from 19th April 1982 which matched the increase in the cost of living in the year to April 1982 and which was not tied to discussions on productivity;
- (9) set a timetable for restoration of the real value of 1975 rates of pay.



MAIN POINTS OF THE SUBMISSION BY THE TRANSPORT SALARIED STAFFS' ASSOCIATION

38. The TSSA was seeking an increase in salaries plus improved annual leave and a reduction in hours of duty.

39. The Association claim was based; on the increase in the Retail Price Index, the rise in the Tax and Price Index, the rise in the Average Earnings Index for the whole economy over the most recent 12 month period for which figures were available, recent settlements in other industries and savings from reductions in staff numbers within the railway industry.

40. BRB had replied that there was no evidence that rail wages had dropped behind in the general field of salary increases and earnings in the last two years and due to the serious financial position of the Board because of the recession and the industrial action earlier in the year by ASLE&F they were not able to make an offer in line with the increase in the RPI. Annual leave could not be improved because each additional days leave was equivalent to 0.45% of paybill costs. Further a reduction in the working week was ruled out because the reduction to 39 hours per week had not been implemented in respect of footplate staff.

41. BRB had acknowledged that over the last 2 years there had been a considerable reduction in staff numbers but before an offer could be made for 1982 the August 1981 productivity deal had to be concluded by 31 July 1982.

42. All three unions rejected the Board's eventual offer of 5% from 6 September 1982 equated to 3.08% in the full pay year to April 1983. MEL was to be increased from the same date with the exception of staff at age 18 and 19. The offer was conditional on the 1981 productivity items being subject to satisfactory progress.

43. TSSA had warned the Board about the problems of unilateral action rather than agreement by negotiation. It was acknowledged that TSSA had delivered on productivity items but its members could



not receive a pay increase until all six items were progressed. The TSSA Executive decided the Board had rejected the pay claim and asked for the issue to be referred to RSNT.

44. The traditional anniversary date for pay in 1982 was the 19 April 1982. At that time the cost of living as measured by the detail Prices Index had increased by 10.4% based on the movement between the March 1981 and March 1982 indices.

45. On a similar basis the relevant figures for the Tax and Prices Index was an increase of 13.7%. In addition the New Series Average Earnings Index, as measured over the whole economy rose by 11%.

46. Wage settlements in outside industries included the miners settlement worth 9.3% over the twelve months, British Telecom 10%, Fire Service 10.1% and the Police 13.1%. Pay settlements reported in Incomes Data Services since November 1981 recorded the varying levels of settlements in industry at large. There were many settlements below 7% but it also showed a reasonable number of settlements of 7% and above. Many of these settlements also contained adjustments to either hours of duty or improved annual leave. BRB claimed an additional day's leave was worth 0.45% and a reduction of one hour from a 40 hour week was worth 2.5%. Clearly, many of the settlements were worth more than the actual percentage increase in rates of pay.

47. The TSSA claim on hours of duty was for a 35 hour 5 day week. Figures produced by TSSA of comparable undertakings showed many instances where non-manual staff had a standard working week of less than the 37 hours obtaining on BR. With a significant number of major employers where conditions were superior to those enjoyed by BR Salaried Staff.

48. The TSSA claim in respect of annual leave was for 4 weeks leave up to 10 years service, 5 weeks after 10 years service up to 15 years service and 6 weeks leave for staff with 15 years or more years of service. Figures produced by the Association outlined many instances where the basic entitlement was superior to the maximum



entitlement of BR Salaried Staff and demonstrated that a significantly superior leave entitlement could be earned on top by virtue of service within the industry.

49. On the Minimum Earnings Level the Association was completely opposed to the exclusion of the 18 and 19 year age group. The MEL was still in certain cases below the level of qualification for Family Incomes Supplement. One of the examples quoted was that of a married man with two children who qualified for FIS if in receipt of a salary below £82 pw or £4,278 per annum. The maximum of the Clerical Officer Grade 1 was £3,996 per annum - £282 per annum or £5.40 pw. below the level of income considered adequate by the Government.

50. The financial position of BR set out in the 1981 Annual Report recorded an operating surplus, before interest, of £38.3m. Interest and other financial charges were partially offset by extraordinary items but nevertheless turned it into a group loss of £37.2m after transfers to reserves.

51. The recession caused a reversal of the increase in passenger carrying each year since 1978 and 1981 reflected a substantial fall back.

52. Freight business had been similarly affected by the recession; resulting in the withdrawal of the Collected and Delivered Business.

53. Within the group in 1981 there was 63,817 Salaried Staff, a reduction of 4.8% or 3,207 from the 1980 total of 67,024. In 1981 within the railway activity there were 48,158 Administrative, Technical and Clerical Staff. That figure was 2,008 below the 1980 figure of 50,166 a reduction of 4%. The salaried staff had borne a fair share of the staff reductions.

54. The total support for the industry from Government, EEC and other sources was £879m in 1981. Expressed as a proportion of the Gross Domestic product it was 0.29% for British Rail in 1980; considerably less than the figure of 0.81% for the average of 8 European Railways.



55. The Chairman of British Rail claimed in the Commentary to the 1981 Annual Report that by international comparison BR was the most cost effective major railway in the world.

56. At the start of 1982 the industry was faced with serious financial problems and was particularly hard hit by the recession. Progress was made in cutting costs and implementing measures in an orderly and progressive manner. Since then it had suffered a series of one day strikes by ASLE&F members, an all out strike of 2 days by NUR members and a further prolonged stoppage over 14 days by ASLE&F members which had resulted in an estimated Group Trading Loss of £135m to £145m in 1982.

57. The first series of ASLE&F strikes was brought about by the BRB's own action of reneging on an agreement freely reached by failing to pay the 3% to footplate staff. It was highly likely that the £88m loss arising from the first series of ASLE&F strikes would not have occurred if BRB had adhered to a freely negotiated settlement.

58. The TSSA was well aware of the crucial need for increased investment in the railway industry but actual investment had been going down very sharply over the past two years as shown:-

	£m				
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Authorised Investment Ceiling	382	382	387	398	398
Total Group Expenditure	351	379	366	310	265
Railway Expenditure	279	290	309	263	242

59. The lack of investment would result in 3,000 miles of track being withdrawn from traffic with 800 miles of track carrying speed restrictions. Matters were made worse by Government procrastination in regard to further railway electrification. In TSSA view there was an urgent need to review the External Finance Limit and the Public Service Obligation Grant with substantial increased finance by Government.



60. What BRB were saying to TSSA members who they admitted had been fully productive over the years was that despite their productivity they could have little or nothing in 1982 because of problems with other groups.

61. TSSA had not ignored productivity and the claim was a realistic one. The Tribunal was asked to support the claim.

#### MAIN SUBMISSION POINTS OF THE ASSOCIATED SOCIETY OF LOCOMOTIVE ENGINEERS AND FIREMEN

62. The ASLE&F claim was for a substantial increase separate and apart from any productivity initiatives. This was wholly consistent with RSNT decision 77 which envisaged that separate rewards would be negotiated for those staff whose responsibilities were directly affected under new arrangements.

63. The case for a substantial increase was justified because of the significant deterioration in footplate staff earnings since the agreement reached at RSNC following the publication of RSNT decision 42 in 1974. That agreement had recognised the skills, responsibility and unsocial nature of duties performed, by introducing rates of pay which placed the locomotive driver in third place in the league table of average industrial earnings. An abbreviated table of selected trades compiled in 1981 showed drivers in eleventh place. The 1981 New Earnings Survey for manual workers generally highlighted the serious decline - drivers were in 34th position - or, if irregular and unsocial hours payments were excluded, 54th.

64. With many footplate staff due to leave the industry, it was essential to improve terms and conditions so as to be able to recruit and retain people prepared to undertake the responsible and arduous duties involved. The Board therefore needed to make an offer, apart from productivity, which would go some way to bridge the gap between the earnings of railway staff and those of workers in other industries.



65. In support of its case, ASLE&F quoted detailed statistics in appendices to its written submission. In contrast to the Board's offer - which amounted to 3.08% for the pay year - the indices of Retail Prices and Taxes and Prices showed much larger increases (9.4% and 9.7% respectively over the twelve months to April 1982). However, such measures understated the real impact of inflation on members, who faced much larger percentage increases in housing costs and in gas, water and rates bills.

66. ASLE&F also submitted detailed calculations showing the increases necessary to restore earnings to their 1975 values. A pay settlement in line with the current movement in the cost of living would clearly only go part of the way to solving the problem of low wages - the shortfall of 1975 values was in the region of 27% - 32%.

67. In relation to the current wage round, details of settlements in other industries were also quoted. As regards the public sector, ASLE&F drew particular attention to the fact that, although there had been an attempt to restrict wage settlements, the agreements which eventually emerged tended to be higher than the Government's norm of 4%. Mineworkers and waterworkers had received 8.6% and 9.1% respectively and firemen and police over 10%. ASLE&F believed that its members performed similarly essential services and therefore deserved similar rewards.

68. ASLE&F did not accept that responsibility for the railways' parlous financial situation should, as the Board had claimed, rest with the workforce. The problem was, rather, one of lack of investment. Railways in other parts of Europe had shown that with greater investment it was possible to improve productivity and service and by so doing attract a greater volume of traffic. In coming to its decision, therefore, the Tribunal should concentrate not on the money currently said to be available but on what it believed to be the correct relative rates of pay as established by the earlier review of railway work because the financial position of the railways had been created by the present Government's attitude to the industry.



69. In conclusion, ASLE&F invited the Tribunal to recommend that the Board should increase pay at least in line with the movement in the Retail Prices Index, with specific rewards for changes in working practices being the subject of separate negotiations.

#### MAIN POINTS OF THE SUBMISSION BY THE BRITISH RAILWAYS BOARD

70. The industry was emerging from a very damaging period of industrial unrest which had cost in the region of £240m in 1982 in addition to the loss of future business and service to customers who had been seriously inconvenienced by unreliable service.

71. The Board could only consider the pay for 1982 in relation to the background of productivity and the financial situation.

72. By comparison the claims of all three rail unions were built on movements in the retail prices index and on national average earnings, on the alleged erosion of railway pay and conditions against improvements in other industries. The unions wanted increases in pay regardless of increases in productivity and took no regard to the Board's ability to pay.

73. Indexation, whether to the RPI or any other formula, could not be accepted by the Board as a means for settling pay. Nor could it accept any particular past point in time as providing the relationship between railway and external pay.

74. In October 1981 BR weekly earnings inclusive of the 3% increase stood at 108 compared with a national index of 100 and BR hourly earnings were equal to the national average, representing a significant relative improvement over the two previous years and disproving any argument that rail pay had fallen back. The relative position was only slightly less favourable than in 1975 and very much better than in October 1973.

75. The fall back in pay argued strongly by the union occurred in 1976 and 1977 as a result of incomes policy limits. Since October 1975 the erosion in rail pay was only 2.8% or 2.9% over the 6 year period to 1981 depending on whether weekly or hourly earnings were used as a measure.



76. Many examples could be quoted of low pay settlements in industry during 1982, including some industries where no increases were being given.

77. The arguments in relation to the Minimum Earnings Level had been rehearsed previously. A larger gap than at present between the lowest rate of pay and MEL was undesirable because of the effect on the promotion structure and neither TSSA nor ASLE&F had supported the idea of the abolition of the Railman grade because of the repercussive effect on other grades.

78. It was necessary for the industry to fight back and that could only be achieved by increased productivity to help withstand competition. BR had only suffered a loss in jobs at the annual rate of 4%, avoided compulsory redundancy and at the same time had 33.2% pay increase in two years.

79. The Serpell Committee of Inquiry had been set up to examine the finances of the railways. It was for the railways to show they were efficient to gain a favourable report on the relevance of railways to the future transport needs of the UK, and the need for substantial investment in modern equipment.

80. The Board recognised the need for the staff to have adequate pay and conditions in order to recruit and maintain a workforce adequate to cover the needs of the industry. The Board was totally dedicated to the long term future of the industry, the investment in electrification and modern equipment. In this area it joined with the trade unions in trying to persuade Government and Society in the wisdom of supporting their objectives.

81. The railway industry was fighting for its life yet the trade union leadership did not understand the stark realities of life by asking for a pay increase of not less than 10.4%, a reduced working week at a cost of 2.5% per hour reduced and increased annual leave which added a further 0.45% for each additional day.

82. Despite the serious financial position which had been made considerably worse by the industrial action the Board had concluded



that an improvement of 5% could be made in pay for 1982 providing the 1981 Pay and Productivity Agreement was completed by the unions. Further industrial action by the unions had meant the withdrawal of the 5% offer, but the Board was still, nevertheless, prepared to consider a pay increase at a lower level providing there was a commitment by the unions on the 1981 deal which in the Board's view had been considerably delayed in its introduction because of the defensive attitudes shown by the unions.

83. Considerable effort had been applied to carrying forward investment items but here again progress had not been as fast as the Board would have liked but they had been carried through within the overall financial constraints set for the industry. The unions had at all times been well informed on the position.

84. Both the NUR and TSSA had argued that it was agreed to monitor economies from changes and take these into account in future pay improvements. It was confirmed that between April 1980 and April 1982 15,510 posts had been withdrawn but of that total only a small proportion was from specific productivity items named in the 1980 agreement. A significant contribution to the total was withdrawal from the collection and delivery of parcels which had been running at a heavy loss. The balance was from good housekeeping and investment, much of the reduction having been delayed by earlier Trade Union bans on consultation.

85. Progress in certain of the six productivity items from the 1981 agreement was more advanced than on the others:-

(1) The open station concept.

An experiment was taking place. Progress was satisfactory.

(2) Flexible Rostering.

Agreement had been reached with the three unions; there was now no problem on this productivity item.



(3) Manning of Passenger Trains.

The Board had at one stage proposed an experimental operation of the St Pancras-Bedford electrified service with guards north of St Albans and no guards south of St Albans. NUR had rejected this proposal and it had been withdrawn by the Board. The Board's current proposal was that there should be Driver Only Operation of the whole service. They had undertaken that the guards currently employed on the line would be re-deployed on revenue collection and other customer duties.

It was the BRB view that the open station concept could not be used on busy commuter services like St Pancras-Bedford where the trains were heavily loaded with stops varying between 2 and 6 minutes.

The alternative proposals put forward by the NUR for retaining the guards would require an additional 83 people compared with the BR proposals. The NUR was the union mainly involved in the productivity item but it was accepted that both TSSA and ASLE&F had an interest in relation to Ticket Inspectors and Train Drivers. BRB had expected this item to be in operation ready for the new time-table in May 1982.

(4) Manning of Freight Trains.

BRB wanted acceptance that there would be trials, together with dates from which the trials would start, on services identified and agreed, with no guard on the trains and the driver actually in charge.

(5) Single Manning of Traction Units.

There had to be acceptance from the unions that there had to be serious discussions with a negotiated agreement. It was a complex issue regarding PN breaks, mileages, hours and the conditions under which trains would be single manned.



(6) Trainman Concept.

This was primarily a problem of inter-union membership for the trade unions to resolve. The Board did not think it appropriate to say how the problem should be sorted out.

86. The comparisons made by the trade unions on annual leave ignored the Board's arrangements which taking into account days associated with public holidays were more generous than in many other industries. The New Earnings Survey shows that the BR holiday arrangements compared very favourably with the general average both for manual and non-manual workers. 90% of the Board's Conciliation staff had an entitlement of four weeks and over compared with 61.6% in industry as a whole and 73% of Salaried Staff were in receipt of 5 weeks and over compared with only 41.2% in industry as a whole.

87. The BRB was asking the Tribunal to award as follows:

- (1) Confirmation that an agreement was reached at ACAS in August 1981 concerning six productivity issues - confirm that that agreement did take place. That these should be negotiated to a conclusion with firm dates of implementation.
- (2) The Trade Unions should agree to co-operate in the further economy measures outlined in the Board's submission, ie reductions in passenger train mileage; re-allocation of workload between train crew depots, adjustment of terminal staffing and accelerated administrative economies.
- (3) Subject to the agreed implementation/endorsement of "what I have just quoted "(a) and (b)" above," that the Board should agree a modest pay award but this must be of less cost than the offer made on 28 May.
- (4) The actual payment of this award - including any back payment to" whatever date may be agreed - "only to be made when the Board is satisfied there is positive evidence of commitment and implementation of the August 1981 ACAS agreement.



## DECISION OF THE RAILWAY STAFF NATIONAL TRIBUNAL

### A. The Questions We Need To Decide

88. Our task has been made more difficult because of the absence of agreed terms of reference. The NUR asked us to consider their claim for an improvement in pay and conditions 'against the background of the understandings given by the BRB and the unions in the 1980 and 1981 pay settlements, the 1981 Understandings reached at ACAS and the tripartite discussions between the BRB, the Railway Unions and the Government under the auspices of the British Rail Council'. The TSSA terms of reference made no mention of past understandings or discussions, while the ASLE&F claim was for an improvement in pay and conditions 'completely separate and apart from any productivity initiatives'.

89. The Board, for its part, sought to make it 'absolutely clear' that it could 'only consider 1982 pay against the background of productivity and the financial situation'. They had 'noted but not agreed' the terms of reference put forward by each of the unions. Their own position was that 'productivity issues must form an essential part of the Tribunal's consideration'. Their submission concluded by emphasising that we should seek to link any increases we might wish to recommend with the full implementation of the 1981 Understanding. As they put it:

'The actual payment of this award - including any back payment to the agreed date - only to be made when the Board is satisfied there is positive evidence of commitment and implementation of the 1981 ACAS agreement.'

90. Of course this absence of agreement on the scope and nature of our task is in no way contrary to the provisions of the Machinery of Negotiation which establishes the RSNT. But it has meant that we have had to decide for ourselves what we wish to take into account on this occasion, and how far we felt we needed to consider such questions as the scope for further productivity



improvement and the financial and market position of the industry. In the event, after careful consideration, we decided that we could best help the parties if we set out to consider five related issues.

- (1) How far the understandings and agreements relating to productivity signed since 1980 had been carried out, and whether we were able to propose ways of making further progress towards this end.
- (2) What additional progress it was reasonable to expect towards still further improvements in productivity.
- (3) How far it was reasonable to argue that the present financial and market position was relevant to the capacity of the industry to increase labour costs in the immediate future.
- (4) What our response should be, in the light of what we decided about the questions posed above, to the claims of the unions for an improvement on the withdrawn offer of the Board.
- (5) Whether we could make any recommendations for additional action by the parties, leading to further improvements in pay and/or conditions.

91. Our reasons for posing these questions will emerge as our Decision proceeds. In the remaining sections we consider them in turn and make our specific recommendations. We end with a summary of our conclusions and recommendations.

#### B. Past Understandings And Agreements On Productivity

92. The disagreement of the parties concerning the extent to which the 1980 and 1981 settlements have been implemented and honoured, and the different implications they draw from their conflicting views, means that we had to begin by seeking to form our own view on these questions. We took the view that where disagreement and dispute remained we should try to propose ways of bringing the parties together. We began, therefore, with the 1980 pay settlement.



93. Paragraph (2) of the 1980 agreement: The 1980 settlement included a 20% increase in rates and a reduction in the working week based on 'minimum cost'. In exchange the unions agreed to co-operate in the rationalisation of the freight and parcels business and the 'streamlining of administration'. Discussions were to continue on 'changes in working practices'.

94. At paragraph (2) of the agreement it was stated that such commitments to co-operate were 'given on the understanding that account will be taken of savings achieved in making further improvements to pay and conditions of railwaymen'. These improvements were to be phased over the period of change as progress was made.

95. The contention of the NUR and the TSSA was that the agreement was fully honoured on the union side, and that as a result over 15,000 posts were eliminated with a saving of almost £100m a year. They complained that despite this fact no 'further improvements' were proposed by the Board so that, as the NUR submission puts it:

'While accusing the NUR of failing to honour its commitments the Railways Board has blatantly ignored agreements which provided for savings to be used to improve the pay and conditions of railway workers'.

96. The Board made three points in rebuttal of this charge. First, the annual rate of savings was put at a rather lower figure - just under £70m a year at current pay levels. Second, a significant cause of savings was said to be the closing down of activities incurring 'heavy losses' such as the withdrawal of parcels collections and delivery which saved 3,264 posts. The Board argued that it was 'obviously challengeable whether it would make sense to think in terms of ploughing back "'savings"' produced in this way. In contrast to this, and until April 1982, no savings of any kind accrued as a result of changes in established 'agreements and working practices' - they had been made the focus of a new initiative in 1981.



Altogether, the Board calculated a mere 2,366 posts were reduced as a result of schemes named specifically in the 1980 pay settlement'. Almost 10,000 resulted from a 'combination of good house-keeping and other minor schemes including investment'.

97. Finally, in direct answer to the charge that there had been no 'payback' improvements offered by the Board arising out of savings made, the Board stressed that overall rates of pay had increased by 32.2% as a result of the combined effect of the 1980 and 1981 annual pay reviews.

98. Our own views are that while the Board is entitled to point to the fact that many of the savings were not specified in the 1980 settlement, most of them were to some extent dependent on union good-will and co-operation. The fact that over 15,000 jobs were eliminated indicates that the union did their best to assist in the implementation of the 1980 rationalisation programme. This underscores what we said in Decision 77 about their past willingness to agree to measures designed to reduce the labour force, and thus their own membership. As the NUR put it 'It is the introduction of labour-saving techniques which has been the most fundamental cause of staff losses'. Without co-operation from the unions it would not have been possible to cut the labour force over the last thirty years by almost 70%, without similar reductions in services - most notably on the passenger side. As we argued at some length in Decision 77, this made possible significant improvements in output per man and enabled the railway to survive in its present form. It also helped to finance present levels of pay and conditions of service for those remaining in the industry.

99. Of course we realise that it did not prove as easy to gain acceptance for a similar rate of change in respect of established agreements and working practices. But the current estimate of savings it expects to gain, when the 1981 programme is fully operable some time in 1986, is substantially less than that produced by the 1980 initiative ie less than £50m a year after five years. Moreover, the Board has always accepted that it would be a more difficult and longer term task to gain acceptance for what was needed in this sensitive area.



We concluded that the undertaking to co-operate on rationalisation in general which was contained in the 1980 pay agreement was honoured by the unions at the time. We see no need to make proposals for further action in this respect.

100. We also feel that while the Board is entitled to point to the size of the overall pay movement since 1980 this does not fully answer the argument of the unions concerning special payments in implementation of paragraph (2) of the 1980 settlement. To begin with only part of the overall rise could be said to be in any way related to the paragraph - ie the subsequent settlement of an additional 11% in 1981. It is also necessary to point out that this increase was paid in two parts, and that the second part was only agreed after a further commitment was made to productivity improvement in the form of the 1981 Understandings. It is worth noting that this agreement contained a final paragraph which might be said to echo the disputed paragraph (2) of the 1980 agreement - ie the much discussed paragraph (3) of the 1981 agreement. We shall be considering the implications of this in more detail below, when we return to the general question of the link between productivity and pay on the railways. At the moment we need only note that at least the terms of paragraph (3) of the 1981 agreement are more concrete and less ambiguous. Here reference is made to 'specific rewards' for staff 'whose responsibilities are directly affected'. As a result of this agreement it is clear that general increases cannot be 'prayed in aid' as evidence of subsequent payment.

101. The Open Station Concept and Variable Rostering: We turn now to the six specific commitments arising out of the 1981 settlement. Fortunately there is no disagreement in this respect about two of them: sub-paragraph (a) on Open Stations and sub-paragraph (c) on Variable Rostering. In the words of the spokesman of the Board 'There is no problem on the Open Station'. The experiments required are taking place and 'in terms of the August ACAS understandings, I say on behalf of the Board



that particular commitment has been discharged'. Asked if a similar stage had been reached in relation to variable rostering so that it could be said that it was also the case here that 'the ACAS understanding had been discharged' the spokesman of the Board replied: 'From the Board's point of view, yes'.

102. From the union side the most important additional point made in respect of both understandings concerned the implementation of paragraph (3). The NUR took the view that the Open Station Concept should be seen as part of a comprehensive review of operational responsibilities, with implications for the existing system of grading and the rates of pay attached. Nevertheless they argued that the specific rewards due as a result of their co-operation in the implementation of change should be paid as soon as possible. In general terms they charged the Board with a reluctance to estimate, in advance, the savings to be derived from change. They criticised the Board's 'perverse' approach of 'buy now - pay later'.

103. Referring to the full implementation of the 1981 understandings, including any 'paybacks' arising out of paragraph (3), the NUR spokesman said:

'I have said in my evidence I cannot take promises any more. It is finished. I cannot sell change on these terms any longer. The Board will have to measure up to at least something like the proposals we put to them, or we will never get any change at all'.

104. In the case of the ASLE&F their view was further conditioned by the fact that as yet no payments have been made arising out of their agreement to implement sub-paragraph (c). Also, at the time of our hearing, the reduced working week (which was to be implemented alongside flexible rostering) had not yet been applied to drivers. In this their position contrasted adversely with the situation in respect of guards - who are already in receipt of an additional payment under the terms of sub-paragraph (c), and enjoying a 39 hour week.



105. The Board's reply to all these points was to stress that in general terms payment must wait on an assessment of actual savings, calculated on the basis of new methods of work in operation; this was their interpretation of the commitment entered into under sub-paragraph (c). So far as the open station concept was concerned, they said, there was 'still a lot of work we have to do together'. In the case of a payment for working flexible rosters on the footplate this 'will be negotiated in the light of the facts. None of us knows the facts yet, except we know there are benefits and these benefits will spill into rewards for the people concerned'.

106. In respect of the 39 hour week, the Board's spokesman defended the difference between guards and drivers by reference to the attitude of the NUR towards the associated change of flexible rostering. As they put it: 'The NUR have said positively that they will play their part in trying to persuade and encourage people to accept it and to make it work. We felt that that was an agreement which warranted a 39 hour week. The ASLE&F are not quite in that position. Therefore, until they are introduced, there is no 39 hour week'.

107. We feel we can best define our own position on these matters in the form of three conclusions. First, we consider that the commitments in sub-paragraphs (a) and (c) of the 1981 Understandings have been fully met by all the unions concerned.

Second, we believe that the savings arising as a result should be calculated at the earliest opportunity, as was done in the case of guards in respect of sub-paragraph (c). Urgent negotiations should then take place on the payments to be made to the staff affected.

Third, the 39 hour week should be applied to footplate grades without delay.



108. The Manning of Freight Trains: We consider next two further understandings which both relate to the manning of trains: sub-paragraph (e) which deals with freight and sub-paragraph (b) which relates to passenger work. Both share the further characteristic that they have been the subject of detailed discussion and negotiation since August 1981. As a result the differences between the parties are capable to being stated with some degree of precision, as well as the areas of agreement. We begin with the position in respect of freight trains.

109. The Board were asked whether what they wanted was 'confirmation by the NUR to the introduction of three pilot schemes to assess the validity of the Board's proposals for driver only operation on some freight trains'. (In effect the proposals contained in a letter to the union on 23rd June last). The spokesman of the Board replied:

'Yes, that is essentially where we are. I want acceptance that there will be trains on nominated services - two or three is what the ACAS agreement said - where the driver is actually in charge, to test the validity of the Board's argument for removal of guards from freight trains'.

110. We next asked the NUR for their comments. Their spokesman stressed the limited nature of the 1981 Understanding, which speaks of 'an immediate joint examination with a view to establishing to the satisfaction of the parties the circumstances in which some freight trains could be operated without guards'. He said that the union had 'reservations about this', but nevertheless they were prepared to 'conduct the experiment sensibly'. There would be a need to 'visit the location, see the type of train, the commodity it is carrying and the area it is operating over, because there are certain conditions attached (which the Board do not reject anyhow), where it can only be applicable in certain circumstances'. But if these matters could be settled: 'Then yes, that experiment shall go ahead. That is how I see it, and I will honour that commitment'.



111. As a result of this interchange we formed the view that the conditions now exist for a rapid and decisive trial of the Board's proposals on this matter, as contained in their letter of 23rd June last. Once this is complete and agreement is reached, it should be possible to discuss the impact on drivers' responsibilities within RSJC (Locomotive), including the additional payment required, as a matter of some urgency. Whatever the reasons for delay in the past, we consider that the spokesman of the Board was correct when he said 'I would not have thought that we were very far apart.' To enable agreement to be reached, and the undertaking contained in sub-paragraph (e) to be fulfilled, we recommend the following:

The NUR should confirm their agreement to three pilot schemes to test the validity of the Board's proposals for driver only operation of some freight trains. All principles and detailed working arrangements to be agreed at RSJC (Traffic) and RSJC (Locomotive) including agreement on the specific trains which will operate under driver only conditions within the three service groups.

112. The Manning of Passenger Trains: The disagreements between the parties over the implementation of sub-paragraph (b) partly turns on what it is thought to involve. For this reason it has to be quoted in full:

'It is accepted that the introduction of the Bedford-St Pancras electrification service in May 1982 present the industry with the opportunity of a fundamental rethink of the whole concept of manning trains where modern stock is introduced into intensive commuter areas. Without any preconceived conditions on either side discussions shall take place on the prototype system for the Bedford-St Pancras service'.

113. The Board's view was that modern stock working in intensive commuter areas need to be operated without guards undertaking operating responsibilities. They argued that the new stock designed to run on the Bedford-St Pancras line should be operated



by drivers only, with the terminal responsibilities of the present guards undertaken by 'on the ground' staff. Where this arrangement results in additional responsibilities, in the terms of subparagraph (3), additional rewards would be negotiated for the staff affected - most notably drivers. Where existing guards were displaced there need be no redundancy, since the age profile for guards ensures that there will be a need for the existing labour force alongside new entrants. In any case the guards are protected by the existing agreement which prevents 'compulsory redundancy' and provides the alternative of re-deployment.

114. The introduction of driver only operation on the Bedford-St Pancras service is regarded by the Board as a matter of great urgency. They pointed to the passage in the 1981 Understanding which assumed that the new service would be introduced by May, 1982. To prepare for this over £150m has been spent on capital investment, which is now laying idle. But even if agreement were reached with the NUR on the removal of guards, there would still be the need to train drivers and gain agreement for their introduction. The Board ask us to say that the NUR should agree that 'as far as the Board is concerned, this item is discharged to enable us to talk about pay increases'.

115. The NUR did not accept that the terms of the 1981 Understanding committed them to driver only operation. The union had always made it clear that it was opposed to the removal of guards from passenger trains. Sub-paragraph (b) proposed a 'fundamental re-think' without 'preconceived conditions on either side'. It was also exceptional in that no date was mentioned by which agreement must be reached. All the NUR was expected to do was participate in 'discussions' and advance its own proposals. These obligations had been fully met.

116. The Board had invested in a system of train operation which suggested that its mind was made up and it was not interested in the NUR proposals, advanced in December last.



As the union made clear at the time of the ACAS discussions, they sought to link the future of train manning 'with the Open Station Concept. No one who attended those meetings can have been under any misapprehension as to the NUR's intentions in agreeing to the wording of the ACAS Understanding'. What they favoured was a modification of the guard's role, rather than his removal from the train. This had appeared to be compatible with the approach of the Board at the time of the Watford talks. At that time they suggested a 'package of measures' involving driver only operation:

'... linked with the question of whether the Guard can help with customer services, collection of revenue, quality of services, public address etc. The approach would be first to ascertain whether the Guard could fill that role and, if so, he would be retained, but where it was unrealistic to do this he would be withdrawn'.

The trouble was that the Board appeared to have moved away from this position, which had 'demonstrated a willingness to examine a continuing role for Guards in the context of driver only operation'. Yet now the Board were refusing to accept that experiments designed to test similar proposals advanced by the NUR could be regarded as a legitimate way of carrying out the terms of sub-paragraph (b). As a result the NUR alleged that any delay in its implementation was the responsibility of the Board.

117. We explored the Board's reaction to this argument. Their reply was essentially in terms of relative cost. They had become convinced that in intensive commuter areas the Open Station Concept, involving revenue collection on trains, was impractical and inefficient. Here the density of the load at peak periods, plus short distances between stops, would necessitate the introduction of additional guards and Assistant Fare Collectors if barrier staff were removed. The cost of such staff would greatly outweigh any savings arising out of the removal of barrier



staff, even if this resulted in a more effective method of fare collection. In broad terms they calculated that for the St Pancras-Bedford line this would mean more than another £500,000 a year in additional staff costs. We asked for a breakdown of this estimate, and it is set out below:

	£
Cost of additional staff required as compared with the Board's proposals for Driver Only Operation	
70 additional guards	526,000
30 additional Assistant Fare Collectors	189,000
	<hr/>
	715,000
Less savings from :	
Estimated increased revenue from reduced level of fare evasion	60,000
17 Barrier staff saved under Open Station Concept	102,000
	<hr/>
	162,000
Net additional cost (83 extra staff minus increased revenue)	£553,000

118. We have to say that we find these figures persuasive, although it would be possible to challenge them in a number of ways. First, the Board estimate that even with an extra hundred staff to pursue travellers without tickets, £13,000 a year will still be lost through fare evasion. Second, the extra staff allowed for are said to constitute 'an absolute minimum requirement' if open stations are to be introduced in the crowded



conditions of suburban work, and the Board says that 'more may be necessary'. But the Board could be wrong on both counts. If they are, fewer people would be able to collect more money. Third, the figures used to calculate additional labour costs are not based on existing rates of pay but 'the higher rates of pay claimed by the NUR'. It could well be that the Board would not agree to pay the rates demanded by the NUR.

119. Nevertheless, we do not think that reservations of this kind undermine the general drift of the argument. What is most striking is the relatively small gains arising from the elimination of barrier staff. If these figures are broadly correct it is difficult to see how a move towards open station on the St Pancras-Bedford line could make possible the introduction of additional guards and fare collectors. There seems no way in which a move in this direction could be regarded as an improvement in labour productivity. But this is not to say that there might not be a role for existing guards as an additional means of revenue protection, or to perform certain other duties. We return to this possibility below.

120. In an effort to overcome the resistance of the NUR the Board proposed a new experiment in its letter of the 23rd June. To 'confirm the technical and operational feasibility of the driver only arrangements and to test the merits of the NUR proposals', it is suggested that the new electric train service should be introduced on the following basis:

- a) Driver only operation between St Pancras/Moorgate-St Albans;
- b) Open station concept between St Albans and Bedford.

Training of staff was to commence immediately, to achieve the implementation of a public timetable by October, 1982. The experiment was to operate for a period of three months 'and to continue during subsequent joint review discussions pending agreement on the permanent arrangements'.



121. Unfortunately, this proposal failed to find favour with the NUR and the Board told us that it had been withdrawn. Asked to say why their spokesman replied:

'... the reason we are pulling back from this original alternative is because of the financial position ... about 20 additional people had to be recruited. We are now saying, 'No, the finances of the Board cannot stand the recruitment of these people'.

122. Asked for further details of the cost of introducing an experiment along these lines, the Board told us that it would involve a saving of 10 station staff, 29 additional train staff and a reduced level of fare evasion priced as £30,000 per annum. There would, therefore, be an additional cost of about £100,000 per annum. But the Board also went on to say:

'It should also be appreciated that whilst the 10 station staff displaced could possibly be used as Assistant Fare Collectors on trains, there would still be a requirement to recruit up to 19 additional guards/fare collectors, with a relatively long training programme and they could not easily be disposed of or absorbed, should they not be required at the end of any trial period'.

123. We consider that we cannot recommend an attempt to revive this experiment. It would represent a further period of delay, while a temporary compromise was introduced in the hope that the results would be decisive. The chances are that this would merely extend the period of disagreement, and leave the Board with a group of specially recruited staff who might be difficult to redeploy. We feel we must propose a more decisive solution, which had more chance of resolving the dispute between the parties on a permanent basis.

124. Our view is that this must be based on the acceptance of driver only operation throughout the Bedford-St Pancras service.



We take the readiness of the NUR to think in terms of a changed role for the guards as evidence of the fact they are prepared to accept that this is the only sensible course to pursue. Of course we realise that they are concerned about their members' jobs, and wish to be sure that adequate safety standards are maintained. But they are not opposing driver only operation as such.

125. On the other hand, we cannot agree that the open station concept has much to contribute to areas of intensive commuter operation. The arguments advanced against it by the Board strike us as reasonable and fairly self-evident. We see little reason to suppose that a prolonged experiment is needed to demonstrate this fact. But it does not follow from this that there is no role for existing guards in areas of driver only operation; indeed we take the Board to be saying that they would be prepared to accept an experiment designed to clarify the position in this respect. We set out below our proposals to this end.

126. We earnestly hope that they will prove to be acceptable to the NUR. We have been impressed by their arguments concerning the limited nature of the obligations entered into as a result of sub-paragraph (b). We do not charge them with reneging on these obligations as they saw them at the time but we do think that it is time that they adopted a more flexible approach. What we propose below is designed to provide a fair and objective test of the case for retaining guards on the Bedford-St Pancras service in a non-operational role, while meeting the Board's legitimate demands for progress and utilisation of expensive new investment.

127. Our Decisions on this question are as follows:

- (1) It should be accepted that the new Bedford-St Pancras electrification service will be introduced as soon as technical and operational feasibility permits, based on driver only operation.



- (2) To this end all principles and detailed working arrangements should be agreed at RSJC (Traffic), RSJC (Locomotive) and RSJC (General). Training of staff to prepare for any change in existing duties and responsibilities should start immediately.
- (3) Existing guards should be retained and re-deployed on non-operational duties - for example improved customer services and the collection of revenue - for a minimum period of six months. At the end of this period the results should be reviewed at RSJC (Traffic) and the parties should decide whether to retain guards permanently for non operational duties.
- (4) Where the introduction of the new service involves any change in existing responsibilities, staff directly affected should qualify for consideration under the terms of paragraph (3) of the 1981 Understanding.

128. Easement of conditions of single manning on traction units:  
We come now to the two remaining sub-paragraphs of the 1981 Understanding - those dealing with the extension of single manning to footplate grades and the trainman concept - ie (d) and (f). What they have in common is that so far agreement has not yet been reached, although there have been no detailed proposals and responses, which make it difficult for us to suggest precise solutions, as was the case in respect of sub-paragraphs (b) and (e) above.

129. In the case of single manning of traction units the main reason for this has been the protracted discussion about the implementation of sub-paragraph (c) on flexible rosters. The Board stated the position thus:

'That part of the Board's proposals which related to simple rostering up to nine hours, was covered by RSNT Decision 77 and as essential adjunct to variable rosters is being negotiated as part of the agreement I have referred to.



There has been limited discussion on the remaining major portion of the Board's proposal but as yet no Trade Union indication of acceptance in principle of any part of it. It is a fact that when this was discussed last November it was agreed that further consideration be deferred pending resolution of the variable roster proposals, with which it is inter-related'.

130. Asked what the Board required now their spokesman replied in a passage which justifies quoting at some length. He said:

'I want acceptance that we have now got to discuss seriously the various proposals which are part of this item (d), and acceptance that there has got to be a negotiated agreement - and I emphasise a negotiated agreement - on the various aspects which are covered by (d). They are quite complex; they deal with things like PN breaks, with mileages, with hours, they deal with the single manning of trains and the conditions under which the single manning is carried out. It is a complex subject. As we stated in evidence, the subject matter was very much stymied by lack of progress on flexible rostering. We believe that the door is now open and we should get into detailed negotiations and conclude, because within this subject matter there are major influences which can impact upon thoughts that are in the NUR's paper that we have just been discussing. There is an inter-relationship between all these initiatives. It is only when one gets a conclusion on the initiatives that one does get this picture in the round that you speak of. Then you really get a chance properly to view, discuss and agree the very final detail of train manning, of Guards, pay structures, promotional structures and so on'.

131. At this point, we received the ASLE&F reactions to the Board's demands. Their spokesman said:

'We have not even started talking yet ... If you are telling us now that railwaymen are not going to get an



increase until there is an agreement reached on something they have not even started to negotiate - the British Railways Board took it away from us - it is rather a peculiar way of doing our business. That is all I can say to you, and I say no more. I leave it to you to judge'.

132. We feel that our judgement must begin with an appraisal of the precise terms of the 1981 Understanding. Sub-paragraph (d) reads as follows:

'Negotiations shall take place on the proposals relating single manning conditions, on the understanding that provisions will have to be made for appropriate safety measures and that there should be no worsening of staff conditions. These discussions shall be concluded by 31st October, 1981'.

133. Several points arise from a consideration of this paragraph. First, in addition to the complexities detailed by the Board's spokesman concerning the need for changes in physical needs, breaks and other conditions, and quite apart from the implications for pay and promotional structures, including the trainman concept, sub-paragraph (d) specifically raises two other complex issues: Provision has to be made for 'appropriate safety measures and that there should be no worsening of staff conditions'. All these questions and conditions combine to convince us that obtaining agreement on implementation of sub-paragraph (d) is indeed 'a complex subject'.

134. Second, it is to be noted that the envisaged time scale for agreement covered a period of some three months. Third, that period has now been exceeded by a further ten months. We note that the Board take the view since that time they have submitted their outline proposals to the parties, and that their spokesman thought that, 'if we seriously wanted to work our way through these different papers which lie behind the specifics, we could get through in a matter of weeks'. But we have to consider the possibility that this could be an optimistic assessment.



135. Our conclusion is that the parties should agree, in the Board's words, to 'discuss seriously the various proposals which are part of this item'. Discussion should be based on 'acceptance that there has got to be a negotiated agreement' within the terms of sub-paragraph (d). However, we find that we are unable to decide the precise time scale this would involve, although we feel it is reasonable for the Board to take the view that there must be some advance commitment to proceed without delay, and some way of avoiding delay if it should arise. With these objectives in view, our Decisions are as follows:

- (1) The parties should accept the need to discuss seriously the Board's proposals for the easement of conditions on single manning on traction units, within the terms and safeguards contained in sub-paragraph (d) of the 1981 Understandings.
- (2) These discussions should be based on an acceptance of the need for a negotiated agreement implementing sub-paragraph (d).
- (3) It should be accepted that each of the parties has available to them the provisions of the Machinery of Negotiation in the event of a failure to agree within a period of time which is acceptable to them.
- (4) If the use of this Machinery involves the use of the RSNT it should be accepted that arrangements will be made for a reference to take priority with arrangements for a hearing within thirty days.
- (5) Where the introduction of single manning involves any change in existing responsibilities staff directly affected should qualify for consideration under the terms of paragraph (3) of the 1981 Understanding.



136. The Trainman Concept: The Board took the view that 'this subject was still in the air'. The 1981 Understanding committed the unions to 'come up with specific proposals'. That requirement should be 'honoured and discharged'. They had their own views on how they wished to see the line of promotion changed and the modifications in training that would be required. But there were aspects of the problem that were best left to the unions. What was required now was that the union's proposals should be tabled 'very quickly' so that they could 'progress this particular concept'.

137. The NUR stressed that they had taken the initiative in making proposals for implementing the trainman concept, which had been at the centre of their ideas about a modern railway system for some time past. After the 1981 settlement there had been meetings of the Railway Federation of Unions to discuss these proposals. The ASLE&F had disagreed about certain aspects of the NUR's paper but 'In the discussion that followed there appeared to be sufficient common ground to provide hope that agreement could be reached'. Subsequent meetings revealed 'that there were no differences of principle involved'. Subsequent problems concerned with other aspects of the 1981 agreement had delayed progress but:

'The Tribunal should be in no doubt that at the joint trade union meetings in the second half of 1981 there was positive progress on this item. For understandable reasons the progress was not continued in 1982'.

138. The ASLE&F broadly confirmed the position taken by the NUR. There were differences between the two unions but at their last meeting 'great progress was made.' No progress had been possible since December last because of 'industrial problems caused by British Railways'.

139. We see the main problem here as the need to gain agreement between the NUR and the ASLE&F. As the terms of paragraph (f) make clear in the past it has been 'obstacles between the unions which have prevented progress'. If they could agree



on joint proposals, and place them before the Board, we are convinced that a satisfactory agreement would follow providing for recruitment, training and promotion on a mutually satisfactory basis. However, we consider that there is something in the arguments of the unions - most notably the NUR - to the effect that it ought to be possible for the Board to make known its own views on grading and possible rates of pay once the broad outlines of the new training requirements and responsibilities are agreed. Our Decisions, which are set out below, are designed to embody this approach:

- (1) The NUR and the ASLE&F should agree to provide the Board with their jointly agreed proposals for implementing subparagraph (f) of the 1981 Understanding within a period of three months.
- (2) Once these result in agreement on the required changes in training and responsibilities the Board should provide the unions with proposals for/appropriate changes in pay and/grading.
- (3) It should be accepted that each of the parties has available to them the provisions of the Machinery of Negotiation which allow for a reference to the RSNT after the expiry of the period set out above.
- (4) Where the introduction of the trainman's concept involves any change in existing responsibilities staff directly affected should qualify for consideration under the terms of paragraph (3) of the 1981 Understanding.

#### C. Further Progress Towards Improved Productivity

140. We have now completed our assessment of the 1980 and 1981 settlements. We have made recommendations designed to ensure that any outstanding obligations arising out of the 1981 settlement are met in ways which we regard as reasonable and fair. But the Board told us that it intended to make 'further major changes to facilities and services provided and to the organisational structure'. It said that such changes 'must



be made quickly' and that we should regard them 'in addition to the productivity items already tabled'. These 'additions' we set out in full below:

- (a) Adjustments to passenger timetables, which significantly over-provide for the volume of business available because of the combined effect of market changes, the economic recession and traffic losses resulting from the recent strikes. To achieve essential cost reductions substantial reductions in train mileage are planned for staged implementation in October 1982, January 1983 and May 1983. It is critical to the business results that these should go ahead on the intended timetables.
- (b) A parallel review and adjustment of work allocation between depots within a similar implementation schedule. This will take into account the passenger service changes, the ongoing rationalisation of wagon load freight, the impact of flexible rostering and the easement of traction manning arrangements, the objective being optimum use of train crew time. Terminal staffing must also be reviewed and adjusted.
- (c) Rapid progress must be made with further administrative economies, including introduction of simplified work methods, cessation of some work and application of new office technologies. Opposition to Discretionary Cost Analysis, the associated volunteer redundancy and specific proposals to merge Areas and Divisions will need to be withdrawn.

141. The unions complained that in the words of the spokesman of the TSSA 'despite an excellent machinery of negotiation and consultation, the BRB submission was the first we had heard about these. Surely they could have written to us or even called a special meeting of the RSNC'. The TSSA view was their members 'will have to carry out the planning work for item (a) and they may do so, but surely it would have been better for the BRB to have advised us before now.' In the case of the item (b) they said 'this means good housekeeping - that is, adjusting establishments to work load. We have never objected and they cannot claim we have. In fact the 1980 to 1981 monitoring figures clearly show the savings arising from ongoing good housekeeping'. In the case of item (c) the Association's view was that they would give co-operation provided it is matched by reasonableness and integrity from the Railway Board.



142. We found these statements by the TSSA extremely helpful, but we are somewhat at a loss in knowing how to deal with these objectives of the Board. It seems clear that they have not been discussed within the procedure to the point where a failure to agree can be assumed, so that we are not entitled to pronounce on them in any precise or definitive way. On the other hand, the Board says that they needed to counter their 'financial imbalance' and suggests that 'given Trade Union co-operation in these areas, together with delivery of the productivity items already tabled' they would find it much easier to afford a pay increase for 1982.

143. We think this may well be the case, moreover a close examination of what is suggested, especially in respect of item (c), suggests that what the Board have in mind would produce benefits of a long term kind, which ought to form the basis of a further advance in productivity which lasts well beyond the present financial crises and even the present recession. For the unions are asked to consider 'further administrative economies, including the introduction of simplified work methods, cessation of some work and application of new office technologies'. And they warn: 'Opposition to Discretionary Cost Analysis, the associated volunteer redundancy and specific proposals to merge Area and Divisions will need to be withdrawn'. As the TSSA rightly said, in specific reference to item (c), the unions have usually provided the necessary co-operation 'provided it is matched by reasonableness and integrity from the Railway Board'. If this were to be forthcoming in this instance, there might well be a source of savings, and a rapid improvement in productivity, to compare with the results of the 1980 agreement. If so this would be of importance to us in deciding our answer to the next two questions we need to consider, including our Decision on the union's claim for an increase in 1982.

144. In an effort to throw what light we could on this important issue we asked the BRB what would be the benefits of the new proposals at para 43 of their submission. They replied as follows:



'The changes necessary to adjust resources to present/expected business levels are not correctly described as 'savings'. The precise nature of required adjustments and their timing cannot yet be quantified'.

145. We appreciated why the Board take this view; they have just tabled these proposals and some of them will only have an effect over the longer term. They are unusual in that there appears to be a mix of what the Board hopes will be temporary adjustments, coupled with the completion and development of more permanent objectives. Yet we have to say that from the viewpoint of the unions these distinctions may appear to be somewhat abstract and technical: what they will want to know is the impact on terms and conditions, especially jobs and pay.

146. We have considered carefully what we might say about these new and undiscussed proposals of the Board. In an effort to assist the parties we feel we can go this far:

The unions should agree to discuss the proposals of the Board for further action to maintain and improve productivity, as set out in Paragraph 43 of their submission to RSNF 78.

Every effort should be made to reach agreement on ways of securing union co-operation.

#### D. The Existing Financial And Market Position

147. In some ways the parties are not in disagreement about the present financial position of the industry. The NUR accepts that 'the financial position of the industry has reached an all time low'. The TSSA admits that the Board's finances are in a 'parlous state'. The ASLE&F also referred to a 'parlous financial position'. Such remarks were echoed by the Board who suggested that it must be acknowledged that 'the kitty is empty'.



The Board's account of the present market position was also not challenged by the unions. The Board estimate that they will have an unsupported Group Trading Loss for 1982 of between £240m and £280m. This will exceed the External Finance Limit for the fiscal year by at least £70m to £110m - and this is before any provision is made for an overall pay increase for 1982.

148. We asked the Board whether recent revenue losses were mainly due to industrial disputes, rather than other factors - such as the impact of the recession. The spokesman of the Board said that industrial disputes were by far the most important cause, since so far the Board had managed to hold its 'gross free revenues' on the passenger side. We asked for further details and they are set out below:

Losses due to various causes over previous years

	1980	1981	1982
Disputes	£31m	£ 5m	£240m
Recession	£95m	£84m	£ 66m
Competition	n/a	£17m	£ 8m

149. It can be seen that if these figures are accepted the effect of the recession and increased competition greatly outweighed losses due to industrial disputes before the present year - that is, they were responsible for over 85% of recorded losses. On the other hand the position in 1982 was quite the other way. In this year industrial disputes appear to have been the reason for some 75% of losses - which means that revenue losses were more than three times as high as they otherwise would have been. Of course there is sharp disagreement about the causes of each industrial dispute, and we have no intention of entering into these questions in this Decision. Suffice it to say that the unions do not accept that the disputes are their fault, and that the Board is innocent of blame.



150. There is also a fair measure of agreement about the crucial role which needs to be played by government investment, if the financial and market position is to be improved. The NUR stressed that successive Governments had starved the industry of capital, providing a level of public support far below that of comparable European systems. They emphasised that an absence of sufficient investment had produced a situation where the railway was likely to enter a cycle of 'irreversible decline'. What was required was a relaxation of external constraints - in the form of approval for more investment projects, a larger PSO and an increase in the External Financial Limit. The TSSA emphasised that the real value of the EFL had not been maintained, while the failure to increase the level of investment sufficiently meant that more and more track had to be taken out of service. Both unions stressed the importance of government agreement on a long term investment plan - with particular reference to the crucial area of electrification. All unions criticised recent government policy in this field, leading to a wasteful and unproductive 'piece-meal approach'.

151. Not surprisingly, the Board made a number of related points in a somewhat different way. They said they were pressing for increases in investment, the PSO and the EFL. They did not deny that government support was crucial to the survival and advancement of the industry. Their rather different emphasis is well caught in the following passage:

'The Board recognises the need to pay its staff adequately. This is essential if we are to retain and recruit and maintain our commitment to the industry. The Board is also totally dedicated to the long term future of the industry, the investment in electrification and modern equipment and joins with the trade unions in attempting to persuade Government and society of the wisdom of supporting these objectives. But money is scarce. We have to argue the case against other priorities and our case, good though it is, is immeasurably weakened by internal strife, unreliable services and the apparent inability to match modern practices



with modern hardware. That is the real issue I submit'... The railway industry is fighting for its life. The number of our doubters, if not our enemies, grows every day. Our markets, and therefore our incomes, are in disarray, which itself has no easy options with business closures an everyday event, has demonstrated it can, albeit at cost and considerable inconvenience, survive without us; and we have a sizeable percentage of the population at large, and almost certainly a Government, who suspect the ability of a nationalised industry to produce value for money'.

152. This quotation from the closing passages of the Board's final submission to the Tribunal highlights the critical areas of difference between the parties on the implications they draw from a very similar view of the present state of the industry. The unions do not accept that improvements in pay and conditions must be largely self-financed. They demand an immediate influx of support from the Government, to provide both a long term future for the industry and reasonable pay levels now.

As the NUR puts the point:

'If the workers could see a firm commitment to the future of the railway industry, if they could see approval of major electrification schemes and other investment proposals, they would have greater confidence in their future and be more amenable to changes in the industry'.

But it is not only money for investment that is demanded:

'When you award an increase as we want you to do, we want you to state that the finance must come from Government, who have recognised the importance of railways and have given importance to the industry'.

The TSSA takes a similar view:

'This Tribunal has the task of putting down on paper exactly



what they feel in naming an award... The question of the money does follow and, obviously, the Railway Board will have to go to Government for it'.

And the ASLE&F agree:

'We believe your job is to say we believe this will be fair, where it comes from is something that will have to be sorted out. The country will have to make that decision'.

153. It is time to state our own conclusions on these issues. We accept that the financial and market position of the industry presents unprecedented difficulties at the present time. An industry which is usually sensitive to the effects of a prolonged recession and is facing a climate increasing competition has suffered an unprecedented and irrecoverable loss of revenue. To admit this is not to make any judgement on the causes of this loss, or to seek to apportion blame. That is not our function or intention.

154. What we need to note is that as a result the Board has no alternative but to seek additional help from Government - if only because it is bound to exceed its External Financial Limit this year. The question is how far additional government aid can or should be provided, to enable the Board to meet its present wage demands?

155. But it is also clear that both the unions and the Board are asked for Government aid for other purposes as well. They agree that the industry needs a larger and more stable level of investment. They are convinced that its Public Service Obligation should be maintained and improved in real terms. In considering what we have to say and the recommendations we can make it should be appreciated that these matters are the subject of detailed investigation by the Serpell Committee, which is due to report by the end of the year. We note that the Committee's terms of reference are very wide. It is asked:



'to examine the finances of the railways and associated operations, in the light of all relevant considerations and to report on options for alternative policies, designed to secure improved financial results in an efficiently run railway in Great Britain over the next twenty years'.

The question is how far we should seek to comment or influence matters that they are already being considered by them, or how far we can assume that we are able to estimate the likely outcome of their deliberations.

156. We have to say that on all these questions we are reluctant to pronounce. We do not wish to make assumptions which are not essential for the task before us in this Award. Nevertheless, there are several points we feel we must make. First, we see no reason to change our view, as expressed in Decision 77, that the Board will need to demonstrate that they are continuing to make progress on improving productivity. We remain convinced that this is likely to affect the volume and pace and direction of Government assistance, even if it does not match what either the unions or the Board feel they require. Without evidence of continued progress there will be few funds available - and this could have potentially disastrous consequences for both employment and pay. This is why we have sought to provide the basis for such progress, and have occasionally gone beyond what might be said to be the formal commitments embodied in the 1981 Understandings - for example in respect of one man operation of passenger trains. We have also proposed that the unions should consider and seek to agree the basis for further co-operation, on the basis of proposals which were not before the parties at the time of the Board's original offer. Agreement on these proposals should allow both the Government and the Board to consider what can be done about pay and investment in more favourable atmosphere.

157. Second, we have to say that as in the case of Decision 77, we find that we cannot share the hopeful assumptions on the union side concerning the size and availability of funds



from Government. As the Board rightly says their experience has led them to the conclusion that 'money is scarce'. We think this is all too true. We are not sanguine about the effect of any decision of ours on easing this situation - especially in advance of the delivery and consideration of the report of the Serpell Committee, which has wide terms of reference and is about to report to the Government. We feel that money is least likely to be forthcoming to cover an Award which all the parties here agreed could not be met without an immediate and special grant from Government - designed to make possible the kind of pay increase that the unions demand, or might have been afforded in the absence of the special circumstances of 1982.

158. In this respect it is necessary to point out the very significant impact of these circumstances, so far as the internal financing improvements in pay are concerned this year. We have been told that a 1% increase in the pay of staff affected by awards of the RSNT costs approximately £17m a year. It follows that the exceptional losses arising out of the industrial troubles of the industry during 1982 depleted revenues to an extent that would have provided the basis for a 14% addition to the overall paybill. Once again, we do not mention this to apportion responsibility, or to suggest that any of the parties acted in ways other than they thought right at the time. Our point is merely that we consider that it would be irresponsible of us not to bear this fact in mind in deciding what we can award on the claim before us.

159. Finally, we wish to point to the more hopeful long term implications of what has been achieved in the past in the field of productivity improvement, and its implications for the future of pay and conditions on the railways in what we hope will be more normal circumstances. Here we feel that some of the remarks which the Board made before us may have been over-influenced by their understandable frustrations when seeking to make progress in the very difficult area of established agreement and working practices - that is the area covered by the 1981 Understandings. In the event, as we saw, the



direct benefits of moves of this kind did not prove to be all that large - for example, when compared with the results of the gains from the 1980 rationalisation programme. They were also very difficult to obtain, and extracted at considerable cost. It is to be hoped that the present proposals, when they have been properly costed, will yield savings which are rather easier to agree and much easier to collect. To the extent that this is so we would expect them to be reflected in improved terms and conditions, and we return to this matter below.

160. One way of estimating the extent of union co-operation in ways of improving productivity is the effect on the overall size of the labour force. In this connection the union argument has been that despite delays in implementing certain aspects of the 1981 Understandings, overall numbers have continued to decline over the last two years. We were told by the Board that in recent years reduction has been at an overall rate of about 4% a year. We thought therefore it advisable to ask what the Board estimated to be the percentage reduction in staff for the period 1982-1985. They replied that over the period as a whole they anticipated a reduction of 27,000 posts - leading to a reduction in numbers employed of some 20,000. Of course these changes were not all expected to derive from direct improvements in labour productivity, some will, arise as a result of business adjustment on the effects of capital investment. Nevertheless they represent a reduction of some 15% of paybill over a period of four years - that is 3.7% a year.

161. Our conclusion on the impact of the present financial and market position may be summarised thus:

- (1) The existing finances and associated operations of the industry are at present the subject of a detailed investigation by a Government Committee under Sir David Serpell.
- (2) At the moment the industry faces an unprecedented situation as a result of an irrecoverable loss of revenue arising out of recent industrial disputes.



- (3) Given the circumstances we do not think we would be justified in assuming that this loss of revenue would be recoverable from Government, in the form of an immediate and special grant.
- (4) We feel therefore we have no alternative but to bear this in mind when deciding the claim before us.
- (5) But the unusual and unprecedented events of this year should not be accepted as either typical or likely to recur. Given continued co-operation along the lines of proposals advanced elsewhere in this Award, improvements in productivity and efficiency should make it possible to achieve advances in term and conditions that are unfortunately not available at the moment.

E. Union claims for an improvement in pay and conditions

162. The Arguments of the Parties: The unions argued that the pay position had deteriorated since 1975 in both real and comparative terms. The NUR's view was that to restore the real value of railway rates at that time, increases of between 26.7% and 36% would be required. To restore the position in relation to wage rates in general increases of between 23% and 32.1% would be needed. It was also argued that increases in rates have lagged behind movements in the RPI. On this basis, the standard of living of railwaymen had declined by 25% over the last seven years. One result has been that a greater number of railwaymen have become classifiable as 'lower paid' - that is, in receipt of less than two thirds of average earnings. Another is that trained staff have been leaving the railways and there have been difficulties in securing adequate replacements - even though unemployment has risen to record levels.

163. In reply the Board stressed that the picture changes when real and relative positions are measured in terms of earnings rather than rates. Thus DE figures for male adult earnings



show that in October 1981, inclusive of the 3% increase which was paid retrospectively, BR weekly earnings stood at 108 compared with the national index of 100. BR annual earnings were also equal to the national average. And the Board commented: 'This represents a significant relative improvement over the two previous years and disproves conclusively any argument that BR pay had been falling back during this period. The relative BR position was only slightly less favourable than in 1975 and very much better than in October 1973'.

164. In the case of the RPI BR said that the fallback which the unions complain about occurred in 1976 and 1977 - and was the result of income policy limits which affected all workers. Using October 1975 as a base of 100 the Board suggest that in October 1981, railway weekly earnings, in October 1981, stood at 207.3. Thus 'the erosion in the whole of the 6 years taken together was therefore 2.8% or 2.9%, dependent on whether weekly or hourly earnings are used as a measure.....'.

165. So far as this pay round is concerned the unions quote a number of settlements in other parts of the public sector. These approximated to, or occasionally exceeded, the RPI; eg those in gas, electricity and water (approximately 9%), or the Police (13.2%). The TSSA pointed to the fact that average earnings had moved by some 11% during the twelve months ending March 1982.

166. The Board's reply was that in both the private and the public sector 'there were also many low settlements, including several of nil'. These included British Steel and British Airways - where the annual increase was approximately 3.2%. In any case:

'The Board's firm proposition, as stated in the RSNC response to the Trade Union claim, is that it cannot be tied to any form of indexation, whether to RPI or to any other formula, and that it cannot recognise any particular point in time as providing the 'correct' relationship between Railway and external pay'.



167. We asked the Board to comment on a statement made to the House of Commons Transport Committee in March 1980 on behalf of the Board. This had been quoted by the NUR to demonstrate that BRB was paying below market rates, which 'does not make us competitive in conditions of employment'. The Board replied that although in its context the statement was relevant 'since then BR rates of pay have increased by 33.2% and the recruitment and retention difficulties experienced at that time and in the immediately preceding years no longer apply'. They said they had no difficulty in filling vacancies 'in area of grade where positive measures are taken to attract recruits'. Their current vacancy situation was the lowest 'since vacancy records have been maintained', although it had to be viewed against the fact that many vacant posts were being held to accommodate staff likely to be displaced by proposed changes and other developments.

168. The union's also claimed that their comparative position needed to be restored in certain other respects - ie in relation to working hours and annual leave. More than 750,000 manual workers were said to be covered by agreements to reduce working hours below 39, and there was a similar trend towards increased annual leave. Leave entitlement on the railways was said to be lagging behind this movement. The Board's answer was partly in terms of cost - The reduction of one hour a week would cost 2.5% of paybill, and each additional days leave was worth another .5%. But they also argued that evidence from the New Earnings Survey showed that 'BR holiday entitlements compare very favourably with the general average for both manual and non-manual workers. Asked about the possibility of a further 'minimum cost' reduction in the working week, to be financed at least in part by economies, the spokesman of the Board replied that 1982 was 'not the year to move again, either in the level of the working week or in the economies'.

169. Finally, the NUR argued for the abolition of the Railman rate and the assimilation of the grade into that of the Leading Railman. The Board replied that when this had been raised



at the time of Decision 75 the evidence had not supported the NUR view that there would be no repercussive effect. There was also an NUR claim for a review of the 'versatility' grades before RSJC (Traffic). They took the view that the future of the Railman grade 'should be considered in that setting'.

170. In reply to the Board's now withdrawn offer of a 5% increase with effect from the 6th of September, plus an equivalent movement in the MEL with the exception of staff aged 18 and 19, the NUR and the TSSA argued for an increase from the 19th of April to match increases in the cost of living. It was also suggested that as soon as possible there should be a restoration of the comparative and real wage position established in 1975. The ASLE&F asked the Tribunal to recommend 'that wages should be increased to a level consistent with that previously determined following an extensive review of the nature of railway work' - ie that established after the implementation of Decision 42.

171. The views of the Tribunal: In past decisions of the Tribunal dealing with general claims for improvements in pay and conditions we have felt able to take into account all the arguments placed before us by the parties - movements in real and relative rates; movements in earnings rather than rates; recent pay settlements in other industries and firms. The whole spectrum of factors placed before us and summarised above with reference to the present claim. These factors have been considered in the context of the Board's financial and market position, and any other factors which we felt were relevant at the time. In our Decisions we have tried to explain how we came to what we took to be a reasonable and fair Award, given our own views and approaches to our task. What we felt able to recommend has not always satisfied all parties, especially in relation to their long term aspirations. But it has usually been the case that our proposals, for the period under review, found eventual acceptance - at least as a basis for further discussion and eventual agreement.

172. We are acutely conscious that for reasons already explained we are not able to proceed in this way in respect of this Award. The unprecedented and irreversible revenue loss during 1982



means that there are much more severe limits on what we can recommend, without assuming access to special Government aid. In some ways it would be all too easy to make that assumption; but we are not able to convince ourselves that it would be realistic. We consider therefore that it would be irresponsible for us to adopt this approach.

173. Therefore, we are left with three options. First, we could award the maximum paybill increase we feel is practicable to be distributed evenly over the whole of the period from April 1982 to April 1983. Second, we could award a somewhat higher rate, somewhat nearer to that which would have been possible in the absence of this year's special revenue factors, but starting at a later date. (The overall paybill cost, over the twelve months as a whole, would be the same as the first option). Third, we could propose a slightly higher rate still, which started at the same date but continued beyond April, 1983. (The overall paybill cost, over the twelve months from April to April, would be slightly higher in this case; but there would be the assurance that pay levels would continue at the rate we proposed for a somewhat longer period).

174. After consideration we have decided to opt for the second option. It helps to ensure a more reasonable rate of increase but is less uncertain than the third alternative from the viewpoint of the parties themselves. Most important of all, we wish to maintain, to the extent that is possible this year, a movement in rates that is not too far out of line with what would have been possible in normal circumstances. Yet we appreciate that the cash flow problems of the Board are particularly difficult at the present moment of time. This fact was reflected in the form taken by their original offer.

175. The unions also placed before us claims for various improvements in conditions of work. Given the present circumstances we feel there are severe limits on what we can recommend in these areas as well. Nevertheless, we found the evidence advanced for a general movement towards increased holidays was persuasive



- most notably for the period 1981-83. We therefore recommend that the parties should get together with a view to agreeing an additional day's holiday, to be effective in 1983. We see no reason why the increase we propose in rates of pay should not apply to the present MEL irrespective of age. We also feel it should be possible to increase the level of the MEL from the normal date of the annual increase. We therefore Award as follows:

- (1) Rates of pay for staff covered by this reference should be increased by 6% from the 6th of September 1982
- (2) The Minimum Earnings Level for staff covered by this reference should be increased by 6% from the 19th of April 1982.
- (3) The agreement implementing both awards should be run until the 17th of April 1983. A further review should take place in time for the expiry of this agreement.

#### F. Further Recommendations

176. From the time of Decision 42 the tribunal has argued that it was unrealistic to assume that pay could be divorced from productivity. Of course this does not involve the view that employees, by their efforts to improve productivity, can be expected to 'finance the revival of the industry'. As the NUR rightly suggested to us this is a ridiculous and naive assumption. It also does not mean that all increases in pay should be linked to specific improvements in productivity - either in respect of particular individuals or groups, or in relation to the industry as a whole. How to establish and maintain a positive and productive relationship between pay and productivity is in any case a complex and controversial question, and it is to be doubted whether there is one answer which fits all occasions. What is the case is that in an industry such as the railways, productivity improvement has become an essential prerequisite of



defending living standards and jobs. Thus while we fully appreciate that the unions take the view that so far the changes involved in improving productivity have been purchased at an unsatisfactory price, we do not think that it follows that the answer is to refuse to agree to further change. This would make it less likely than ever that the industry would receive what the parties now agree to be a minimum level of government investment and support.

177. We also feel that the parties should explore the possibility of a more stable and acceptable relationship between pay and productivity over the longer term. It ought to be possible to work towards a position in which changes in operational advance are reflected in pay improvements and pay patterns. We formed the view that in the past these matters have been too much influenced by the need to find immediate solutions to pressing problems - ie those arising out of the annual pay round. We suggest a joint consideration of issues of this kind in our specific proposals below.

178. We feel therefore that we can make three recommendations to help maintain the momentum in towards higher productivity and improved conditions.

- (1) When links are established between pay and productivity they should be clear and unambiguous. In this sense the terms of paragraph (3) of the 1981 Understandings are much to be preferred to the vaguer and more general provisions of paragraph (8) of the 1980 Settlement.
  
- (2) Payments linked to specific changes should be estimated agreed and paid at the earliest opportunity - for example those awaiting the full implementation of the 1981 Understanding and linked to the introduction of open stations, flexible rosters for drivers, driver only operation, the single manning of traction units and the trainman concept.



- (3) The parties should consider ways in which changes in operational advance are reflected in pay movements and pay patterns on a more stable and long term basis.

G. Conclusions and Summary

179. In the absence of agreed terms of reference we had to decide how far we wished to investigate such questions as the scope for further productivity improvement and the financial and market position of the industry. We decided that in order to be able to provide the parties with a realistic Award it was necessary to explore both these areas. In the case of the 1981 Understandings we decided there was scope for further progress, and felt able to propose a number of ways of advancing towards this objective. We also felt able to propose certain additional action beyond the confines of our interpretation of the 1981 Understanding.

180. We decided on the basis of what appeared to be reasonable in all the circumstances. What we propose does not involve any criticism of past action, or inaction, on the part of any individual or organisation. In this sense what we suggest to improve productivity should not be seen as narrowly dependent upon the special circumstances of the 1982 claim.

181. On the other hand, we have long taken the view that it is essential for the industry to demonstrate that it is making reasonable progress towards improving productivity. We believe that pay and conditions cannot be totally divorced from productivity trends. These factors are also likely to affect the pace and size of essential government support - which we want to see maximised, even if it does not approach figures which either the unions or the Board feel the industry needs. It is also recognised by all the parties to this reference that the outlook for future employment and pay would be disastrous if government support were to decline further in real terms.



182. Similar considerations forced us to take into account the existing financial and market position of the industry. Once again all those appearing before us accept that this is dominated by an unprecedented and irreversible loss of revenue, arising out of recent industrial disputes. We make no comment on either reasons or responsibilities; what we have to note is that as a result revenues were depleted by a sum equal to at least a 14% addition to the overall paybill. For the reasons given above we felt that we had no alternative to taking this into account in framing our Award.

183. Yet we remain convinced that what happened in 1982 was an unusual event. We have tried to frame that part of our decision dealing with the 1982 pay claim on that basis. We consider that what we propose is within the capacity of the industry - bearing in mind its present financial and market position and the anticipated trend in labour demand. We felt that we had to decide as we did, knowing that what we say will disappoint some if not all the parties. Many of our conclusions will turn out to be more acceptable to some than others. But as has always been the case, we place our decisions before the parties as part of our overall solution to the problems they posed. We can only hope that our Award will provide the basis for discussion, agreement and a more hopeful future.

184. Our award may be summarised as follows:

The 1980 Pay Agreement:

- (1) The understanding to co-operate on rationalisation contained in the 1980 Pay Agreement was honoured by the unions at the time. There is no need to make proposals for further action in this regard.

The 1982 Pay Agreement:

Open Stations and Flexible Rosters

- (2) The commitments in sub-paragraphs (a) and (c) of



the 1981 Understandings have been fully met by the unions concerned.

- (3) The savings arising should be calculated at the earliest opportunity. Urgent negotiations should take place on the payments to be made to the staff concerned.
- (4) The 39 hour week should be applied to footplate grades without delay.

#### The Manning of Freight Trains

- (5) The NUR should confirm their agreement to three pilot schemes to test the validity of the Board's proposals for driver only operation on freight trains. All principles and detailed working arrangements should be agreed at RSJC (Traffic) and RSJC (Locomotive), including agreements on the specific trains which will operate under driver only conditions within the three services groups.

#### The Manning of Passenger Trains

- (6) It should be accepted that the new Bedford-St Pancras electrification service will be introduced as soon as technical and operational feasibility permits, based on driver only operation.
- (7) Principles and detailed working arrangements should be agreed at RSJC (Traffic) RSJ (Locomotive) and RSJC (General). Training of staff to prepare for any change in existing duties and responsibilities should start immediately.
- (8) Existing guards employed on the Bedford-St Pancras service should be retained and re-deployed on non-operational duties - for example improved customer services and the collection of revenue - for a minimum period of six months. At the end of this period the



results should be reviewed at RSJC (Traffic) and the parties should be free to decide whether or not to retain guards permanently for non-operational duties.

#### Single Manning on Traction Units

- (9) The parties should accept the need to discuss seriously the Board's proposals for the easement of conditions on single manning of traction units, within the terms and safeguards contained in sub-paragraph (d) of the 1981 Understanding.
- (10) These discussions should be based on an acceptance of the need for a negotiated agreement implementing sub-paragraph (d).
- (11) It should be recognised that each of the parties have available to them the provisions of the Machinery of Negotiation in the event of a failure to agree within a period of time which is acceptable to them.
- (12) If the use of this Machinery involves the use of the RSNT it should be accepted that arrangements will be made for a reference to take priority with arrangements for a hearing within thirty days.

#### The Trainman Concept

- (13) The NUR and the ASLE&F should agree to provide the Board with their joint proposals for implementing sub-paragraph (f) of the 1981 Understanding within a period of three months.
- (14) Once these result in agreement on the required changes in training and responsibilities, the Board should provide the unions with proposals for any appropriate changes in pay and grading.



- (15) It should be accepted that each of the parties has available to them the provisions of the Machinery of Negotiation which allow for a reference to the RSNT after expiry of the period above.

Additional Rewards for Changes in Responsibility

- (16) Where the implementation of the changes listed above directly affect the responsibilities of staff specific rewards should be negotiated under the terms of Paragraph (3) of the 1981 Understanding.

Further Progress towards improved Productivity

- (17) The unions should agree to discuss the proposals of the Board for further to maintain and improve productivity, as set out in Paragraph 43 of their submissions to RSNT 78. Every effort should be made to reach agreement on ways of securing union co-operation.

The Impact of the Present Financial and Market Position of the Industry on the 1982 Claim

- (18) The existing finances and associated operations of BR are at present the subject of detailed investigation by a Government Committee under the chairmanship of Sir David Serpell.
- (19) The industry faces an unprecedented situation as a result of an irrevocable loss of revenue arising out of recent industrial disputes.
- (20) We do not think we would be justified in assuming that this loss of revenue can be recovered in the form of an immediate and special grant from government.



- (21) We have therefore no alternative but to bear this fact in mind in deciding on the claim before us.
- (22) But the unusual and unprecedented events of this year should not be accepted as in any sense typical or likely to recur. Given continued co-operation along the lines advanced above, improvements in productivity and efficiency should make it possible to achieve advances in terms and conditions that are unfortunately not available this year.

Our Decision on the 1982 Claim

- (23) We wish to propose, a movement in rates that is not too far out of line with what would have been possible in normal circumstances. At the same time we appreciate that the short term cash flow problems of the Board are particularly difficult. This fact was reflected in the form taken by their original offer.

Given the present circumstances there are severe limits in what we can recommend to improve conditions of employment other than pay. However, we feel we can recommend that the parties should get together with a view to agreeing an additional days' holiday from 1983, and we see no reason why the increase we propose in rates of pay should not apply to the present MEL irrespective of age. We also feel it should be possible to increase the level of the MEL from the normal date of the annual increase.

We award, therefore as follows:

- (a) Rates of pay for staff covered by this reference should be increased by 6% from the 6th of September 1982.
- (b) The parties should get together with a view to agreeing an additional days' holiday to be effective in 1983.



- (c) The agreement implementing Minimum Earnings Level for staff covered by this reference should be increased by 6% from the 10th of April 1982.
- (d) The agreement implementing both awards should run until the 17th of April 1983. A further review should take place in time for the expiry of this agreement.

Further Recommendations:

- (24) when links are established between pay and productivity they should be clear and unambiguous.
- (25) Payments linked to specific changes should be estimated, agreed and paid at the earliest - ie those linked to the introduction of open station, flexible rosters for drivers, driver only operation the single manning of traction units and the trainman's concept.
- (26) The parties should consider ways in which changes in operational advances are reflected in pay movements and pay patterns.
- (27) We feel we can make three recommendations to help maintain the momentum towards higher productivity and improved conditions.
  - (i) When links are established between pay and productivity they should be clear and unambiguous. In this sense the terms of paragraph (3) of the 1981 Understandings are much to be preferred to the vaguer and more general provisions of paragraph (8) of the 1980 Settlement.
  - (ii) Payments linked to specific changes should be estimated agreed and paid at the earliest opportunity - for example those awaiting the



full implementation of the 1981 Understanding and linked to the introduction of open stations, flexible rosters for drivers, driver only operation, the single manning of traction units and the trainman concept.

- (iii) The parties should consider ways in which changes in operational advance are reflected in pay movements and pay patterns on a more stable and long term basis.

/Signed/ McCarthy (Chairman)  
G H Doughty  
E F Choppen

10 September 1982



## APPENDIX A

### UNDERSTANDING ON PRODUCTIVITY

1. The RSNC agrees that the discussions on productivity which took place at Watford on 15/16 July shall be resumed as quickly as possible within the appropriate sections of the RSJC and the results reported back to the RSNC.

2. When those discussions are resumed they shall take place on the basis of the following points agreed by the RSNC as a result of discussions held under the auspices of ACAS on 18/19 August.

(a) Open station concept

The parties accept the application in principle of this concept and agree that it will be possible to negotiate a specific agreement to introduce it. Negotiations shall be concluded on a basis for agreement by 31 October 1981.

(b) Manning of passenger trains

It is accepted that the introduction of the Belford-St Pancras electrification service in May 1982 presents the industry with the opportunity of a fundamental rethink of the whole concept of manning trains where modern stock is introduced into intensive commuter areas.

Without any preconceived conditions on either side discussions shall take place on the prototype system for the Bedford-St Pancras service.

(c) Variable rostering hours within limits to be negotiated

Negotiations shall take place to establish variations to the rostering agreements with a view to introducing some flexibility around the 8-hour day, but without producing unreasonable variation in the length of each working day or week. These discussions shall be concluded by 31 October 1981.



(d) Easement of conditions of single manning on traction units

Negotiations shall take place on the proposals relating to single manning conditions, on the understanding that provisions will have to be made for appropriate safety measures and that there should be no worsening of staff conditions. These discussions shall be concluded by 31 October 1981.

(e) Manning of freight trains

There shall be an immediate joint examination with a view to establishing to the satisfaction of the parties the circumstances in which some freight trains could be operated without guards. Two or three pilot schemes shall if possible be ready for introduction by 1 January 1982.

(f) The trainman concept

Major obstacles between the unions which have prevented progress in this area in the past are being resolved. The ASLE&F and NUR undertake to enter into immediate negotiations with the Board with a view if possible to concluding an agreement which would provide recruitment, training and promotion through the grade of trainman to driver or to other appropriate grades. The negotiations shall be concluded by 1 January 1982.

3. It is reaffirmed that specific rewards will be negotiated for those staff whose responsibilities are directly affected under these agreements.

20 August 1981





CSV

DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

(2)

Prime Minister

The BRB will need to  
maintain their robustness of July  
in the face of this. MJS 10/9  
10 September 1982

SECRET AND PERSONAL

Michael Scholar Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON SW1

Dear Michael,

THE RAILWAYS

We now understand that Lord McCarthy's Railway Staff National Tribunal report on railmen's pay for 1982/83 will be published on Monday, 13 September.

There must, of course, be some degree of uncertainty until we have seen a copy of the actual report. But it seems virtually certain that the Tribunal will recommend a 6% pay increase effective from the beginning of this September. This is equivalent to a year on year increase of about 3 1/2%. (The BR pay year is from April to April). We also believe that the Tribunal will say, firmly, that the NUR should agree to the Railways Board's proposals for single-manning on the electrified Bedford-St Pancras service. The problem, however, is that the report could well prove to be much weaker than had been hoped on the unions' delivery of the four other productivity items outstanding from last year's pay settlement. If so, that would present a most difficult issue for the Railways Board, and my Secretary of State has arranged to see Sir Peter Parker on Monday afternoon to learn what view they take.

It is unlikely that there will be any immediate, formal union response, especially from the NUR (on whom the outstanding productivity items bear most heavily). They are committed to putting the McCarthy Report to a reconvened Annual Delegate Conference which is unlikely to meet before 13/14 October.

I shall arrange for you to have a copy of Lord McCarthy's report as soon as possible.

Yours,

Anthony Mayer

R A J MAYER  
Private Secretary



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CONFIDENTIAL



CONFIDENTIAL

cc JZ



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Prime Minister (4)

His 9/9

The Rt Hon Leon Brittan QC MP  
Chief Secretary to the Treasury  
Treasury Chambers  
Parliament Street  
LONDON SW1

8 September 1982

mt

Dear Len

Thank you for your letter of 13 August about railway industrial relations.

I should like to refer to what you said about hotels. Of course I am pressing the Board to sell the hotels this year on acceptable terms and to overcome the possible delays. How they achieve that is something on which I must leave Sir Peter Parker and his Board some room for judgement and manoeuvre. I certainly could not press them, against their judgement, to proceed with the original plan of putting advertisements in the national press this month inviting tenders, just when we are waiting for Lord McCarthy's report. The NUR are committed to considering this at a reconvened national conference hopefully early next month. In the end their views about the hotels may add up to no more than huffing and puffing. The Board will wish to proceed anyway. But I see nothing whatsoever to gain from encouraging the Board to 'go public' until this conference has passed and every chance that such a course might make the sale that much more difficult. So while they should certainly get on with it all in good time I think it is only commonsense to leave the detailed handling and timing to them.

CONFIDENTIAL



CONFIDENTIAL

I am sending copies of this to the Prime Minister,  
the other members of MISC 80, Sir Robert Armstrong and  
Mr Sparrow.

*Yours*

*David*  
7

DAVID HOWELL

*Transport, BR Fares*  
*A4 5*

CONFIDENTIAL





Prime Minister (2) ✓ JV

To note

DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

ms 8/9

Michael Scholar Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON SW1

8 September 1982

Dear Michael,

Mr Howell thinks the Prime Minister may like to know of three announcements about railways that he is making tomorrow. The first is approval to British Rail's proposal to close the passenger service between Sanderstead and Elmers End in South London. This is a peak hour shuttle service which has less than 100 regular users, requires a subsidy of about £70,000 a year, and will soon need renewal expenditure of over £500,000 a year, for an area relatively well served by other public transport. The decision will produce the usual flurry of accusations that this is the start of a major closure programme; but of course there is nothing in that.

At the same time, Mr Howell wishes to promote a more informed public debate about the possibilities of converting redundant railways lines into roads of varying standards, and he will therefore announce that he intends to commission independent consulting engineers to make a study, using the line to be closed as a test case, of the costs of conversion to roads of varying standards.

The third decision which Mr Howell is announcing is that he has authorised the Railways Board to proceed, when they are able to do so, with building a first tranche of lightweight diesel rail cars. These vehicles have bus-bodies built by British Leyland, and should provide the most cost effective form of replacement for local services. The Board will go ahead with these proposals when they are satisfied that it is right to do so in the light of the resolution of the current pay and productivity issues.

But equally important for the longer term is that as part of this Mr Howell has secured agreement between British Rail and Metro-Cammell that the latter will now be given an opportunity to tender for development of a new diesel vehicle for local commuter services, where BR's previous design, as they now accept, is much too extravagant. This entry of Metro-Cammell into supply to BR is a very important first step in developing private sector supply of rolling stock for the railways, in competition with the railways own workshops. However, no publicity will be given to this step at this stage.

/I am



I am copying this to the Private Secretaries to the  
Chancellor of the Exchequer, the Secretaries of State for  
Industry and Environment, and to Sir Robert Armstrong.

Yours.

Anthony Mayer

R A J MAYER  
Private Secretary



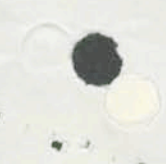
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CONFIDENTIAL

SECRET

CONFIDENTIAL





cc JV *LM* 13/14

Transport

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon David Howell MP  
 Secretary of State  
 Department of Transport  
 2 Marsham Street  
 London SW1P 3EB

13 August 1982

*D. Davis,*

You wrote to the Chancellor on 3 August setting out the latest position on Railway industrial relations.

On the major issues, the settlement of the flexible rostering issue with the drivers is welcome. We will clearly need to watch implementation. More generally, I suggest that officials should take stock in early September when Lord McCarthy has reported. At that stage we may need to give the Board a steer.

I agree that our officials should keep in close touch over the next few weeks about the Board's finances. We will need the clearest possible view of their financial position this year and next and the options open to them to improve it by the middle of next month when we start on the next stage of decision taking about the 1983-84 EFL.

On hotels, you have discouraged a deal which apparently was not in the best interests of either the Board or the Exchequer. I hope that the Board are now getting ahead with testing the market and drumming up alternative bids. Now that your refusal of consent is widely known, I do not think much would be secured in industrial relations terms by holding back on this exercise until the remaining industrial relations problems have been sorted out. The latter could take a long time and the present issues will no doubt be replaced by new ones. Delay may mean the Board failing to deliver on its commitment to sell the hotels this financial year. I am sure we must press the Board to get ahead with this. And with the unions it might perhaps be possible to make something of the fact that the new owners of Gleneagles and other former British Rail hotels are planning fresh investment.

I am sending copies of this to the Prime Minister, the other members of MISC 80, Sir Robert Armstrong and Mr Sparrow.

*Yours,**con*

LEON BRITTAN



CONFIDENTIAL

Taneynt

✓ JV



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Prime Minister 2

wh  
4/8

The Rt Hon Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1

3 August 1982

*De Selva*

*mt*

RAILWAYS

The British Railways Board appear now to have settled the matter of flexible rostering for drivers. A key feature of the agreement they have reached is that drivers will only move to a 39 hour week as flexible rostering is introduced at their particular depot.

Lord McCarthy's Railway Staffs National Tribunal has started its hearings today on the Unions' pay claims and related issues. I understand there is some hope that the Tribunal may be able to report by the end of August, but we shall have to see. I have made clear to the Board our position as we agreed at our last meeting, and it is reflected in the Board's submission to the RSNT. Sir Peter Parker has been content at this juncture not to seek any restatement of the position on future investment prospects. We must expect him to press these issues if and when he has reached a resolution with the NUR.



CONFIDENTIAL

The Board must now start shaping their 1983 budget and will be a long way committed before we can reach final decisions about their 1983/84 EFL. We shall certainly need to consider whether we can give them provisional guidance by the end of August, and my officials will keep in close touch with yours over the coming weeks.

I have had to discourage Sir Peter Parker firmly from pursuing ideas to go ahead immediately with the sale of most of the hotels to a city consortium, brought together by the hotels management, at a significant discount below the valuation he has had, without testing the market. The privatisation of the hotels group will in consequence be an additional complication in the Board's handling of their industrial relations, but I have had to conclude that the solution that had been advanced, though more acceptable to the unions, was not otherwise defensible.

I am sending copies of this to the Prime Minister, to the other members of MISC 80, to Sir Robert Armstrong and to Mr Sparrow.

*Jan a*  
*Daw*

DAVID HOWELL



What about  
M.O. Staff?

Transport Sub  
C. B. Ingham

X  
M.C. Scholar

26 July 1982

The Lord Privy Seal minuted the Prime Minister on 22 July about the functioning of the MPO during the recent railway strike.

The Prime Minister has asked me to pass on her thanks to all concerned for their marvellous efforts during the strike.

M. C. SCHOLAR

Jim Buckley, Esq.,  
Lord Privy Seal's Office.





Prime Minister (2)

Ms 23/7

Please thank  
them for me  
for their  
marvellous  
efforts  
and

PRIME MINISTER

I thought you would be pleased to know that throughout the recent ASLEF strike the MPO was functioning virtually normally. People went to great lengths to get to work and some had to put up with a lot of inconvenience (working special shifts, sleeping on camp beds in the office, etc). The general atmosphere was not at all one of heroics - simply of determination that things must go on normally.

I am sure other Departments have the same story to tell. I find it very heartening.

*Baroness Young*

BARONESS YOUNG  
22 July 1982



SECRET



10 DOWNING STREET

From the Private Secretary

22 July 1982

Transport  
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CPRS  
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Dear Anthony,

The Railways

The Prime Minister has seen your Secretary of State's minute of 21 July about the next steps on the railways.

She agrees generally with your Secretary of State's approach. But she has minuted that we must not hint that any more money will be made available for electrification. Our line should be that there is a long way to go on productivity before there can be any question of any resources being made available for extra investment of this kind.

I am sending copies of this letter to John Kerr (HM Treasury), to the Private Secretaries to other members of MISC 80 and to David Wright (Cabinet Office) and Gerry Spence (CPRS).

Yours sincerely,

Michael Scholar

Anthony Mayer Esq  
Department of Transport.

SECRET

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will be coming for  
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**SECRET**

Prime Minister

J. S.V.  
①

Prime Minister

THE RAILWAYS

*\* Or would you  
prefer the square-bracketed  
words left out?*

MUS

*Much will depend on  
the way Mr Howell makes the  
point at X. May he say this,  
provided he gives no hint whatever  
that the government will  
agree to this?*

MUS 21/7

The British Railways Board now face a crowded and difficult timetable. The ASLEF delegate conference next Tuesday 27 July may reject the Executive's recommendation to accept the principles of Lord McCarthy's report on flexible rostering. Or the Executive may fail to negotiate a satisfactory agreement with the Board in the following six days. In either event the Board will start imposing further flexible rosters.

Lord McCarthy's Tribunal is now due to meet on 3 August to start hearing the unions references of their pay claim and other issues. The Tribunal would then report in September - with obvious risks of unacceptable recommendations. Before the RSNT starts up, the Board will be trying to find ways to resolve the outstanding productivity issues with the NUR and with ASLEF, but time is now very short, and neither union may be in a position to negotiate.

Having reviewed this with our colleagues in MISC 80, I have concluded that I should see Sir Peter Parker to press him to go very hard for a quick win and outface any threats of renewed strikes. Having gained the upper hand over the NUR and ASLEF, he must do everything he can to bring the outstanding issues to a successful conclusion and avoid if he possibly can the risk of renewed confrontation on the pay front in the autumn. I would explore with him whether ways could be found to keep the pay issue away from Lord McCarthy, and what sort of pay deal he may envisage. In view of the tight timetable I ought to do this very quickly.

**SECRET**



  
**SECRET**

Sir Peter Parker may ask me whether we can give him any help, and he will certainly have in mind the public pressure that is already developing for a quick approval to the electrification proposals for the East Coast Main Line. If he does, I will tell him that there can be no question of approving that now, or of promising more money for the purpose. [But I would not rule out approval of that investment, provided] all the outstanding issues on productivity and pay <sup>must be</sup> brought to a fully satisfactory conclusion and provided that he is doing all he can to make good the losses inflicted by the strikes.

Before there is any question of making any commitments even to this part of the core railway, I would of course bring East Coast Main Line proposals before E(NI), with a full assessment against normal economic tests. This would be without prejudice to the rigorous assessment we must in due course make of the fundamental choices of the railway's future and organisation. The Board for their part would be going on to develop their ideas for entirely new contracts of employment for new patterns of working a modern railway.

I am sending copies of this minute to the Chancellor of the Exchequer, the other members of MISC 80 and to Sir Robert Armstrong and Mr Sparrow.

JH.  
~

DAVID HOWELL  
21 July 1982

**SECRET**



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*transport*

Ref. A09070

PRIME MINISTERIndustrial Affairs

There are two main items:

- a. British Rail;
- b. National Health Service.

British Rail

2. The next important development affecting British Rail is the ASLEF Delegate Conference. However, even if the Delegate Conference rejects the recommendations of the Executive and ASLEF fails to negotiate an agreement on flexible rostering by the deadline of 2 August, the BRB will be able from that date to introduce rosters at the remaining depots. The present judgement is that ASLEF would be unlikely to try and call their members out on strike again in those circumstances.

3. There remain two difficult issues:

- i. the outstanding productivity commitments (which concerns the NUR at least as much as ASLEF), and this year's pay offer;
- ii. the Government's stance on investment in the railways.



4. On i. the present position is that these matters have been referred by the unions to Lord McCarthy's Railway Staff National Tribunal (RSNT). Lord McCarthy is due to have a meeting on 3 August and to report in September. The BRB are considering whether it would be advantageous to try and reach a quick deal with the unions on outstanding productivity commitments and pay, in preference to letting the RSNT machinery run its course. The Chancellor of the Exchequer's Group (MISC 80), at its meeting today, thought that the BRB should be encouraged to pursue this option, although they were not optimistic that the unions would forgo the opportunities for delay and compromise afforded by the RSNT machinery. The Group agreed that it would have to be made clear to the BRB that the Government would wish to have the opportunity to comment on the proposed terms for such a deal, and particularly on the level of the pay offer.

5. On ii. the Secretary of State for Transport accepted, following discussion in MISC 80, that pressure, whether from the unions or from the unions and the BRB jointly, for the Government to approve more investment in the railways, and particularly the electrification of the East Coast line, would have to be held off until the productivity issues were settled and Sir David Serpell's Committee had reported. The position would have to continue to be that worthwhile investment proposals could be considered in due course on their merits in the light of evidence that the investment was likely to be put to efficient use and about the size of railway which could be afforded.

#### National Health Service

6. Information available so far about the first two days of the NHS



strike taking place from Monday to Wednesday of this week suggests that the action has not been as effective or as well supported as during the one-day strike in June. Sympathetic action by Civil Servants appears to have been much less, involving about 110 staff, mainly in the DHSS, on Monday (compared with 550 in June) and only 4 on Tuesday. There are unlikely to be any new developments in the near future. The Royal College of Nursing will not complete its ballot on the revised offer to the nurses until 20 August. Meanwhile the Secretary of State for Social Services will be arranging for paid advertisements to put across the facts relating to the offer to the nurses in particular, subject to agreement with the No 10 Press Office as to exactly how this should be done.

7. There is also the question of the longer term pay arrangements for nurses and other NHS groups. The Chancellor of the Exchequer reminded the Secretary of State for Social Services in MISC 80 today that it would be undesirable for the Government to be drawn into more specific ideas at this stage, especially since Ministers had not yet agreed collectively on their attitude to the Megaw Report. When the Chancellor of the Exchequer has the first meeting of his new Group on the Megaw Report (MISC 83) next week, it will consider not only the initial line which the Government should take with the Civil Service unions, but also the line which should be adopted towards the Megaw recommendations in dealings with other public service groups, such as those in the NHS, who may have an indirect interest.

#### HANDLING

8. You will wish to invite brief progress reports from the Secretaries of State for Transport and for Social Services. It should not be









DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Prime Minister

(2)

J Kerr Esq  
Private Secretary to  
the Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON  
SW1

You asked about

his letter - which

is not now required.

20 July 1982

M/S 20/7

Dear John,

STANDING BEHIND BRITISH RAIL'S LIABILITIES

Further to my letter of 16 July to you I now confirm that in the light of the ASLEF strike being called off there is now no need to send any letter to British Rail confirming that the Government continues to stand behind the Board's liabilities.

I am copying this letter to Michael Scholar and David Wright.

Yours,

Anthony Mayer

R A J MAYER  
Private Secretary



CONFIDENTIAL

SV



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

Prime Minister (2)

MUS 21/7

The Rt Hon Leon Brittan QC, MP  
Chief Secretary to the Treasury  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG

20 July 1982

Dear Leon

BRITISH RAIL'S TEMPORARY BORROWING FROM THE NLF

Thank you for your letter of 8 July proposing the immediate introduction of new arrangements for BR to take short-term finance from the NLF and to cease drawing on its established banking sources.

I understand that though there are unlikely to be significant practical difficulties in establishing an NLF facility, the substantive issues about arrangements for nationalised industries generally to have access to an NLF "overdraft" are still under discussion in the NICG on the basis that any changes would be voluntary.

I see considerable disadvantages in making fresh arrangements with BR in advance of the outcome of those discussions. I am not clear why this step is necessary now. The amounts involved for BR are relatively small since the great majority of their temporary borrowing is taken not from the banks but from various public sector sources, principally local authorities.

CONFIDENTIAL



CONFIDENTIAL

One special step which we might take, if the Board are willing, would be to ask them to use the NLF as an additional facility particularly for temporary borrowings in excess of £150m. This would be on a voluntary basis, and subject to the Board's being satisfied about the terms. That is, in my view, all we can ask them to do at present, and I believe that the Board would agree.

I would be concerned if there were a firm proposal that BRB should only borrow temporarily from the public sector. In present circumstances we should not want to take any steps which could cast doubt on their credit, both with suppliers and the City.

han  
David

DAVID HOWELL

CONFIDENTIAL



CONFIDENTIAL

GE JV



Prime Minister

(2)

To note.

Ms 29/7

PRIME MINISTER

THE RAILWAYS

As you know Sir Peter Parker and his Board have now prevailed over two national rail strikes in the space of three weeks without making any significant concessions. We must all hope that this will prove to be a major turning point for industrial relations on the railways. The point which we should emphasise in any public comment is, I suggest, that this has from the start been a purely industrial dispute and those who have sought to make it political have only prolonged the strike and the damage to the railways.

I shall in due course be reviewing with Sir Peter Parker the major lessons of the strike and his strategy for handling the continuing issues of the future role of the Railway Staffs National Tribunal under Lord McCarthy, and the existence of the Guaranteed Minimum Week.

But in the short term there are of course still major matters to be resolved. There are the remaining items on productivity still to be dealt with from last year's undertakings, and there is the pay claim which the unions have referred to Lord McCarthy. The Board at the same time will have to seek all means to restore so far as they can the damage to their finances.

CONFIDENTIAL



CONFIDENTIAL



We also will need to consider how best to handle the situation over the next few months, until we have the report of Sir David Serpell's Committee. I propose shortly to put a paper to my colleagues with my suggestions.

I am sending copies of this to the Chancellor of the Exchequer, the other members of MISC 80, Sir Robert Armstrong and Mr Sparrow.

DH  
2

DAVID HOWELL

19 July 1982

CONFIDENTIAL





JUL 1963

WILKINSON  
CALIFORNIA



Transport

MB

PRIME MINISTER

BR DISPUTE

The latest situation is as follows. The TUC have been talking with ASLEF for the last 24 hours. The package that the TUC have come out with is strongly in favour of the ACAS proposals which are in line with BR proposals. The proposals are in four stages.

1. That BR withdraw dismissal notices and that ASLEF call off the strike.
2. That flexible rosters in the 70 depots should remain up and be worked, but that no more rosters should be posted in other depots for the time being.
3. ASLEF accept the McCarthy report.
4. That the ASLEF Delegate Committee should recommend to the Conference that the McCarthy report should be accepted by 2 August 1982.

ASLEF are now in discussion with ACAS concerning the TUC package.

The Department of Transport will submit any advice or further developments as and when they happen. But the consensus in the Department is that ASLEF will be unable to accept the proposals.

Vanessa.

17 July 1982



~~SECRET~~
 DEPARTMENT OF TRANSPORT  
 2 MARSHAM STREET LONDON SW1P 3EB

15

Prime Minister (2)

MUS 16/7

John Kerr Esq  
 Private Secretary to  
 The Rt Hon Sir Geoffrey Howe, QC, MP  
 Chancellor of the Exchequer  
 HM Treasury  
 Parliament Street  
 LONDON SW1

16 July 1982

Dear John,

MISC 80

In the light of yesterday's MISC 80 meeting, my Secretary of State met Sir Peter Parker, Mr Reid, Mr Rose and Mr Urquhart this morning. The following key points emerged:-

- (a) They would reconsider their decision to sack only those on strike on Tuesday, 20 July and thereby lose the protection of Section 62. They made no promises however.
- (b) Provided they could run recognisable, saleable, regular and timetabled passenger services next Wednesday, then they would do so. BR's regional managers would be assessing the position over the weekend and detailed guidelines for the criteria to be used in deciding whether or not to run services would issue early next week. Merry-go-round trains would be operated if at all possible. Much depended on the co-operation of other unions.
- (c) They were thinking about the possibility of substitute train drivers but given the sensitivities they wanted first to assess what sort of railway could be provided next week. Only after the railway was actually closed would they develop such an initiative in detail, but we will be bringing ourselves up-to-date on where they have got to.
- (d) They recognised all too well the possibility that proposals for resolving the dispute might be put forward without warning from a number of quarters. There would be heavy pressure from other unions to solve the dispute by splitting the difference between their present position and ASLEF's present position. This was not acceptable. Lord McCarthy's

SECRET



SECRET

report (RSNT 77) already represented the outcome of protracted negotiations and intensive bargaining between the Board and ASLEF. The Board would not be prepared to move away from it.

My Secretary of State will report further in the event of any major developments.

I am copying this to the Private Secretaries to the Prime Minister, other members of MISC 80, Sir Robert Armstrong and Mr Sparrow.

Yours,

Anthony Mayer

R A J MAYER  
Private Secretary

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SECRET



Ted LEADBITTER  
MP

PRIME MINISTER

SA/ Alan - Yours?  
I have told D/TP I  
that Howell should  
answer on the pm's behalf.

Ted Leadbitter writes as Chairman  
of the Parliamentary Labour Party Transport  
Group. He asks if you will meet the  
Group to discuss the British Rail dispute.  
He has also written to David Howell.

WM  
19/7

I think it would be best if I were  
to arrange for David Howell to reply first  
to Mr. Leadbitter explaining why a meeting  
would not be worthwhile, and if you were  
then to write to Mr. Leadbitter saying  
that you have nothing to add to what  
David Howell has already said. Agree?

WM

Such allegations  
must go to  
the Sec. of S.  
ms

16 July, 1982





FILE

See

10 DOWNING STREET

*From the Private Secretary*

16 July, 1982

We spoke this morning about the attached letter to the Prime Minister from Mr. Ted Leadbitter, M.P., who writes as Chairman of the Parliamentary Labour Party Transport group. He says that he has also written to your Secretary of State. We agreed that it would probably be best if your Secretary of State were to reply first to Mr. Leadbitter, explaining why a meeting with the Transport Group would not be worthwhile. The Prime Minister could then reply saying that she had nothing to add to your Secretary of State's letter. I will let you know as soon as I can whether the Prime Minister is content to proceed in this way, but I should be grateful if you could set in hand the drafting of the necessary letters on the assumption that she will agree.

WR

Anthony Mayer, Esq.,  
Department of Transport

lv



FILE SW



10 DOWNING STREET

*From the Private Secretary*

16 July, 1982

I am writing on behalf of the Prime Minister to thank you for your letter of 14 July.

I shall place this before the Prime Minister at once, and a reply will be sent to you as soon as possible.

W. F. S. RICKETT

Ted Leadbitter, Esq., M.P.

lo



file



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

- 1 Mr <sup>MCS</sup> Scholar
- 2 Prime Minister

Sidney Weighell Esq  
 General Secretary  
 National Union of Railwaymen  
 Unity House  
 Euston Road  
 LONDON NW1 2BL

To be aware

wh  
16/7

16 July 1982

*Sidney Weighell*

*[Handwritten mark]*

Thank you for your letter of 15 July.

Can I say straight away that I had, and have, absolutely no wish to cause you any embarrassment. I took the quote in good faith from an article in Wednesday's Daily Mail.

I have emphasised throughout that flexible rostering is not, and should not be treated, as a political issue. Members of all sides of the House, including those sponsored by your own union, have publicly and strongly supported the line you are taking on it.

I hope you will appreciate that agreeing with you as I do about the actions taken by the ASLEF Executive, I naturally also try to support what you and others are saying on this issue when it is raised in the Commons.

*Yours sincerely*  
*David Howell*

DAVID HOWELL



# NATIONAL UNION OF RAILWAYMEN

UNITY HOUSE  
EUSTON ROAD  
LONDON, NW1 2BL

Tel: 01-387 4771 (5 Lines)

Grams: "BEWARE, LONDON, NW1"

Your Ref:

My Ref: GS/612

GENERAL SECRETARY  
SIDNEY WEIGHHELL

ASSISTANT GENERAL SECRETARIES

R. J. TUCK  
F. CANNON  
C. TURNOCK

The Rt. Hon. David Howell,  
Secretary of State for Transport,  
2 Marsham Street,  
LONDON,  
S.W.1.

15th July, 1982

Dear Mr. Howell,

Yesterday, in the House of Commons you attributed two remarks to me attacking Michael Foot and Albert Booth. I can only presume that you were quoting from press reports of an earlier private meeting between myself and N.U.R. colleagues and the Leader and Transport Spokesman of the Labour Party.

I want to state categorically that I made no such remarks at that meeting, nor did I say anything that remotely approached them. In the present rail crisis I find it deplorable that you should waste your time in attempting to stir up phoney divisions on the basis of untruthful reports of a private meeting, whatever the source.

That source was certainly not me or my colleagues. I regarded that meeting as a confidential meeting. I am not in the business of betraying the trust between the Leader of my Party and myself. When I and my Union make an undertaking we stick to it. Our record speaks for itself in all our negotiations with the British Railways Board and the Government.

I take great exception to you and the Prime Minister having the temerity to pray me in aid in defending your position in the present dispute. It is the refusal of your Government to honour its commitments to the railway community which is responsible, above all, for that deeper crisis in the railway industry which underlies the immediate difficulties.

As a first step, however, you as a Secretary of State for Transport would be discharging your responsibilities more aptly if you were to cease your inaction and make a positive effort to find a solution to the current rail dispute.

Yours sincerely,

*S. Weighhell*





PRIVATE SECRETARY TO THE  
SECRETARY OF STATE FOR TRANSPORT

Michael Scholot

NO 10

Here is the ACAS  
"3rd package". You  
have to BR +  
ASHEF "packages".

Give me a ring when  
convenient after 10.45,  
+ I'll explain!

NTM

15/vii



1. During the period of negotiation provided for below BRB agree not to proceed further with the process of unilateral implementation of the new rosters.
2. During the same period ASLEF agree to suspend their industrial action and to instruct their members to return to work.
3. Both parties agree to enter into urgent negotiations in the RSNC to agree the introduction of a 39 hour week and more efficient rosters on the basis of all the recommendations and safeguards proposed by the Railway Staff National Tribunal subject to such variations as may be jointly agreed in these negotiations and taking into consideration the concern of ASLEF regarding the need for practicable arrangements. [As an alternative to a specific reference to the RSNT, it might be possible to refer to and list the principles on which the negotiations would be based e.g. a weekly guaranteed payment in place of the daily 8 hour guarantee, the possibility of having rosters varying around the 8 hour day by up to an hour either way and rosters up to 9 hours to be single manned, plus any other elements that ASLEF regard as important.] These negotiations must be completed by 19 July 1982.
4. The Executive Committee of ASLEF undertakes to recall the Union's Annual Delegate Conference within the period of negotiation to secure such negotiating authority as may be required to enable an agreement to be concluded.



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cc Mr. Whitmore  
~~Mr. Scholar~~  
Mr. Walters  
Mr. Ingham

14

MR. MOUNT

The Railways

MISC 80 met at dawn this morning. There were three points worth recording:

i) Ministers are divided over how seriously to take the threat of sympathetic action by LT. Mr. Howell said that although the LT management were inclined to discount the possibility, he himself thought that ASLEF LT drivers (about half of the total) were ready to consider sympathetic action, and might even do so before 20 July; and that NUR LT drivers might well decide not to cross ASLEF picket lines. But Mr. Tebbit pointed out, I think with a good deal of perception, that Mr. Weighell might be amenable to a deal under which NUR members in BR would not be laid off, provided NUR members in LT continued to work normally; and Mr. Fowler said that concurrent industrial action on the railways and the tubes ought not to be particularly serious in London in the holiday season. The CCU meets this afternoon to set up the usual arrangements for dealing with the extra traffic, in case of need.

ii) The Chancellor again took exception to the paper by his own officials on the possibility of setting a limit to the financial commitment, and this subject was effectively killed. Ministers all agreed that the course proposed in the paper was indeed open to us, but brought virtually no benefits: it would scarcely limit the Government's financial liabilities at all, and insofar as it did, it would do so by penalising the wrong people - those wishing to travel on Sealink, for instance, or private contractors who would normally be undertaking maintenance work. And Ministers were as concerned as you were about the implication of paragraph 5, that the Government would be open to the charge of causing the Board to fail to comply with its statutory obligation.

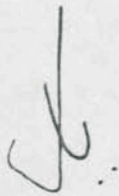
/ iii) There was

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iii) There was a very brief discussion of Mr. Howell's paper about substitute train drivers, in which it was agreed that whatever was to be done should focus on building up commuter services (delivery of coal by both rail and road is proceeding nearly normally, although we must of course take great care not to make a public point of that), and that Mr. Howell should begin discreet discussions with Sir Peter Parker about the possibility of starting a serious training programme. There was some recognition, but not agreement, that this programme - or at least the intention to set it up - ought to be announced soon after the strikers are dismissed.

I have as I suggested now revised the paper I circulated yesterday, largely in order to turn the conclusions into a series of proposals on which further official discussion can bite, and after discussion with the Cabinet Office I have circulated it to the members of the official group for comment; I attach the latest version and the covering letter.



J.M.M. VEREKER

15 July 1982



SECRET



10 DOWNING STREET

15 July 1982

The Railways

Ministers and officials have been understandably pre-occupied in the last few days with the decisions being taken by the Board on closure, dismissal and lay-off. But after dismissal and closure take effect (if they do), the rail strike may move into a less frenetic phase, in which less happens day to day, and the two sides start to sit it out. We have therefore been giving a little thought to how the strike may eventually end, and whether there is anything that can be done now to increase the chances of it coming to an end in a satisfactory way.

The enclosed note is intended as a contribution to any thoughts others in Whitehall may be having about this. It is not of course intended to be definitive, merely a starting point which could be developed by those in Whitehall with much greater experience of both the railways and of industrial disputes. In the hope that it may be helpful, I am therefore sending copies of it to members of MISC 81 - Douglas Smith (Department of Employment), Ivor Manley (Department of Energy), John Palmer (Department of Transport), Tom Burgner (H.M. Treasury), Jack Leeming (Department of Industry) and Graham Mackenzie (CPRS).

J.M.M. Vereker

P.L. Gregson, Esq.,  
Cabinet Office.

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HOW WILL THE RAIL STRIKE END?

Whatever the mechanism for bringing the strike to an end, a necessary precondition is that either or both of the parties change their present position on the newly posted rosters. Since few strikes end with one side capitulating totally, we must expect that whichever side "wins" there will be a public face-saver for the other. But the three main scenarios for an end to the strike are:

1. BR give in.
2. Mutual compromise.
3. ASLEF give in.

1. BR Give In

There is no difficulty about the mechanism: BR merely withdraw the new rosters. A face-saver might be to leave the new rosters but to agree to pay (indefinitely) for an 8 hour day even where a driver was rostered for less. Either would have immediate effect. Neither meets our or BR's objective of a more efficient railway. They are courses to be adopted only as last resorts - if the Government was at the limit of its endurance, because of (for instance) a long concurrent tube strike or, even later, a threat to coal stocks, and only if attempts to reach a genuine compromise had failed. And it is by no means certain that the BR Board would be prepared to give in when the Government was.

2. Mutual Compromise

Areas for compromises do exist, but both sides have for the moment ruled them out because they are each playing to win. The most fruitful areas for compromise involve ASLEF conceding the principle of variations on the 8 hour day, while BR concede that in practice such variations will be limited either in time, or in extent, or geographically. Thus there could be an experiment for a defined period; introduction of flexible rostering by very small

/variations

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variations on the 8 hour day; or a regional experiment. The other main areas for compromise lie in the field of a quid pro quo by the Government in return for more flexible working practices by the unions - a guaranteed level of future investment, guarantees of a particular scheme such as East Coast electrification, or guarantees against redundancies or closures. These presume a settlement involving NUR pay and conditions as well as ASLEF's.

These are courses to be explored if and when the Government or BR judges that ASLEF are not likely to give in for an unacceptably long time. The first group of compromises would probably be regarded by the public as a climb down by BR, but, depending on the details and the clarity with which the principle was established, could be acceptable to the Board - even though the Government might be unenthusiastic; the second group might well be publicly acceptable.

Mechanisms for achieving such compromises do exist: direct discussion between the Board and ASLEF, or through a third party such as ACAS. No compromise along these lines is likely to be acceptable to the two parties until a few more weeks have passed, although an outside possibility must exist that ACAS will succeed in moving ASLEF far enough to satisfy BR before the dismissal notice takes effect on 21 July.

### 3. ASLEF Give In

The majority in both the ASLEF Executive and the Delegate Conference are probably less willing to give in than the membership as a whole. Therefore, for BR to "win" the strike requires a mechanism for the desire of ASLEF drivers to return to work on the basis of the new rosters to be manifest. There are at least three such mechanisms:

1. Drivers vote with their feet, and sign on in increasing numbers. This option is not available if the railways are closed, because even if staff

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/willing to



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willing to work the new contracts are invited to clock in, it would not be possible to tell if they were in practice willing to work variable rosters - many, under financial pressure, may clock in simply to earn their basic pay. It is also, on present evidence, the option that would take longest: drivers are less likely to manifest their willingness to work by crossing picket lines than by, for instance, voting or speaking in a Branch meeting. If a gradual and spontaneous drift back to work has not taken place by 20 July, the Board will have to look for other mechanisms.

2. Decision of a recalled delegate Conference.

The strike could be called off by the Executive, but that seems very unlikely without the authority of a further delegate Conference. The Executive could call one; but perhaps a more likely scenario is that Branch pressure results in a decision by the Executive to recall the delegate Conference, which could decide a return to work with the new rosters. That is still likely to take several weeks, and would be unlikely unless most ASLEF members had concluded they could not win (see below); and it would carry a risk - if there were enough support to call a Conference but not to change the earlier decision, the Conference decision might go the wrong way.

3. A management ballot. We know (because officials have asked them) that the Board have this possibility in mind. It is not in itself a mechanism for winning, because the ballot might be boycotted or the result might be disregarded by the union leadership (on the grounds for instance that the question was misleading, or put under duress). But, if it took place and there were a significant majority for a return to work, it would provide the basis for BR to announce that the railways would be re-opened, and to invite drivers to return. Again, the precondition for a management ballot would be that most ASLEF members recognised they could

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not win; and the timing would be crucial. The best time might be before the holiday season but after several weeks of lost pay - i.e. at the end of July (Sir Peter Parker said on television last night that it would take a few weeks to organise - that needs to be probed).

### Conclusion

A successful outcome to the strike is most likely to be brought about by a recalled delegate Conference or a management ballot. Either requires a substantial collapse of ASLEF morale. The support given to ASLEF by Mr. Foot and by LT tube drivers will make that harder to achieve. It can be hastened by giving ASLEF members a clear impression that both the Government and the Board have no intention of giving up.

There are a number of possible elements in creating that impression. The most important is to let it be known that, despite all the flurry of activity of the last few days, we were always prepared for this to be a long drawn out dispute, because we knew it would take time for ASLEF members to persuade their leaders to be reasonable. The media is now starting to reflect that line, following our background briefing.

Second, ASLEF members should not be encouraged to think their action is particularly effective. The CCU's arrangements in the event of sympathetic action on LT need therefore to be as useful as possible without creating an appearance of crisis.

Third, ASLEF strikers should be encouraged to take their dismissal seriously, and they will not do so if they assume that sooner or later BR will have to take them back. Arrangements for training new drivers should therefore be publicly convincing (even if we ourselves are doubtful) and visible - preferably announced on 21 July.

Fourth, the financial consequences of the strike should be treated in such a way as to sustain public support, and to bring

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home to those who work on BR that it is they who are suffering. That implies greater clarity than the Government has achieved so far about the cost of the strike being met by borrowing which BR will have to repay.

Fifth, the Government should be clear about how far it is prepared to go to give an indication of its willingness to sanction new investment in the railways in response to delivery of more efficient working practices by the workforce as a whole.

No.10 Policy Unit

15 July 1982

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HOUSE OF COMMONS  
LONDON SW1A 0AA

*Copies:*  
*Tongaw*  
*(1617)*

14th July, 1982

The Prime Minister,  
Downing Street,  
London SW1.

*R16*

Dear Mrs. Thatcher,

British Rail Dispute

The members of the Parliamentary Labour Party Transport Group met in the House on the 7th July, 1982.

It was agreed that we should seek a meeting with you. The situation is critical and the social and economic consequences unquestionably call for our attention.

I have also written to the Secretary of State for Transport, but our request to you arises from a concern to consider the issues at the highest level of Government thinking, and the role of Government where the national interest must be discussed in addition to the details of dispute between the two sides of the industry.

Yours sincerely,

Ted Leadbitter MP,  
Chairman,  
PLP Transport Group



AW

MCS

The BRB press release today. X overleaf  
reflects the determination of the  
railway managers on the Board to  
keep open the possibility of challenging  
the 10 hour week in the Courts.

59/82

Release: Immediate

J.  
14/7

BR TO CLOSE DOWN FROM 21 JULY

FOOTPLATE STAFF GIVEN ONE WEEK TO RETURN TO WORK  
OR FACE DISMISSAL

BR believes that in order to discharge its duty to the taxpayer it cannot go on running a partial railway service whilst incurring mounting losses resulting from a total of 28 days of strike action by ASLEF so far in 1982: it can do no less than take the decision to close down.

BR therefore announced today (14 July) that the railway system will be closed from 0001 hours on Wednesday, 21 July, unless there is a substantial return to work by drivers in the next week. This decision was taken by BR yesterday, but the announcement was delayed to allow ACAS to pursue their initiative to resolve the issue.

Dismissal of all staff on strike or taking industrial action on 20 July will be a direct consequence of closing the railway. Letters to footplate staff on strike, will point out that they are in breach of their contracts of employment; but each individual will be given the chance of immediate re-engagement on the basis of signing an undertaking to work flexible rosters.



X | If the railway closes down on 21 July, only staff necessary to safeguard the system will be required to report for work. All other staff, except those on strike, will receive only the basic minimum pay for one week, but during this period, BR will review the position including the question of suspending the guaranteed week. Closing down and paying only minimum wages will save BR £29m a week - £12m in pay and £17m in other operating costs.

- BR stress that the object of all their actions is to modernise working practices on the railway to safeguard the industry's future, which the grave damage caused by the ASLEF strikes is putting at risk, along with the jobs of thousands of railwaymen and women.

14 July 1982



## British Rail (Dispute)

3.32 pm

**The Secretary of State for Transport (Mr. David Howell):** With permission, Mr. Speaker, I would like to make a statement about the current industrial action on the railways.

In the face of the continuing strike imposed by the executive of ASLEF against the new work rosters firmly recommended by Lord McCarthy's tribunal, the British Railways Board has within the last two hours announced that it will be forced to close the railway system down from next Wednesday unless there is a substantial return to work by the drivers.

All those on strike on the previous day will be dismissed. At the same time, they will be offered immediate re-employment on the same terms, provided only that they agree to work to the new rosters.

The decisions to which the British Railways Board has been driven are clearly very grave. The strike which has caused them is a pointless one that should never have been called and should and could easily be lifted even now by the ASLEF executive.

The McCarthy railway tribunal has left no doubt that flexible rostering should now be adopted by ASLEF, with no fewer than 13 safeguards, as it has been by the rest of those working on the railways to their clear benefit. The British Railways Board has all along been willing to discuss details of how the new rosters should be brought in and ways of making the change as easy as possible for the engine drivers. Its proposals to this end were met with the blunt response by the ASLEF executive of an all-out strike call, although having pulled this trigger the ASLEF executive then suggested further talks, but still with no clear commitment whatsoever to any change in principle.

The board has informed me that its further offer of constructive ways on which flexible rostering could be applied, once ASLEF has lifted its strike and accepted the principle, has again been rejected by the ASLEF executive in the last 24 hours.

The path ahead for the railways of this country is now very dark. Vast resources are being bled away. Thousands of jobs could disappear for good. Travellers and holiday makers are being caused much bitter misery and suffering.

Those who called this unnecessary strike, as well as those who have given comfort and succour to the strike, carry an immense and direct responsibility for all this damage and all this suffering.

It remains in the hands of the ASLEF executive to call a halt to the destruction; and it is the duty of all those who believe the public should be protected and the railways and those who work in them saved from disaster to urge the executive of ASLEF to desist from its futile course.

**Mr. Albert Booth (Barrow-in-Furness):** Will the Secretary of State tell the House why his statement makes no reference whatever to the ACAS initiative to resolve the dispute which has been running since last weekend? Will he belatedly join me in welcoming the initiative taken by Pat Lowry and his staff in an attempt to avert a continuation of the dispute and the shutting down of the railways that the Secretary of State has just announced? Will the Secretary of State also join me in expressing disappointment that the initiative has not succeeded? Will he tell the House whether he has studied the ASLEF

proposals to ACAS and say whether there is anything in those proposals that he thinks justifies their rejection by British Rail?

Why has there been no Government initiative to date in an attempt to resolve this dispute? Is the Secretary of State aware that there are those who have spared no effort in the last few days in an attempt to bring about a resolution of the dispute and that they look to him with increasing despair for some assistance in such efforts?

Does the Secretary of State appreciate that the threat of dismissing strikers will only serve to make the settlement more difficult and heighten hostility? What is needed is an attempt to de-escalate the dispute and reduce hostility.

Finally, will the Secretary of State recognise that the present railway crisis owes much to the policy of the Government in its making and that his role in the matter is an abrogation of his responsibility to try to get the railways running again?

**Mr. Howell:** Certainly I regret that the last-minute effort of the Arbitration, Conciliation and Advisory Service, as the right hon. Gentleman reminded the House, has not succeeded.

I have studied the proposals of the British Railways Board and ASLEF. There was no sign in the ASLEF proposals of a change of heart, or of a firm commitment to flexible rosters. If there had been a sign that it would lift the strike and accept the introduction of flexible rosters, I believe that the British Rail Board, and the Government, would have been extremely anxious to accept, and would have welcomed the consequent discussions that could have led peaceably to the introduction of flexible rosters.

However, as the right hon. Gentleman knows, that is not the position that ASLEF has taken. If there had been a genuine change of heart ASLEF would have lifted the strike and made a firm commitment to flexible rosters. It would have taken up that position before calling the strike on the railway system. It did none of those things, and the difficulty now is that under the shadow of the strike the ASLEF offer would postpone and delay again an issue that has been fudged and delayed for a long time. That would not be in the interests of the railway, the nation, or the vast majority of workers on the railways who have adopted the new practices and who want to get on with building a modern railway.

The right hon. Gentleman asked about an initiative. I believe that a good initiative by the right hon. Gentleman and his right hon. Friend the Leader of the Labour Party would be for them to go back on their bizarre statement at the weekend and the announcement at Durham racecourse—which apparently was not given because the right hon. Gentleman ran out of time—which gave comfort and support to ASLEF and instead to listen to the wise words of Mr. Sidney Weighell, who urged the Leader of the Opposition to behave like a leader. When I hear the right hon. Gentleman apportioning blame for the railway crisis, I feel that we should all refer to the words of Mr. Sidney Weighell:

"We have grave doubts about you and Albert."

**Mr. Terence Higgins (Worthing):** Does my right hon. Friend agree that the British Railways Board is absolutely right to take its decision, given that members of ASLEF and the Left-wing executive of Mr. Buckton have exploited to the full for more than a year the antiquated negotiating procedures in the railway industry? In those



**Mr. Hayhoe:** My right hon. Friend the Secretary of State for Employment is responsible for these matters. So far as I am aware, the report would not bear the interpretation that the hon. Gentleman seeks to place on it.

**Mr. Campbell-Savours:** When the Minister next meets the Civil Service unions, will he discuss the location of the Government Laboratory and direct their attention to the annual report, which shows that accommodation at Cornwall House is insufficient and, indeed, offends the terms of the health and safety legislation? Will he point out to them that there is still prime land in West Cumbria on which a Government laboratory could be built as that is what we understand they want?

**Mr. Hayhoe:** I have not seen such representations from the Civil Service unions, but if they are made to me I shall of course consider them.

**Mr. Woolmer:** I thank the Minister for confirming to me in writing that in the Civil Service the job release scheme is running into considerable difficulties and is thus frustrating the aim of taking people off the dole queue in return for others retiring early. What steps will he take to ensure that the scheme will work effectively, particularly in the Inland Revenue service?

**Mr. Hayhoe:** I know that there have been some changes in the rules for the scheme for the Civil Service. Again, the changes have been made by my right hon. Friend the Secretary of State for Employment. I am certainly prepared to consider representations about difficulties in the Inland Revenue.

**Mr. Alan Williams:** When the Minister meets the Civil Service unions will he inform them of the timetable that he envisages for negotiations on the Megaw recommendations? Does he hope and expect that the new system will be operating by next April? If the Megaw proposals are accepted by the trade unions, does he expect the new system to begin with one of the major four-yearly comparison reviews to provide base figures for the future? If the negotiations and calculations are not completed by next April, will arbitration be assured for the 1983 pay round?

**Mr. Hayhoe:** As I said, the Government asked the Megaw committee to report this summer. The committee met that timetable and I hope that its recommendations can be considered in good time before the 1983 settlement. The Chancellor of the Exchequer has made it clear that the Government intend to begin discussions with the unions

as soon as both sides are ready, but it is too soon now to judge how much progress may be made towards reaching a new agreement that can be effective for the 1983 negotiations.

*Later—*

**Mr. Spriggs:** On a point of order, Mr. Speaker. I believe that the Minister made an error when referring to the Rayner report. My hon. Friend the Member for Liverpool, Scotland Exchange (Mr. Parry) raised a question about jobcentres on Merseyside. The Minister inferred that the Rayner report did not deal with jobcentres, but it did and St. Helens—

**Mr. Speaker:** Order. The House will be grateful for that correction, if it is a correction. I do not know.

**Mr. Hayhoe:** Further to that point of order, Mr. Speaker. The hon. Member for Liverpool, Scotland Exchange (Mr. Parry) commented on the detail of the report. I fully accept that the committee referred to jobcentres, and that is why I said that it was a matter for my right hon. Friend the Secretary of State for Employment.

#### Management Information Systems

42. **Mr. Eggar** asked the Minister for Civil Service what progress is being made with the production of new management information systems throughout Departments.

**Mr. Hayhoe:** Each major Department has been asked to prepare a specific programme to improve its financial management. Departments are considering their requirements for management information systems in that context.

**Mr. Eggar:** My hon. Friend gives very encouraging news. Will he say by what date such schemes must be given to the Treasury? Will he confirm that in future more power will be given to the centre, particularly the Management and Personnel Office and the Treasury, to impose systems on other Departments?

**Mr. Hayhoe:** The Departments have been asked to submit to the Treasury and to the Management and Personnel Office early next year, their plans for improving their financial management. Further details will be included in the Government's response to the helpful and constructive report from the Treasury and Civil Service Select Committee.



circumstances, British Rail was right to seek to impose flexible rostering. Will my right hon. Friend also note the contrast between the view expressed by the Leader of the Opposition and the right hon. Member for Barrow-in-Furness (Mr. Booth) and that expressed by Labour Back Benchers—for example, the hon. Member for St. Helens (Mr. Spriggs)—who realise that flexible rostering is essential if the railways are to survive?

**Mr. Howell:** My right hon. Friend is correct. I recognise that many people, regardless of party—I suspect on the Back Benches on both sides of the House—look with great sadness on the actions that have now been forced on those managing the rail system and on the consequences to the public by the calling of this strike. As I said in my statement, I believe that even now it is right that all who have influence on ASLEF and other trade unions should seek to exercise that influence to bring home the disastrous course upon which ASLEF is set. It will not help if further comfort and succor is given to the ASLEF executive, as appeared to be the case over the weekend, although I hope that that has now changed.

**Several Hon. Members** *rose*—

**Mr. Speaker:** order. I propose to call first those hon. Members who deferred their supplementary questions at Question Time so that they could be called on the statement.

**Mr. Bob Cryer** (Keighley): Will the right hon. Gentleman confirm that four days before the strike began ASLEF offered to withhold the strike and was prepared to recall the ASLEF conference to embark on two experiments on flexible rostering? Is he aware that the British Railways Board rejected that, refused to withdraw its imposition of flexible rostering and that Parker and the board are now embarked on an unholy conspiracy with the Tory Government to smash ASLEF? Is not that confirmed by the fact that, even on its own figures, the British Railways Board will save only £1½ million in a full year as a result of flexible rostering, whereas the strike is costing £9 million a day?

**Mr. Howell:** The hon. Gentleman's figures are wholly wrong. In fact, flexible rosters are the direct key to £35 million of benefits a year and are the gateway to the working of a modern and efficient railway. Unless movement on flexible rosters is achieved, it in effect puts a bar on all advance into the modern technology of an efficient railway system.

I understand that at no time did ASLEF give any evidence that it was ready to commit itself to the introduction of flexible rosters as set out in National Railways Staff Tribunal decision No. 77. Indeed, when British Rail made proposals by which the rosters could be introduced sensitively, carefully and in line with all the safeguards, the response after 24 hours or more was a blunt refusal and the calling of the strike. As I said in my statement, it appears that after that ASLEF had some second thoughts and suggested some talks about talks that might further raise the issue. Had ASLEF been serious, and had there been a genuine change of heart—which I and the British Railways Board would like to see—it would have lifted the strike and made a firm commitment to the introduction of flexible rosters. It could then talk with the British Railways Board about how they should be introduced.

**Mr. Mark Lennox-Boyd** (Morecambe and Lonsdale): Does my right hon. Friend agree that, unless this strike ended quickly, a closure of the railway system was always inevitable? Does he further agree that ASLEF's so-called offer to end the strike is nonsense because it is dependent, not upon the ASLEF leaders, but upon reference to a delegate conference of the ASLEF members who over the last year have demonstrated that they are incapable of reaching agreement on measures that are necessary to modernise the railway system?

**Mr. Howell:** I believe that to be the position. As many people warned, there were bound to be grave difficulties for the railway system if the ASLEF executive persisted in its strike call. As I have said many times, I believe the strike to be unnecessary. It could now easily be lifted and the ASLEF executive could enter into talks about the introduction of flexible rosters. The opportunity for it to do so still exists. That would save the threat to many of its fellow railway workers and the future of the system.

**Mr. Sydney Bidwell** (Ealing, Southall): Why cannot the right hon. Gentleman step aside from his lengthy brief and apply his mind to the country's transport needs? The train men are proud craft workers, and his task is to get them and the British Railways Board around the table as quickly as he possibly can. He should understand that the Transport and General Workers Union, with its giant membership, will not stand idly by while he tries to destroy ASLEF.

**Mr. Howell:** Neither the hon. Gentleman nor many of his hon. Friends needs any brief to be reminded that the National Union of Railwaymen has accepted the principle of flexible rosters; that following an inquiry, a promise and an undertaking that they would be introduced, the railway tribunal recommended that ASLEF should also accept flexible rosters; and that they can be introduced in ways that will be compatible with the operation of sensible hours for engine drivers. All that can be done. All it requires is for the ASLEF executive to lift its strike action and enter into the discussions on introduction. I suggest that the hon. Gentleman should use his influence, which is considerable in the trade union movement, to ensure that common sense prevails with the ASLEF executive before great damage is done to people in many other unions as well.

**Sir Albert Costain** (Folkestone and Hythe): Does my right hon. Friend see any similarity between this small group of persons who are stopping the future development of the British Rail system and the landowners who, 100 years ago, prevented the development of the railways because they thought that it would upset their own selfish ends? At that time public opinion took over and convinced them that they were wrong. What steps can my right hon. Friend take to ensure that public opinion takes over in this instance?

**Mr. Howell:** It is regrettable that the decision of the executive of this union—and it was only the executive—to call the strike appears to have been taken without any regard to public or union opinion. I share the views of those who counsel against trade unions charging into industrial action irresponsibly without any regard to the understanding of public opinion or the real issues at stake.

**Mr. Leslie Spriggs** (St. Helens): Is the right hon. Gentleman aware that many hon. Members who are now



[Mr. Leslie Spriggs]

opposed to the flexible rosters do not know the first thing about them? As a railway man of many years standing, I have examined the new flexible rosters, and I believe that they will be of real service to every railway man in the country.

**Mr. Howell:** I very much hope that the hon. Gentleman's practical wisdom, based on hard and real experience, will be listened to closely by his more theoretical colleagues around him who seem all too eager to plunge the industry into grave dangers for no good reason at all.

**Mr. John Major** (Huntingdonshire): Does my right hon. Friend share my fear that if the rail network closes for a reasonable period many lines may never reopen? Will he ask the British Railways Board to confirm that? Will he also ask it to advise railmen of that fact? Will he further ask it to publish a list of the likely casualties so that both the public and the railway men can be in no doubt about the likely result of ASLEF's unreasonable action?

**Mr. Howell:** No one in the industry, in the Government or in the unions has disguised the fact that every day the strike proceeds the goal of a comprehensive, modern and efficient railway system recedes. That is a very great danger, and there can be no doubt that in reviewing the future of the railway system, as the Serpell committee is now doing, the impact of the present dispute is bound to lead to a revision of views about the kind of railway system that can be run.

**Mr. Stephen Ross** (Isle of Wight): Is the Secretary of State aware that the Liberal Party thinks that his attitude, and that of his Government, to public transport, and the railways in particular, needs to be greatly enlightened? It would help enormously if investment could be promised now for genuine productivity. [HON MEMBERS: "It has."] It has not been promised by the Secretary of State. Nevertheless, the Liberal Party supports the British Railways Board in the announcement that it has unfortunately had to make today. Like the Secretary of State, we urge on the members of ASLEF a return to work without further delay and the calling-off of this pointless strike.

**Mr. Howell:** If I heard aright, the hon. Gentleman in the end came down in support of the British Railways Board and its determination to obtain higher productivity and a modern railway system. That is what it is after, and that is what everyone interested in the future of the railways should be after. That is why he, his colleagues, and many hon. Members in the Labour Party as well should support the British Railways Board and try to bring home to ASLEF the futility of the course on which it is set.

**Mr. Gordon A. T. Bagier** (Sunderland, South): Does the right hon. Gentleman agree that there are many hon. Members who have been doing their utmost to find a solution to the problem? Does he understand that, although there is a genuine difference of opinion between the NUR and ASLEF as to the approach to flexible rostering, they have nevertheless tried to find a peaceful solution to the confrontation? When will the right hon. Gentleman and his right hon. Friend, the Secretary of State allegedly responsible for employment, do something about getting people round the table to talk about this problem?

Does he not appreciate that many people believe that the Secretaries of State have abdicated their responsibility, and that hurling abuse at my right hon. Friend the Member for Barrow-in-Furness (Mr. Booth) and my right hon. Friend the Leader of the Opposition does nothing but exacerbate the problem?

Does the right hon. Gentleman further agree that, although there may be a case for turning off the money tap and closing the railway from next Wednesday, there is no excuse for putting a sacking notice on the drivers, which will only exacerbate the position and unite the trade union movement behind ASLEF?

**Mr. Howell:** The hon. Gentleman, who is experienced in the railways, will know that time and again there have been attempts to bring the ASLEF executive round the table to accept the principle of flexible rostering and to discuss how to introduce it.

**Mr. Ted Graham** (Edmonton): Not by the Secretary of State.

**Mr. Howell:** He knows, too, that the response of ASLEF was not to agree to the talks but to call a strike. I am sure that he will accept that the need is for ASLEF to lift the strike and to agree to the discussions about the introduction of flexible rostering, and then there will be progress on the railways. That is the aim, which I am sure the hon. Gentleman will share.

**Sir Raymond Gower** (Barry): Has my right hon. Friend noted the description by the general secretary of the NUR that this has been a selfish and sectional action by ASLEF? Is it not true that the action taken by ASLEF will inflict much suffering on members of the NUR and the TSSA.

**Mr. Howell:** My hon. Friend is right. The strike is not in the interests of railway men and does not even represent the interests of the vast majority of railway men. The action is wholly against their interests and may greatly damage the future for all of them.

**Mr. Les Huckfield** (Nuneaton): Cannot the right hon. Gentleman accept that it is factually correct that it was the British Railways Board which refused to negotiate when the ASLEF executive offered two weeks ago precisely what the board had been seeking? It was the board who refused to negotiate. Does he accept that this week the local management of British Railways Board has been using threats, bullying and intimidation against members of ASLEF? Such tactics only confirm what many of us believe—that both he and the board have been seeking throughout a deliberate confrontation with the union. Does he accept that he as much as anyone else is responsible for the dispute, and should do something about resolving it?

**Mr. Howell:** The hon. Gentleman talks about correct facts, but staring him in the face is the fact that he cannot escape, and which no rewriting of history can change. The board has bent over backwards to provide ways by which flexible rosters, as recommended by the Lord McCarthy tribunal, can be introduced, but the blunt response of the ASLEF executive, on the evening of 29 June, was to call the strike. The facts cannot be put aside, rewritten or changed by the hon. Gentleman.

If the hon. Gentleman believes that there is now a change of heart by ASLEF, that will be welcome to the British Railways Board. In that case, let him recommend to ASLEF that it lifts the strike, agrees to the introduction,



in principle and in practice, of flexible rosters and gets down to discussing how it can be done for the benefit of everyone, including ASLEF members.

**Mr. Robert Adley** (Christchurch and Lymington): Does my right hon. Friend agree that en route from Nuneaton to Wigan the hon. Member for Nuneaton (Mr. Huckfield) would be well advised to stop off at St. Helens, where the view of the hon. Member for St. Helens (Mr. Spriggs) represent those of many ASLEF men that I know—that the new flexible rosters will bring them benefits, not disadvantages?

Will my right hon. Friend take the opportunity to point out to the Opposition and to the country that we are dealing not with a private sector employer in the nineteenth century trying to grind the faces of the poor, but with a management doing its damnest in difficult circumstances to run a major nationalised industry as best it can for the benefit of the customer and the nation? Does he agree—

**Mr. Speaker:** Order. I said that I would call four more hon. Gentlemen from either side of the House. I shall be able to call only two if we have long questions.

**Mr. Howell:** I agree that we are dealing with the management of a major nationalised industry aiming for good productivity and good services as the basis for good investment, modern equipment and a good railway for the future. That is what the British Railways Board is trying to achieve, and it should be supported. All this talk about union smashing, or any of the other fanciful suggestions, is a distraction from the basic aim that should be backed by all those who have the railways' interests truly at heart.

**Mr. Tom Bradley** (Leicester, East): Is the Secretary of State aware that his statement condemning this disastrous strike is very much in line with what the leaders of the two other rail unions—the TSSA and the NUR—are saying? With that advantage behind him, why does the right hon. Gentleman still continue to shrug his shoulders? It is not inconceivable that the Government have responsibility in this matter and, therefore, why will the Secretary of State not take an initiative, as his predecessors have done on many post-war occasions, in bringing the parties together round the table to negotiate and resolve this unsatisfactory position? What does he intend to do?

**Mr. Howell:** I am sure that the hon. Member will be the first to accept that as long as there is the fact of the strike hanging over the issue—which is what has happened—it is difficult for anyone to see how sensible discussions can take place about the introduction of flexible rosters. It would be highly desirable, and the board and the Government would welcome it, if the ASLEF executive now took steps to accept the Lord McCarthy tribunal recommendation, lift the strike, and enter into discussions on how to introduce flexible rosters. That must be the first step. It is a sensible step and one that all the other unions, anybody interested in the railway industry and the general public wish to see taken. That is where the change of heart is required so that the railways' future can be secured.

**Mr. Nigel Forman** (Carshalton): Is my right hon. Friend aware that thousands of regular commuters in my constituency are fed up to the back teeth with Mr. Buckton and the ASLEF executive, and the one thing that they would not understand would be the Government or the

Board, which are involved directly or indirectly in the dispute, backing down on the sensible way forward that has been suggested?

**Mr. Howell:** I am sure that my hon. Friend is right. That view is shared by the vast majority of those concerned—the travelling public, the other railway unions and the staff and management of the industry. It is also shared by the Government. It seems that everyone except the ASLEF executive shares that view. Members of the executive should quickly change their stance, as they could, to save themselves and many others in the industry grave difficulties in the future.

**Mr. Stanley Cohen** (Leeds, South-East): As one of the four assessors on the McCarthy tribunal, I can make one or two points. The first question is whether the right hon. Gentleman believes that consultation is preferable to confrontation. The second question is whether the Government have faced up to their responsibilities or passed them on to the board. Sir Peter Parker and the BRB will find themselves in an extremely difficult position.

When will the Government intervene to try to resolve what is obviously a difficult problem? The majority of railway employees do not want to be involved in a dispute, but the Government must accept their responsibility and take action.

**Mr. Howell:** Of course, consultation is always better than confrontation. When the hon. Gentleman says that it is a very difficult problem, he is right as far as ASLEF is concerned. However, the NUR did not find flexible rosters a difficult problem. It was able to undertake to introduce them and its members received a pay increase for that change in working practices and for others which, unfortunately, they have not been able to deliver. The NUR was able to go forward on the basis of higher pay and better social conditions for the guards involved. There was no difficulty for the NUR, and it is, therefore, necessary to get over to ASLEF—I believe that it is getting across to many ASLEF members—that there is no real difficulty in that union also accepting flexible rosters. The sooner that message gets over, the sooner we shall be able to avoid the grave damage that is taking place.

**Mr. Anthony Beaumont-Dark** (Birmingham, Selly Oak): Does my right hon. Friend agree that one of the problems that we face in the dispute is that many Labour Members believe that beer and sandwiches at No. 10 will solve every problem? Is not the damaging intervention by the Leader of the Opposition part of the syndrome that if we meet together as Government and unions the give has to come in the middle? Let us all realise that the give has come already. 1919 is dead. Will my right hon. Friend agree that if the unions agree to realistic rostering they will have a good living, a good future and a high employment level? We all want that, but giving in, as the Leader of the Opposition wants to do, will ruin the railways and the whole country.

**Mr. Howell:** I agree with my hon. Friend. Frankly, I do not know what the Leader of the Opposition wants to do at this stage. I hope that, no matter what position the right hon. Gentleman and the right hon. Member for Barrow-in-Furness (Mr. Booth) adopted at the weekend, they will use their influence and authority to do what I understood the whole trade union movement was trying to do earlier in the year, which is to get the ASLEF executive



[Mr. Howell]

to agree to the implementation of the McCarthy tribunal's recommendation that flexible rosters should be introduced.

**Mr. David Stoddart** (Swindon): Does not the right hon. Gentleman realise that his lack of commitment to the railways for some time, his threats and the use of the mailed fist instead of negotiation have led to the lack of morale and industrial unrest that we have witnessed on the railways recently? Will he accept that the railways are the responsibility of him and of Parliament and not only of British Rail? It is no good the right hon. Gentleman believing that he can wash his hands of the situation, as if he were a latter-day Pontius Pilate. He will have to intervene eventually, particularly if the capital comes to a standstill. Why does he not intervene now?

**Mr. Howell:** When one considers the extra hundreds of millions of pounds that have gone into British Rail in recent times—the vast increase in the social grants, the investment programmes and many other resources—it is difficult to recognise the hon. Gentleman's description of recent events as accurate. I urge that, instead of using that sort of description, which is a distortion of the facts, the hon. Gentleman should try to bring home to the industry and its workers, and particularly to the ASLEF executive, that the Government have supported British Rail with substantial investment. Even now, new equipment that ought to be in operation is not running because the appropriate work practices have not been agreed. There is no question of a lack of synchronisation on that side.

The essential precondition for a successful future for the industry is that the ASLEF executive accepts what the vast majority of workers in the industry have already accepted, which is that the practice of more flexible rosters is the right one for our industry, as it is for almost every other railway industry in Europe that has made progress.

**Mr. John Peyton** (Yeovil): Is my right hon. Friend aware that accusations that he has been excessively tough and has resorted to the mailed fist are about as wide of the mark as are the suggestions that the British Railways Board is packed full of tough Tory politicians and that Lord McCarthy, who has not been mentioned often in these exchanges, has Conservative leanings.

**Mr. Howell:** I am grateful for what I think is my right hon. Friend's recognition of reason, balance and a fair-minded attitude when he sees them. It is not for me to comment on the other directions in which he cast his views, but I believe that the board has gone a long way to try to introduce the rosters recommended by the McCarthy tribunal sensitively and carefully and to recognise all the problems raised by the fears expressed by engine drivers and, on their behalf, by the ASLEF executive. A great deal of reason has been shown and the response has been this cruel strike. If we are to see a change of heart, an intervention or a movement to change the situation, that is where the change should begin.

**Mr. Martin Flannery** (Sheffield, Hillsborough): Does not the right hon. Gentleman realise that his statement will intensify and deepen the problem? Does he not also realise that the struggle is long past flexible rostering and has become a major struggle between the entire trade union movement and this dictatorial Conservative Government?

Will not the right hon. Gentleman accept that railway men have had flexible rostering for many years and that the Government are trying to impose on them inflexible rosters which they will not accept and which they say will cause serious difficulties for them in their daily lives? When will he make a proper intervention and call all the parties round a table to get them to examine the offer made by ASLEF, which has proposed that the two systems should run in parallel before a decision is taken on which is better? Why did the right hon. Gentleman refuse to accept that offer?

**Mr. Howell:** The hon. Gentleman may wish to see this as a struggle by the entire trade union movement, but if he consults many of his colleagues he will find that it is not that at all. If there are struggles and arguments, they are between members of the Labour movement about common sense practices that should have been adopted in our railway system long ago and have now been adopted by four-fifths of railway workers. That is what the hon. Gentleman will find if he listens and talks to those who are trying to ensure that the railways have a better future.

The only struggle for the board is its attempt to get new productivity methods introduced. That is a sensible way forward. It is recognised as such by the majority of trade union leaders and objected to only by the ASLEF executive.

The dispute is about higher productivity, better wages and better conditions on the railways, not about smashing the unions or the struggles of organised labour against capitalism. That is fanciful talk that has nothing to do with the present problem.

**Mr. Robert Hughes** (Aberdeen, North): Will the Secretary of State accept that he is under a genuine misapprehension that the strike can be called off only by the ASLEF conference? Has he studied the proposals that were discussed late last night, when it was clear that there was some movement on both sides and that the ASLEF executive was prepared to call off the strike today? As he is so seriously mistaken, does not that expose his difficulty in not having met the parties personally to discuss the issues? Instead he has relied on second or third-hand reports, however genuine they may be.

Does the right hon. Gentleman understand that many hon. Members—not only among the Opposition—have tried seriously to sustain the negotiations for as long as possible to enable a return to work on the railways and an end to the damage that will be done to the British economy? Surely he must understand that he cannot stand aside and allow the railways to be closed for a prolonged period without accepting his share of the responsibility, which will be a major share if he does not at least attempt to live up to the stature of the office that he holds.

**Mr. Howell:** There is no misapprehension. The board and the Government have been anxious for the ASLEF executive to change its attitude, call off the strike and accept the principle of flexible rostering as outlined in the National Railway Staff Tribunal's decision No. 77. That has been recommended by the tribunal and by successive inquiries and that is what was promised by the general secretary of ASLEF last August in return for higher wages. They were duly taken, although the promise was not delivered.

There is no misapprehension among the vast majority of railway workers. There is a realisation that the ASLEF



executive has called the strike and refused to accept the flexible rostering recommended by the tribunal. The executive is not prepared to move from that position. The vast majority of hon. Members, including many Labour Members, believe that the position should be changed by ASLEF realising that it is running itself, the industry and the future of the railways into a disastrous cul-de-sac. It is essential for Labour Members and all who are worried about the future of the railways to bring home to ASLEF the need to lift the strike and to accept flexible rosters before disastrous and permanent damage is done to the railway system.

## London Airport (Redundancies)

4.13 pm

**Mr. Russell Kerr (Feltham and Heston):** I beg to ask leave to move the Adjournment of the House, under Standing Order No. 9, for the purpose of discussing a specific and important matter that should have urgent consideration, namely,

"the recently announced redundancies at London airport involving 7,000 British Airways staff and their effect on the employment situation in the area."

The matter is specific because it refers to a report in *The Guardian* on 12 July quoting British Airways management as announcing 7,000 redundancies in addition to the 10,000 announced last year. It has thrown a deep depression over that part of West Middlesex and elsewhere. It affects my constituents, many of whom are employed by British Airways, which is the largest employer in the area.

As the latest victim of the Government's ill-judged monetarist policies, the flag-carrying British airline feels especially bitter because, as one of Britain's high technology industries with a distinguished record as a leading international carrier, British Airways has been a mobile shop window for British skill and technology and has been of enormous benefit to British industry in its relations with other countries.

The rundown of British Airways is tied to the sale of the airline to private interests—the privatisation about which we hear so much today from people whose ignorance of the industry is matched only by their capacity to talk through their pockets. It should not blind us to the fact that the dismantling of British Airways is equivalent to the sabotage by stealth of one of Britain's major economic assets, on which we are told that our future will depend increasingly and in which the skill and inventiveness of the British workman is as nothing compared with the thirst for profit exhibited by the entrepreneurs.

No one will deny that, whoever ultimately owns the airline, it is important not only to my constituents, many thousands of whom gain their livelihoods as British Airways employees, but because aviation is the industry in which Britain leads the world, although any British breakthrough must cross the Atlantic to achieve proper recognition. Few, if any, of the world's aviation observers would doubt British skills in this industry.

The problem demands urgent consideration and arithmetic of the proposals argues the case most eloquently. Although the series of redundancies, totalling about 10,000 during the past year, has in many cases resulted in a fairly thick cushion being provided to soften the discomfort of job loss, at least temporarily, thousands of British Airways' highly skilled workers are being slung unceremoniously on to the labour market at a time when economic prospects, according to almost every economist except the Chancellor of the Exchequer, have hit rock bottom.

If we do not succumb to the Chancellor's gloom, in a year or two we may, with luck have a Labour Government and some adult economic policies in place of the juvenile monetarism that is the best that we can manage at the moment.

It is important that we realise that the profit entrepreneurs, who are not interested in the industry but



[Mr. Russell Kerr]

in its money-making opportunities, now have the scent of victory in their nostrils and are being encouraged greatly by the Government in their hunt for quick profits from the exploitation of Government assets. When the full extent of the "steal" being operated by those highwaymen is understood by the public, the position will probably correct itself, so great will be public revulsion. In the meantime, those of us privileged to see the pattern from long association with the industry are seized of the idea of urgent action being taken by the House of Commons to protect the people's interests and their property before it is too late.

**Mr. Speaker:** The hon. Member for Feltham and Heston (Mr. Kerr) gave me notice before noon today that he would seek leave to move the Adjournment of the House for the purpose of discussing "the recently announced redundancies at London airport involving 7,000 British Airways staff and their effect on the employment situation in the area".

The House listened with concern as the hon. Gentleman outlined his anxieties. He knows that I am instructed to give no reason for my decision. I must rule that the hon. Gentleman's submission does not fall within the provisions of the Standing Order and, therefore, I cannot submit his application to the House.

## "Atlantic Conveyor" (Replacement)

4.19 pm

**Mr. Don Dixon** (Jarrow): I beg to ask leave to move the Adjournment of the House, under Standing Order No. 9, for the purpose of discussing a specific and important matter that should have urgent consideration, namely,

"The building by British Shipbuilders of a replacement to the Atlantic Conveyor".

The importance of this order being placed in this country is evident from the fact that no fewer than three early-day motions about it appear on the Order Paper—541, signed by 123 right hon. and hon. Members, 545, signed by 59 right hon. and hon. Members, and 602, signed by 31 right hon. and hon. Members.

The importance of the order being placed with British Shipbuilders was stressed only this morning by a deputation which was led by my hon. Friends the Members for Whitehaven (Dr. Cunningham) and Newcastle upon Tyne, Central (Mr. Cowan), together with the leader of the Tyne and Wear county council, Michael Campbell, and senior shop stewards from the Tyne shipbuilding yards.

On the river Tyne, almost 10,000 men work directly for British Shipbuilders and many more thousands work in the supporting industries. Whole communities depend on British Shipbuilders for their livelihood. The order would save not only many hundreds of jobs, but would give an important boost to the British shipbuilding industry throughout the world.

It is important for the House to have an urgent debate, because there has been talk that the order may go to Japan or Korea. It is no good Lord Matthews, the chairman of Cunard, telling the British people through his newspapers during the Falklands dispute that they should be patriotic, and then giving an order for the replacement of a ship that was sunk during the war to a shipyard outside this country. That would seem to be a betrayal of all the relatives of people who were killed and injured and who fought in the Falklands war.

The debate would also give us an opportunity to stress the importance of the British shipbuilding industry to this country, and to pay tribute to the men and women who worked so hard to put the task force to sea.

**Mr. Speaker:** The hon. Member for Jarrow (Mr. Dixon) gave me notice before noon today that he would seek leave to move the Adjournment of the House for the purpose of discussing a specific and important matter that he believes should have urgent consideration, namely,

"The building by British Shipbuilders of a replacement to the 'Atlantic Conveyor'."

The House will have listened with anxious concern to the hon. Gentleman as he brought undoubtedly important matters to our notice. However, he and the House are aware that I decide not whether the matter should be discussed, but solely whether there should be an emergency debate of three hours.

The House has instructed me to give no reasons for my decision.

I have given careful consideration to the hon. Gentleman's representations, but I must rule that his submission does not fall within the provisions of the Standing Order. Therefore, I cannot submit his application to the House.



PRIME MINISTER

*MB*

Mr Howell's Statement on the Railway Dispute

Mr. Howell made a statement today reporting on the British Rail announcement that strikers would be dismissed next week and the rail network would be closed. He briefly reviewed the recent history of the dispute and concluded with one more appeal to the strikers to return to work before a disaster struck the railways. The Opposition reaction was somewhat embarrassed and in the Front Bench contributions, Mr. Booth and subsequently Mr. Robert Hughes withdrew from their previous commitment to the ASLEF cause concentrating instead on calls for greater Government involvement - as Anthony Beaumont-Dark put it "the beer and sandwiches approach". They contrasted what they presented as being Government indifference with their own efforts to get negotiations going. Outright opposition to ASLEF came from Leslie Spriggs (who is NUR sponsored) and partially hostile comment came from Gordon Bagier (also NUR) and Stan Cowen (an assessor on the McCarthy Tribunal). Outright support for ASLEF came only from the hard left - Bob Cryer, Leslie Huckfield, Sydney Bidwell and Martin Flannery, the latter two of whom threatened that other unions would become involved. Stephen Ross for the Liberals supported the British Rail Board unequivocally; Tom Bradley for the SDP (and the TSSA) condemned the strike but wanted greater Government involvement. All in all an equivocal Opposition response to contrast with firmness on the Government's side with an underlying theme of 'no surrender' articulated by Nigel Forman.

*Handwritten mark resembling a stylized 'A' or 'F' with a downward arrow.*

14 July 1982



Press off



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Wh  
14/7

Willie Rickett Esq  
Private Secretary to  
the Prime Minister  
10 Downing Street  
LONDON  
SW1

14 July 1982

Dear Willie,

STATEMENT ON ASLEF STRIKE AND BRB RESPONSE

We have been told by Sir Peter Parker's office that BRB confirm they will be announcing at 13.00 hours today

- a. BR will be closed down from next Wednesday unless there is a substantial return to work by drivers;
- b. all those on strike the previous day will be dismissed.

I attach a copy of the statement my Secretary of State proposes to make to the House of Commons this afternoon.

I am copying this to the Private Secretaries of the members of MISC 80 and of Mr Biffen, Mr Jopling, Baroness Young, Lord Avon, Mr Sparrow and Sir Robert Armstrong.

Yours,

Anthony Mayer

R A J MAYER  
Private Secretary



STATEMENT 14 JULY

INDUSTRIAL ACTION ON THE RAILWAYS

With permission Mr Speaker I would like to make a statement about the current industrial action on the railways.

In the face of the strike imposed by the Executive of ASLEF against the new work rosters firmly recommended by Lord McCarthy's Tribunal, the British Railways Board have this afternoon announced that they will be forced to close the railway system down from next Wednesday unless there is a substantial return to work by the drivers.

All those on strike on the previous day will be dismissed. At the same time they will be offered re-employment on the same terms, provided only that they agree to work to the new rosters.



The decisions to which the British Railways Board have been driven are very grave. The strike which has caused them is a pointless one which should never have been called and should and could easily be lifted even now, by the ASLEF Executive.

The McCarthy Railway Tribunal has left no doubt that flexible rostering should now be adopted by ASLEF, with no less than 13 safeguards, as it has been by the rest of those working on the railways to their clear benefit. The British Railways Board has all along been willing to discuss details of how the new rosters should be brought in and ways of making the change as easy as possible for engine drivers.

Their proposals to this end were met with the blunt response by the ASLEF Executive of an all-out strike call, although having pulled this trigger the ASLEF Executive then suggested further talks, but still with no clear commitment whatsoever to any change in principle.

A further offer of constructive ways on which flexible rostering could be applied, once ASLEF have lifted their strike and accepted the principle, has again been rejected by the ASLEF Executive in the last 24 hours.

Mr Speaker, the path ahead for the railways of this country is now very dark. Vast resources are being bled away. Thousands of jobs could disappear for good. Travellers and holiday makers are being caused much bitter misery and suffering.



Those who called this unnecessary strike, as well as those who have given comfort and succour to the strike, carry an immense and direct responsibility for all this damage and all this suffering.

It remains in the hands of the ASLEF Executive to call a halt to the destruction. And it is the duty of all those who believe the public should be protected and the railways and those who work in them saved from disaster, to urge the Executive of ASLEF to desist from their futile course.



~~SECRET~~

11

LS

MR. MOUNT

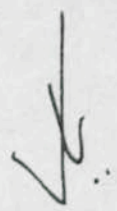
c. Mr. Whitmore  
Mr. Scholar  
Mr. Walters  
Mr. Wolfson  
Mr. Ingham

THE RAILWAYS

The rail strike is about to move into a new phase, following yesterday's decisions by the Board, the failure of the ACAS initiative, and today's announcements. We need to reassert publicly our original tactic, that we always feared, planned for, and were ready to sustain a long strike; and we need to be clearer in our own minds how it might be brought to an end, and what if anything can be done to hasten the process.

I have talked to Bernard about the first point, and he has it very much in mind. The attached note is a contribution to the second point. There are several in this office who are taking a close interest in the handling of this dispute so I am copying this more widely than usual, and would welcome comments.

A management ballot still seems to me to be the best option, at the right time. If successful, it could reap the wider benefits of demonstrating that union members sometimes recognise the futility of following their leadership up a blind alley. I have had a word with Tommy Thompson of ORAC, who has done some work on this, and he believes there is already a narrow majority among ASLEF for a return to work. (I have promised him he will not be quoted outside No. 10: he does this work covertly for BR, and is breaching commercial confidence. I hope to get some more out of him over lunch tomorrow.)



JOHN VEREKER

14 July 1982

~~SECRET~~



BRINGING THE RAIL STRIKE TO AN END

Whatever the mechanism for bringing the strike to an end, a necessary precondition is that either or both of the parties change their present position on the newly posted rosters. Few strikes end with one side capitulating totally, and we must expect that whichever side "wins" there will be a public face-saver for the other. But the three main scenarios for an end to the strike are:

1. BR give in.
2. Mutual compromise.
3. ASLEF give in.

1. BR Give In

There is no difficulty about the mechanism: BR merely withdraw the new rosters. A face-saver would be to leave the new rosters but to agree to pay (indefinitely) for an 8 hour day even where a driver was rostered for less. Either would have immediate effect. Neither meets our or BR's objective of a more efficient railway. They are courses to be adopted only as last resorts - if the Government was at the limit of its endurance, because of (for instance) a concurrent tube strike or, much later, a threat to coal stocks, and then only if a genuine compromise was unavailable.

2. Mutual Compromise

Compromises are available, but both sides have for the moment ruled them out because they are each playing to win. The most fruitful areas for compromise involve ASLEF conceding the principle of variations on the 8 hour day, while BR concede that in practice such variations will be limited either in time, or in number, or geographically. Thus there could be an experiment for a defined period; introduction of flexible rostering by very small

/ variations



variations on the present system; or a regional experiment. The other main areas for compromise lie in the field of a quid pro quo by the Government in return for more flexible working practices by the unions - a guaranteed level of future investment, guarantees against redundancies or closures, or guarantees of a particular scheme such as East Coast electrification.

These are courses to be explored if and when the Government or BR judges that ASLEF are not likely to give in for an unacceptably long time. The first group of compromises would probably be regarded by the public as a climb down by BR; the second group might well be publicly acceptable.

Mechanisms for achieving such compromises do exist: direct discussion between the Board and ASLEF, or through a third party such as ACAS. But no compromise along these lines is likely to be acceptable to the two parties until a few more weeks have passed.

### 3. ASLEF Give In

The ASLEF Executive and delegate Conference are both more militant than the membership as a whole. Therefore, for BR to "win" the strike requires a mechanism for the desire of ASLEF drivers to return to work on the basis of the new rosters to be manifest. There are at least three such mechanisms:

1. Drivers vote with their feet, and sign on in increasing numbers. This option is not available if the railways are closed, because even if staff willing to work are required to clock in, it would not be possible to tell if they were willing to work variable rosters. It is also, on present evidence, the option that would take longest: drivers are less likely to manifest their willingness to work by crossing picket lines than by other means.



2. Decision of a recalled delegate conference.

A more likely scenario is that branch pressure results in a decision by the Executive to recall the delegate Conference, which could decide a return to work with the new rosters. That is still likely to take several weeks, and would be unlikely unless most ASLEF members had concluded they could not win (see below); and it would carry a risk - that the Conference decision might go the wrong way.

3. A management ballot. We know (because we asked them) that the Board have this possibility in mind. It is not in itself a mechanism for winning, because the ballot might be boycotted or the result might be disregarded by the union leadership (on the grounds for instance that the question was misleading, or put under duress). But, if there were a significant majority for a return to work, it would provide the basis for BR to announce that the railways would be re-opened, and to invite drivers to return: it would be reasonable to expect most of those who had voted to do so, to clock in. Again, the precondition for a management ballot would be that most ASLEF members recognised they could not win; and the timing would be crucial. It should take place before the holiday season but after several weeks of lost pay - i.e. at the end of July.

Conclusion

A successful outcome to the strike is most likely to be brought about by a recalled delegate Conference or a management ballot. Either requires a substantial collapse of ASLEF morale. The support given to ASLEF by Mr. Foot and by LT tube drivers will make that harder to achieve. It can be hastened by giving them the strong impression that both the Government and the Board

/ have



SECRET

-4-

have no intention of giving up. We can say so directly; we can let it be seen that we are taking active steps to train new drivers (so that the act of dismissal appears more than a charade); and we can - perhaps - announce limitations on the extent of the Government's financial guarantees to the Board. These last two points are being investigated urgently by officials.

14 July 1982



Ref. A09019

PRIME MINISTERIndustrial Affairs

There are two items for discussion, viz:-

- a. British Railways; and
- b. the National Health Service dispute.

British Railways

2. As expected, the intervention of the Advisory, Conciliation and Arbitration Service got nowhere. ASLEF insisted that it would call off the strike only if the existing flexible rosters were withdrawn and proposed that subsequent negotiations should centre on other more efficient (but unspecified) ways of rostering footplate staff. The BRB for their part insisted that if ASLEF returned to work, those flexible rosters which had already been introduced should be worked ie. that ASLEF should accept the principle of flexible rostering. Not surprisingly, ACAS found it impossible to devise a compromise.

3. The British Railways Board therefore announced this afternoon that the railway network will be closed from Wednesday, 21 July, and that those drivers who remain on strike on Tuesday, 20 July, will be dismissed. The Board has, however, agreed, in response to the discussions which the Secretary of State for Transport had had with them, as reported in the Chancellor of the Exchequer's minute to you of 13 July, that where a useful train service can continue to be operated the network will be kept open. The staff who are laid off as a result of the closure of the rail network will initially receive basic pay, as provided for in the 1919 Guaranteed Week Agreement. But the Board intends to review that during the course of next week, and they clearly do not rule out the option of lay off without pay, despite the legal risks involved.

4. The main question at this stage is the impact of dismissal on the resolve of the strikers to continue with the dispute. The Board will be primarily concerned to ensure that the public and the trade union movement continue to regard the dispute as primarily industrial, and that attempts to present it as



an attack on ASLEF, and therefore on the trade union movement, do not succeed.

5. The Chancellor of the Exchequer's Group on Current Industrial Disputes (MISC 80) has the situation under constant review. MISC 80 is also considering, against the possibility that dismissal might not have the desired effect, what the next steps might need to be. Consideration is being given to the possibility of bringing together a substitute force of train drivers - or at least giving the impression to the strikers that this is a practical possibility - as one way of further undermining their resolve; and also to what limitation might be placed on the extent of the Government's financial guarantees to the Railways Board. In due course the Group will also need to consider, and the Secretary of State for Transport will need to discuss with the Railways Board, how this dispute is to be brought to an acceptable conclusion.

6. There have been press reports that some ASLEF drivers on London Transport might strike in sympathy if the British Rail ASLEF drivers are dismissed. The Civil Contingencies Unit is monitoring closely the traffic situation in London and what might be done to provide extra parking spaces; and already has well in hand an urgent study of the measures that might be taken if there were to be simultaneous all-out strikes on LT and BR in the future, drawing on the experience gained earlier this month.

#### The National Health Service

7. The Nurses and Midwives Whitley Council met yesterday, but pay was not discussed in any detail. As argued in the minute to you of 12 July from the Secretary of State for Social Services, the Government's only option now seems to be to stand firm in the face of continuing industrial action, and make every effort to emphasise that the current pay offers to the NHS are far from unreasonable. An early settlement of the dispute seems unlikely.

8. Again, MISC 80 and the Civil Contingencies Unit are keeping the situation under close review.





## HANDLING

9. You will want to invite the Secretary of State for Transport to report on the latest situation on the railways and how things are likely to develop over the next few days. The Chancellor of the Exchequer might be asked to report on the work which is in hand in MISC 80 and the Home Secretary on the CCU aspects.

10. On the National Health Service, you will want the Secretary of State for Social Services to report on the latest position.

## CONCLUSIONS

11. The Cabinet need only take note of the position in relation to either dispute.

ROBERT ARMSTRONG

14 July 1982



B.R. Quotes 1

BRITISH RAIL QUOTES

Mr Foot

In the issued text of speech written for the Durham Miners Gala last Saturday, Mr Foot accused the British Rail Board of having shown an "extreme desire to pick a fight". He added "First it was with the NUR. Now it is with ASLEF. ASLEF offered a sensible way out of the problem, but the Board, with the Government pushing them, were adamant that they would have a strike". He also said that 'Sir Peter Parker had failed to stand up to the Government in its desire to smash the unions and create a servile work force'.

Mr Weighell

Mr Weighell commented of Mr Foot's remarks: "He wants to be careful in what he says. No amount of smokescreens can hide the fact that the train drivers have refused to accept a decision of flexible rostering which my union is operating. This is a narrow, stupid, sectional dispute, and it is causing untold damage to the railways".

Mr Weighell went on to recall the support given by Mr Foot to the train drivers earlier this year, and argued that the effect of it would probably be to prolong the strike. He added "Mr Foot will have to make up his mind, because in my view the Opposition has miscalculated on how it should be dealing with the strike".

Mr Weighell has also said of Mr Foot: "The job of the Leader of the Labour Party is to look at the <sup>facts</sup> effects before he makes a statement. What I have been saying is what I expect him to say". This referred to his call to ASLEF to call off its strike, recall its policy-making annual assembly, and refer the issue of flexible rostering to the RSNT.

"That is what everybody in the Parliamentary Labour Party and the Trade Union movement should be saying", he added.

Mr Walter Johnson (past President of TSSA)

Mr Johnson has called Mr Foot's speech "totally irresponsible". He has accused Mr Foot of not knowing the effects and of encouraging ASLEF in a damaging strike in which the union has no case.

Mod after net

13 July 1982

Call another conference



cc - report - Rail ... 10  
204

CSV

Prime Minister (2)

MUS 14/7

01 211 6402

SECRET AND PERSONAL

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON SW1

13th July 1982

*Handwritten signature: Sir Geoffrey Howe*

*Handwritten initials: MS*

OIL BURN DURING A RAIL STRIKE

Thank you for your letter of 6 July agreeing that the extra costs of CEGB oil burn during the rail strike could be financed by means of a grant. I accept that in the first instance this should be limited to one month. I will write later on the timing of oil burn and hope to make early announcements to Parliament about the grant and any change in the industry's EFL.

However, I cannot agree that we should not pay grant for what you describe as "voluntary" oil burn. There are major presentational advantages in the decision to burn oil being the CEGB's and not the Government's. Your proposals would result in their never taking that decision since, from their point of view, the financial arrangements for a Government instruction will always be more attractive. I suggest, therefore, that instead of planning to penalise the CEGB for good behaviour, we should take the line that they themselves wish to burn oil and that the Government is paying a grant to protect the electricity consumer.

I agree that the ground rules for oil burn should, if possible, be agreed between our officials before it begins. I have also asked my officials to consider urgently the question of taking statutory powers to pay compensation for oil burn in future in the context of the Electricity Bill planned for the next session.

I am copying this letter, for the usual limited circulation, to the Prime Minister, Willie Whitelaw, Patrick Jenkin, David Howell and George Younger, and to Sir Robert Armstrong and Mr Sparrow.

*Handwritten notes: Mr Am, Nig*



SECRET

COPY No 2 of 10 COPIES



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

9B

Prime Minister ①

The Rt Hon Sir Geoffrey Howe, QC, MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON SW1

The level of our intervention is  
now quite high - but in, I believe, a  
very helpful

13 July 1982

direction. I have just heard that

aslef Tube drivers (who drive 50% of tubes)

have decided to strike if their BR

colleagues are sacked next week.

MIS 13/7

Dear Chancellor,

MISC 80(82)8TH MEETING

I do not think a further meeting this evening is necessary but it might be helpful to bring you and colleagues on MISC 80 up to date.

I managed to speak to Sir Peter Parker between the end of this morning's meeting and the start of his own Board's meeting. As a result of our talk he agreed that he would recommend to his Board that they should not canvass the sacking of ASLEF drivers as a possibility only. They should make it quite clear that this is their intention. He maintained his view, however, that the sackings should be brought into effect in a few days' time rather than immediately. The aim would be to put maximum pressure on ASLEF drivers in the coming days to return to work. Immediate sackings could harden attitudes irrevocably.

I told him that it was worth considering keeping open those parts of the network where successful efforts were being made to operate services. He took the point.

He added that in the light of my discussion with him last night that he would recommend to the Board that they should agree to continue paying NUR staff for the time being. He did say though that the Board might well, however, decide to test the 1919 Agreement in the courts at some point.

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He reported to me the outcome of his Board's meeting as soon as it finished at 3.30. They have decided to close the railways as from next Wednesday, 21 July. They will consider keeping open selected lines where predictable timetabled services are being provided on them. They will also be announcing now the sacking of men on strike on Tuesday, 20 July. They have maintained their view that they will only sack those actually on strike not those who have been on strike; possible legal problems notwithstanding. I doubt whether I can push them any further on this but if the opportunity arises I will take it. I have made our views very clear indeed to Sir Peter Parker.

There is just one last minute complication. ACAS entered the scene at 1.30 this afternoon right in the middle of the Board meeting. They have asked to be given 24 hours to try one last attempt at finding a solution to the dispute. Sir Peter Parker and the Board felt that to ignore this offer could provide ASLEF with an excuse to say that the Board were hellbent on strike regardless. The Board have therefore announced that, although they have taken their decisions on the way ahead, they will be postponing their announcement until the ACAS initiative has been given a chance but in any event not later than midday tomorrow.

I do not think there is anything further we can do for the moment but wait to see further developments. I will report anything substantive as soon as I hear it.

I am copying this to the Prime Minister, other members of MISC 80, Sir Robert Armstrong and Mr Sparrow.

Yours sincerely,

Anthony Mayes

P.P. DAVID HOWELL

Seen and approved by the Secretary of State and signed in his absence.

3 JUL 1972  
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3. In respect of both (ii) and (iii), the latest thinking represents a drawing back from the BRB's ideas of last Friday. On (iii) it is welcome that the BRB have now faced up fully to the legal problems over the 1919 Agreement and accept that there might be political and presentational disadvantages in withholding pay from NUR members willing to work. We were however concerned about the thinking on (i) and (ii).

4. Our first concern was that, following the widely publicised threats of dismissal of ASLEF strikers, the BRB would lose public credibility if it were now being seen to back away from such action. Their reasoning was apparently that ASLEF, over the weekend, managed to rally support from the TUC and the Labour Party (including Mr. Foot and Mr. Booth) on the grounds that this was no longer a straightforward industrial dispute but rather a Government inspired attack on ASLEF as part of a wider onslaught on the trade union movement. We were unconvinced by this reasoning and felt that it ought to be possible for the BRB to present the ASLEF dismissals as an inevitable management response to an industrial situation.

5. Our second concern, on a more detailed aspect of this issue, was that the BRB were contemplating that, if and when they went ahead with dismissals, they would not, after all, act strictly within the present law by dismissing all who were and had been on strike, but would dismiss only those on strike at the time. It was not clear to us why the BRB should want to face the risks of findings of unfair dismissal before an Industrial Tribunal. The problem of not punishing those who came back to work could be dealt with by presenting the package of dismissal and reinstatement to the small number of individuals concerned and explaining to them personally why the matter had to be handled in this way.

6. Our third concern was that it was not clear exactly what was meant by closing down the railways, what were the benefits of such a course, and how far it would be understood by the public. The intention was apparently to close down the railways entirely except





for essential maintenance work. The benefit would be that it would save the BRB between £5 million and £11 million a week largely on overtime and enhanced payments. It would however mean withdrawing those services still being maintained including some, for example, on the London commuter network, which are of value to the public. The public might not understand why the BRB were prepared to withdraw such services although they still had to pay the bulk of the wages of the employees concerned. It might also be badly received by the railwaymen who had kept the services running, and might mean that it was more difficult for ASLEF members eventually to drift back to work.

7. The Secretary of State for Transport will therefore be talking to Sir Peter Parker before this morning's full meeting of the BRB to explain our concerns. While stressing the Government's continued support for the BRB, and making it clear that the Government has no wish to interfere in detailed tactics, he will point to the advantages of an approach based on the following principles:

- (a) To meet the public's needs by keeping the railways running as far as is practicable;  
(this may point to keeping some sections of the network in operation where worthwhile services can be maintained; if the point was raised, it could be made clear that the Government might be prepared to consider payment of some proportion of the Public Service Obligation Grant in respect of such services);
- (b) to deal firmly with those taking strike action;  
(this would mean inevitably at some stage the sanction of dismissal, purely on management grounds);
- (c) to encourage those willing to work both by keeping open sections at least of the network if practicable (as at (a) above) and by not seeking to deprive them



S E C R E T



of wages to which they are legally entitled, (this should include seeking to suspend the 1919 Agreement by convening the Joint Committee provided to consider such proposals, and taking full advantage of the presentational opportunities this affords but, assuming that the Joint Committee did not agree to suspend the 1919 Agreement, not risking challenge in the Courts).

8. It remains to be seen what line the BRB will put out publicly following the Board meeting later today.

9. We went on to consider whether, as an alternative to BRB action on lay-off in breach of the 1919 Agreement, the Government might reconsider the possibility of legislation to provide that any employer might lay off employees for whom there was no work as a result of industrial action by his own employees. Such a Bill has been prepared and could be ready for introduction within 24 hours. To secure the enactment of such a Bill before Parliament rose for the summer recess would however create immense problems for the timetables of both Houses and would have serious consequences for the rest of the legislative programme. We considered that this course would in any case be politically unattractive and decided that it was not a useful option in present circumstances.

10. We have arranged a further meeting of MISC 80 to review the position before Cabinet on Thursday.

11. I am sending copies of this minute to the Home Secretary, the Secretaries of State for Transport, Social Services and Employment, the Chancellor of the Duchy of Lancaster, the Attorney General, Mr. Sparrow and Sir Robert Armstrong.

*John Jenkins*

*for G.H. (Approved by the Chancellor & signed in his name)*  
13 July 1982



PRIME MINISTERNUR LAY-OFF

1. The decision whether to discourage the BR Board from laying off NUR members is the most important the Government has to take in the handling of this dispute.
2. Peter Gregson's note of 9 July, reporting the MISC 80 meeting, summarises one set of arguments - on the one hand, the risk of an early High Court declaration that BRB are obliged to continue paying NUR because of the guaranteed working week, which might well weaken both the Government's and the Board's position; on the other hand, the obvious danger of intervening in the Board's tactical handling, and so seeming to weaken our support for them.
3. If we intervene and try to discourage the Board, we think Sir Peter Parker will take it badly. He has already made it clear that he is worried about the Government getting cold feet, and he would take our intervention as the first sign of failing resolve. He would want to know why we couldn't legislate to permit lay-off (we accept the Parliamentary difficulties of doing it in a hurry) and he would probably say - perhaps publicly - that if we didn't want him to do it, we would have to meet the cost, by extra grant. ASLEF would see that lay-off had not occurred, and would perhaps see it as the first sign of weakness; and ASLEF members would be under less pressure, because they would not be responsible for others not being paid.
4. If we do not intervene, and leave the Board to go ahead with notice of lay-off, BR management and unions will have a desirable impression of the Government's resolution in handling the strike. BR should of course make it clear that it is ASLEF who have closed the railways.
5. The Attorney-General's Office estimates BRB's chances of winning in the courts at no more than 25 per cent; the British Rail Board's lawyers put the chances rather higher, at some 40 per cent. If BRB does win, that would in effect deal a serious blow to the 1919 contract which would thus be shown to be hopelessly unworkable and out of date.



SECRET

6 If BR loses, the full absurdity of the railways position would be publicly laid bare. A bankrupt railway with no trains running would apparently be legally obliged to pay 200,000 of its workers indefinitely under a 60-year-old agreement which appears to be literally interminable. And the Government would be legally obliged to guarantee the borrowing necessary to accomplish this.

Such a judgment would be a propaganda blow to BRB - and indirectly to the Government as well. But it would also be a public demonstration of the impossibility of the position, and hence it would create the political conditions to alter that position. We should not underestimate the public impact of a man like Peter Parker, with all his enthusiasm for the railway community, being driven in sheer exasperation to take such a course.

7. At this stage, we cannot be sure whether the appropriate response after a defeat in the courts would be to introduce a brief "Lay-off Bill" or to give notice of our intention to alter by statute the corporate status of British Rail.

But it is fairly clear that the alternative course, of discouraging Peter Parker from pursuing his intention, would be to give the kiss of life to the 1919 Agreement and to Lord McCarthy and the Tribunal which that agreement established.

We cannot now dodge the reality that a railway run on the basis of the 1919 Agreement is simply not modernisable. Sir Peter Parker has now recognised that reality and is acting upon it. This is scarcely the moment to withdraw support from him. If we do, other nationalised industry chiefs will surely draw the lesson that they cannot rely upon the Government's support when the going gets rough.

I am sending copies of this note to the Chancellor of the Exchequer and to the Secretary of State for Transport.

*fm*

FERDINAND MOUNT

SECRET





10 DOWNING STREET

①

Prime Minister

NUR Lay-off

Alongside this note by FM/JV  
I suggest you read, at flag A,  
the Attorney-General's view.

MCS 12/7

*md*





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10 DOWNING STREET

From the Private Secretary

ms

Prime Minister

Rail dispute

I have had a rundown from Mr Howell's office of his meeting with Sir P Parker earlier this evening.

The B&B are worried by the Foot/Booth 'politicisation' of the dispute; in particular, at the accusation that they are trying to destroy aslef.

They are accordingly deferring sending dismissal notices to aslef drivers, and will confine themselves tomorrow to a high publicity announcement

PTO



unless aslef return to work

that they will be closing the railways from the middle of next week. Later they will say that they will be laying off NUR and dismissing aslef.

They know that their legal position on lay-off is weak, but are determined to go ahead to demonstrate the futility of the 1919 Agreement.

This seems an over-reaction to Foot/Booth, leading us to maximum confrontation with NUR and seeming to let aslef off the hook for a few days.

Mr Howell will be looking out for you in the House to bring you up to date, later tonight.

MUS 12/7



FILE

da

**SECRET**

10 DOWNING STREET

*From the Private Secretary*

12 July 1982

British Rail

As you know, Mr. Gregson of the Cabinet Office sent, with the Chancellor's agreement, a brief note on how things stood on British Rail following Friday afternoon's meeting of MISC 80.

The Prime Minister was grateful for this report of the conclusions of MISC 80. She will be grateful to be kept closely in touch.

I am sending a copy of this letter to Peter Gregson (Cabinet Office) and to Anthony Mayer (Department of Transport).

**M. C. SCHOLAR**

John Kerr, Esq.,  
HM Treasury.

**SECRET**

A



SECRET

cc J.V 7

Prime Minister

(1)

P.0806

MR SCHOLAR

BRITISH RAIL

Yes  
MS

It would make no sense for BRB to lay off NUR if it is known that the courts will find against them. Agree? But if the government tell BRB this BRB may think we are weakening, and subsequently blame us for it. Nevertheless X seems right. Agree? It seems incredible if BRB are absolutely prevented from laying off NUR in a prolonged strike. Content to allow matters to

With the Chancellor of the Exchequer's agreement, I am sending you this brief note so that the Prime Minister will know how things stand on British Rail following this afternoon's meeting of MISC 80.

2. There are two main current issues for decision:

Yes  
develop as envisaged in Mr Grayson's note?  
MLG 9/7

i. the dismissal of ASLEF members who have been and are on strike (and any NUR members not turning up for work) combined with an undertaking to re-engage them if they report for work on Monday 19 July;

ii. lay-off of NUR members turning up for work.

3. On i. it has now been established that there is no legal difficulty about what the BRB have in mind, so long as they dismiss all those who have been at any time away from work since this particular dispute began, and so long as the offer of re-engagement is open to all those dismissed on the same terms and for a reasonable time (ie the offer will have to remain open for some days after 19 July). The BRB's present intention, subject to approval by their Board on Tuesday morning, is to send out the dismissal and re-engagement letters that day.

4. On ii. the Prime Minister will recall from Mr Howell's report to the Cabinet yesterday that the BRB's original intention was to reconsider the lay-off of NUR members in the light of how many ASLEF members responded to the dismissal threat and turned up for work on Monday 19 July. At that point a week's notice of lay-off might be issued to NUR members. Mr Howell reported to MISC 80 this afternoon that the BRB's latest thinking was to synchronise the notice of lay-off with the action against ASLEF; the notice of lay-off would be given to NUR members on Wednesday to take effect from Wednesday 21 July.





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5. MISC 80 was not convinced that this latter proposal was sound. As the Prime Minister is already aware, most Ministers are uneasy about the merits as well as the timing of action to lay off NUR members. The main difficulty is that the legal advice available to the Government is that the BRB can be sued for the wages of NUR employees turning up to work because of the 1919 Guaranteed Week Agreement. It is thought that a declaration to this effect could quickly be obtained in the High Court. There would therefore be no financial benefit from laying off NUR members and the BRB (and indirectly the Government) would lose public credibility. The BRB Board believe that the courts might be persuaded that there were mitigating circumstances so that the liability for damages would at least be less than the full cost of the wages. The Attorney General is not however convinced by this and the matter is to be further explored.

6. Principally in order to buy more time, Mr Howell, who is due to see Sir Peter Parker again on Monday evening will, while giving full backing for the proposed action against ASLEF, express doubts about the timing of the proposed lay-off of NUR members and will hope to persuade Sir Peter Parker at least to reconsider reverting to the earlier timetable so that further points can be explored.

7. Concern was expressed that the BRB might see this as a wobbling in Government support for the Board, but MISC 80 felt that it should be possible to avoid giving this impression, especially in view of the Government's backing for the ASLEF dismissals.

8. MISC 80 will be meeting again on Tuesday. It will consider, inter alia, what the alternatives might be to the BRB's breaching the 1919 Agreement, including the possibility of emergency lay-off legislation before the summer recess.

PLG  
P L GREGSON

9 July 1982

SECRET



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SECRET

copy no. 3 of 10

6



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

Prime Minister (2)

CJV

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1

MUS 9/7

8 July 1982

*Dea Seaman*

DISMISSING STRIKERS

In the light of the discussion in MISC 80 this morning I have followed up the question of sacking strikers with the Law Officers Department, the Department of Employment and my own Departmental legal advisers.

They all agreed that if BR were to sack all those on strike and offer re-employment but on a new contract, then the Board would be under no legal obligation to offer those dismissed who refused this offer re-engagement under the terms of the old contract. The consensus view is also that the Board would not be open to action through the Industrial Tribunal if they took this course.

The only real caveats are:

- i. that the Board must sack all those who have been or are on strike and offer the same terms and conditions to all those they have dismissed (to do otherwise would constitute victimisation); and

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- ii. the new contract must offer employment in the job held immediately before dismissal or a different job which was "reasonably suitable".

I am copying this to the other members of MISC 80, the Attorney General, Sir Robert Armstrong and Mr Sparrow.

*Yours*

*David*

DAVID HOWELL

SECRET





*ce* *HR* *SV*  
Prime Minister (2) *Trans*

*This somewhat weakens our  
public position that we are not  
giving BRB any  
more money - but for good  
monetary policy reasons.*  
8 July 1982

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon David Howell MP  
Secretary of State  
Department of Transport  
2 Marsham Street  
London SW1P 3EB

*MLS 8/7*

*Dear Secretary of State,*

BRITISH RAIL'S TEMPORARY BORROWING FROM THE NLF

It is now public knowledge that the Government has agreed that, in the absence of the Public Service Obligation grant, British Rail should be able to borrow against its temporary borrowing limit of £150 million and that if necessary the limit can be raised.

Under current arrangements the Board would borrow from banks or from other public sector bodies with the existing Government guarantee. The purpose of this letter is to propose that from now on the temporary borrowing from banks which the Board would otherwise have made should come from the National Loans Fund. I understand that the Board would be willing to do this, though they might well want to retain a limited overdraft facility with their present clearing bank. This has emerged from the consultations which the Treasury has been having with the Nationalised Industries about displacing temporary borrowing from the banks by NLF lending. The context of the consultations, which are not yet complete, was set out in the Chancellor's Parliamentary Answer of 25 June (a copy is enclosed). But in brief, for a given level of funding required for monetary control, displacing bank borrowing by Nationalised Industries with NLF lending reduces the extent of money market shortage and of any NLF surplus that we might accumulate. It raises the CGBR but leaves the PSBR unchanged and should produce some savings in the public sector's interest burden.

From the presentational point of view there is little to choose between the Board borrowing from banks with an explicit Government guarantee and borrowing from the NLF. The amount of borrowing would of course be unaffected.

I understand that practical arrangements should not be difficult



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to sort out and, if you agree, I hope that temporary borrowing from the NLF can begin on Monday, 12 July.

I am sending copies of this letter to the Prime Minister and Sir Robert Armstrong.

*Yours sincerely*

*T. Matthews*

*for* LEON BRITTAN

*Approved by the Chief Secretary  
and signed in his absence*

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# H. M. TREASURY

Parliament Street, London SW1P 3AG, Press Office: 01-233-3415  
Telex 262405

25 June 1982

ARRANGEMENTS GOVERNING  
BORROWING BY THE CORPORATE  
AND PUBLIC SECTORS

In answer to a Written Question from Sir Brandon Rhys Williams Bt, MP, the Chancellor of the Exchequer, the Rt Hon Sir Geoffrey Howe, QC, MP, today gave the attached answer about arrangements governing borrowing by the corporate and public sectors.

PRESS OFFICE

HM TREASURY

PARLIAMENT STREET

LONDON SW1P 3AG

01-233 3415

121/82



SIR BRANDON RHYS WILLIAMS:

To ask the Chancellor of the Exchequer if he will make a statement about arrangements governing borrowing by the corporate and public sectors.

CHANCELLOR:

Yes. I have decided that some further steps should be taken which I believe may help industry to raise long term finance, to reduce the dependence of the local authorities on bank borrowing, and to remove possible obstacles to funding the borrowing requirement.

Funding has been an important instrument of monetary policy under successive governments. Sales of central government debt such as gilts and National Savings to the non-bank public have been used to contain the growth of  $\text{£M3}$  and to reduce liquidity in the economy.

The level of funding needed to achieve satisfactory monetary conditions would be lower if companies derived more of their finance from the capital market and less from banks than they have done for many years. There was a revival in equity issues last year. But there has, so far, been little improvement in company stock issues. This should come with further reduction in inflation and interest rates. But there is one obstacle which I can remove immediately. This is the effective embargo on the issue of zero and low coupon stock by companies. The Inland Revenue are issuing a statement today, which will be available in the Vote Office, to clarify the tax treatment of such stock and also of different forms of indexed borrowing by companies, together with the safeguards necessary to prevent tax avoidance.

Companies, including small companies, will now be free to issue such stock, as they have in the past been free to issue indexed stock, subject to the normal arrangements for obtaining timing consent from the Bank of England for issues of  $\text{£3 m}$  or above.

The Government are separately examining the possibility of providing for the taxation on an "accruals" basis of the discount on zero and low coupon stocks. Under such a regime the discount would be treated for tax purposes, both for the lender and for the borrower, as interest arising over the life of the stock, rather than as rolled-up interest paid at redemption. Such arrangements, if they were considered appropriate, would require legislation in next year's Finance Bill and would not apply to stock already in issue at that time.



The appropriate level of funding has, of course, to be decided in the light of all the monetary indicators. That level may sometimes be higher and sometimes lower than the Public Sector Borrowing Requirement. But as a result of the cumulative effect of funding policy in recent years it may not be possible to fund the borrowing requirement without a risk of producing balances in the National Loans Fund (NLF) larger than the working levels permitted under the 1968 National Loans Act.

I have therefore decided that it would be right to amend Section 12 of the Act to allow the Treasury to borrow for monetary policy purposes when this is not needed to meet the NLF's outgoings. If use of this power leads to NLF balances with the Banking Department at the Bank of England, these sums would be available to relieve shortages in the money market, which are a corollary of debt sales.

I shall also be proposing amendments to Section 5 of the Act. This will provide an explicit power for the NLF to make variable rate loans. This will enable us to meet the request for such a facility from the local authorities, which in recent years have increasingly borrowed in this form from the banks. Higher lending to the local authorities from the NLF will raise the CGBR but not the PSBR. For a given level of debt sales it will reduce any balance in the NLF and the scale of money market shortages. A similar effect will be achieved if more of the temporary finance needed by Nationalised Industries is provided from the NLF. The possibility is now being discussed with them.

The necessary new Clauses and Ways and Means Resolution are being tabled today.



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c.c. Nat. Health file  
Nurses Pay Pt. 2.

Civil Service: Pay +  
Pensions Pt. 11

Ref. A08940

PRIME MINISTER

Industrial Affairs

There are three items for discussion:

- i. the British Rail dispute;
- ii. the National Health Service dispute;
- iii. sympathetic industrial action by civil servants  
(with particular reference to ii).

On iii. the Chancellor of the Exchequer has circulated a minuted dated 6 July reporting the conclusions of the Ministerial Group on Current Industrial Disputes (MISC 80) and is seeking clearance from the Cabinet for certain action to be taken by the end of this week.

MAIN ISSUES

British Rail

2. MISC 80 will be meeting immediately before Cabinet to review the British Rail dispute. The main issue at present is the policy which the British Railways Board (BRB) should adopt towards lay-off.

3. As the Cabinet is aware from last week's discussion the BRB is obliged under the 1919 Guaranteed Week Agreement to pay guaranteed standard wages for 8 hours per day and 40 hours per week to all its NUR and ASLEF employees who report for work; employees who are on strike or are not prepared to cross picket lines do not have to be paid. At present therefore the BRB is having to pay nearly all its NUR employees and some of its ASLEF employees, as well as all its white collar staff. It is however able to run only limited services





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and to earn little revenue. Lay-off of the NUR employees and any ASLEF members who are coming to work would save the BRB about £13 million per week.

4. On the other hand the BRB needs to allow time for ASLEF members to drift back to work in such numbers as might break the strike. Moreover NUR members have gained considerable public sympathy by forcing the calling off of their own strike and by their efforts to keep the railways in operation. Finally, as Ministers have agreed, the BRB would be liable to be sued by individual railwaymen for their guaranteed wages and would be likely to lose such an action. Lay-off could therefore transform the public perception of the rights and wrongs of the dispute. In so far as the BRB justified its actions by pleading the financial constraints imposed by the Government, the Government might attract criticism also.

5. The Chancellor of the Exchequer will report to the Cabinet on the latest view reached by MISC 80 on this issue; this will take account of a discussion which the Secretary of State for Transport will have had with Sir Peter Parker about the BRB's current thinking.

6. On action to mitigate the effects of the dispute, the Home Secretary will be holding a meeting of the Civil Contingencies Unit at Ministerial level in the early afternoon following Cabinet. The arrangements to cope with commuter traffic appear to have worked well but the CCU will be considering whether any changes would be desirable at the margin.

#### NHS dispute

7. It is unlikely that there will be significant new developments to report. The next crucial step will be the meeting of the Nurses and Midwives Whitley Council on 13 July. The TUC Health Services Committee has called a 3-day strike in the period 19-21 July but has asked ACAS to intervene. The Secretary of State for Social Services might be asked whether ACAS is likely to be active.

8. The other aspect of the NHS dispute concerns sympathetic industrial action. Sympathetic action by Civil Servants is dealt with separately below. There is





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however the question of legal redress under the Employment Act 1980 against those involved in the secondary picketing of hospitals. The Secretary of State for Social Services has reported to MISC 80 that local health authorities have been asked to consult Ministers before they decide to take legal action and that they are likely to do so only if secondary picketing is severely damaging treatment to patients.

Sympathetic industrial action by Civil Servants

9. The main points in the Chancellor's minute of 6 July are as follows:

a. The Government's strategy should be to take, and be seen to take, firm and resolute action, but not to over-react in a way which would play into the hands of the unions.

b. Where misconduct is involved of an overtly political or abusive nature, disciplinary charges should be brought in blatant cases where a charge is likely to stick, bearing in mind both legal and political considerations.

c. In cases of unauthorised absence, the normal disciplinary procedures should apply; in addition to the deduction of pay (which is automatic) written warnings should be sent to the staff who absented themselves on 23 June, and this will become widely known as a deterrent to future offenders; repeated offences will attract penalties ranging from formal reprimand to dismissal in the most serious cases.

d. All Civil Service managers should receive instructions making clear the relevance of the disciplinary procedures to sympathetic industrial action.

e. More generally, the Civil Services rules of conduct, including political activity, should in due course be reviewed in the light of present day circumstances.

10. The essential point about the proposed policy is that unauthorised absence for the purposes of sympathetic industrial action is treated like unauthorised absence for any other purpose and will attract the appropriate disciplinary





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response. This is not a change of policy but merely the application of an existing policy to a novel situation. The message which the Government has to put across, without giving wider currency within the Civil Service to the ~~idea~~ of action in support of the NHS workers is that, although Civil Servants are not, for good practical reasons, disciplined for absenting themselves in pursuance of a dispute within the Civil Service, but merely suffer a deduction of pay, this does not apply to unauthorised absence for sympathetic industrial action.

11. In relation to the blatant cases of misconduct, the Chancellor, in his minute of 6 July, suggests that the Secretaries of State for Social Services and Employment may report their conclusions orally on certain cases. He had in mind particularly the case of Mr Kevin Roddy, National President of the Civil and Public Services Association, who is a Clerical Officer on the staff of the DHSS with 100 per cent facility time. It is not clear how far Mr Fowler will in fact wish to say anything about this case, which is primarily a management matter for his department. The Cabinet will however wish to be assured that, in deciding what action should be taken, the political and presentational aspects will be given due weight.

Mr Fowler strongly wishes that there will be no discussion of Mr Roddy

*- because discussion, if known, might prejudice the government's case before e.g. an industrial tribunal, and might give rise to Opposition charges that there was political interference with a Civil Service management*

12. On British Rail you will wish to call for a progress report from the Secretary of State for Transport. The Chancellor of the Exchequer may wish to report on the latest conclusions of MISC 80. It should not be necessary to ask the Home Secretary to report on contingency arrangements, unless some particular point of difficulty is raised.

MCS  
7/7

13. On the National Health Service dispute, you will wish to ask the Secretary of State for Social Services whether there are any new developments.

14. On sympathetic industrial action by Civil Servants, you will not wish to encourage a lengthy discussion since the ground was thoroughly covered by Ministers concerned in MISC 80. You might ask the Chancellor of the Exchequer to refer briefly to his minute and ask whether there are any dissenting voices.





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CONCLUSIONS

15. You will wish to reach conclusions in particular on the following matters:

i. (if a decision is called for at this stage), on any guidance to be given to the British Railways Board on lay-off;

ii. on the specific steps at the end of this week proposed in paragraph 6(i)-(iii) in the Chancellor of the Exchequer's minute about sympathetic industrial action by the Civil Servants.

REA

ROBERT ARMSTRONG

7 July 1982



c.c. ① Nat. Health Inl Nurses Pay Pt. 2  
② Civil Service: Pay + Pension 5 Pt. 11

Prime Minister

MS 7/7

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PRIME MINISTER

cc Mr Mount  
Mr Walters  
Mr Ingham

Cabinet, 8 July: Industrial Affairs

There are three current issues which Cabinet will no doubt wish to consider:-

Industrial Action on the Railways

The only issue for Ministers at present is whether to intervene in the decisions the Board has to take about laying off NUR members for whom there is no work, or dismissing ASLEF drivers and offering to re-employ them on different terms. We think that these are tactical issues which must be left up to the Board. The Government is at present in a strong position, standing well back from the tactics, enjoying a good deal of media support in its handling of the strike, and reaping the longer term benefits of the wide public perception that union leaders cannot always deliver on their threats - and that the threats are not so threatening after all. The balance of advantage in handling NUR lay-off and ASLEF dismissal will become clearer as the strike progresses; meanwhile, we are sure BR is right to do nothing which may hinder the possibility of a successful war of attrition, in which the commuters hold out and the drivers gradually drift back to work.

The NHS Pay Dispute

I am concerned at the expectations aroused in the media by the latest intervention of ACAS. You, and indeed Mr. Fowler, have made it clear that our increased offer to the various NHS groups is final, but this is not yet sufficiently widely believed. I think that our latest offer is entirely defensible in all its elements, and commands widespread public support. We should now be absolutely rock solid in not contemplating any further movement at all, and it would be helpful if Cabinet were to agree that that is the case, and that it should be made clear on every possible occasion.

You haven't, I think, found an occasion to do this yet, except for the nurses.  
MS 7/7

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/Sympathetic Industrial



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-2-

Sympathetic Industrial Action by Civil Servants

You will have seen the Chancellor's note to you of 6 July, reporting the conclusions of MISC 80. Mr. Tebbit and Mr. Fowler argued strongly in MISC 80 for the written warning against unauthorised absence being sent to all civil servants, and not just those who supported the last NHS industrial action. But we think the majority in MISC 80 was right: as a disciplinary offence, unauthorised absence is the same whether it is for the purposes of sympathetic action or anything else, and it would be extraordinarily heavy-handed of management to send a letter to all civil servants containing a threat of dismissal in the event of any further unauthorised absence. The present proposal does give everyone a "free bite", but it should have a significant deterrent effect. But it would be helpful if Cabinet were to agree that there will be no leniency in the treatment of subsequent offenders: if individuals are warned, and repeat their sympathetic industrial action, then a significant disciplinary penalty must follow.



7 July 1982

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No 3 copy of 9 copies

DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

CSU  
WR

Prime Minister (2)

MU 7/7



The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1

7 July 1982

file

Dea Scoomy

PAYMENT OF PUBLIC SERVICE OBLIGATION GRANT TO BR

Following the decisions at the Prime Minister's meeting on 22 June, the weekly payments of public service obligation (PSO) grant to meet the cost to BR of running the passenger railway have now been suspended. The Board has been paid the grant due up to Saturday, 3 July. The payment which would normally have been made today has not been made, and I propose to announce the suspension of grant in a written Parliamentary Answer tomorrow.

As the NUR strike which began on 28 June seemed likely to be a continuing disruption, I had arranged to withdraw grant from that date. But as the NUR Executive's decision was quickly reversed by the membership, 40% of whom did not strike, I decided to treat that dispute as a temporary interruption.

While it is clear that the ASLEF Executive are resolved on an indefinite strike, there are clear signs that support for it is not universal. On Monday the Board managed to run about 1,000 passenger trains out of 15,000 (though no long distance trains). Yesterday they got the level up to 1,400.

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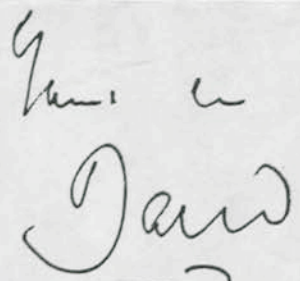
SECRET

There has been a further improvement today. But so far there is clearly nowhere near an acceptable level of service on which commuters and others can depend.

However, I think it would still help if my announcement did not close the possibility of a partial resumption of grant, which I am advised would be legally possible. It might be that in the coming week this would provide us with a means of exploiting an improving situation if there is one and would show those members of the workforce <sup>who came in</sup> and commuters that the Government was prepared to pay for an improving level of service. I would of course put such a proposal to you and other colleagues beforehand if I judged that such a move might be helpful.

I should be grateful for agreement to my making a written announcement tomorrow in the terms of the enclosed draft. I should be grateful for any comments by midday tomorrow.

Copies of this letter go to the Prime Minister, the Home Secretary, the other members of MISC 80, the Lord President, the Attorney General, Mr Sparrow and Sir Robert Armstrong.

  
DAVID HOWELL

SECRET



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DRAFT ARRANGED PQ

To ask the Secretary of State for Transport what payments of public service obligation grants he is making to the British Railways Board during the current disruption of railway services caused by the ASLEF strike.

DRAFT ANSWER

Grant is due to the Board under section 3 of the Railways Act, 1974 as compensation for complying with the formal obligation placed on them under that Act to operate the passenger railway. Since the strike by ASLEF has prevented them from complying with this obligation from Sunday, 4 July, payments of grant have been suspended. If the situation changes, and the Board are successful in their efforts to run an adequate level of service, I shall be prepared to reconsider the position.

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Prime Minister

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MUS 6/7

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

original filed on:-

6 July 1982

Max Ind. Coal: 166

The Rt. Hon. Nigel Lawson, MP  
Secretary of State for Energy

*Nigel Lawson*

## OIL BURNING DURING A RAIL STRIKE

As suggested in your Private Secretary's letter of 24 June, our officials have considered further how to finance maximum power station oil burn, should that prove necessary.

It is, I think, agreed that the cost of maximum oil burn (some £20m - £30m a week gross) should not be passed on to consumers through prices. I assume that there is no prospect of persuading the CEGB to absorb any of these costs while making compensating savings elsewhere. The cost will therefore have to be financed from the Contingency Reserve.

3. On financing these costs, there are two options:-

- (i) An Exchequer grant, as agreed during the earlier ASLEF dispute and as we have recently agreed for the extra costs of maximising Scottish electricity imports during this rail strike.
- (ii) The CEGB could charge the extra costs to their profit and loss account, and accept a lower profit, which the Government would recognise by reducing their financial target. The Board would finance the extra cash flow needed to pay for the oil by higher borrowing (which would be reflected in their higher EFL).

The second course is clearly preferable if the CEGB can be persuaded to adopt it. It avoids recourse to Parliament for what could prove to be a controversial grant and is some recognition by the industry that theirs is the responsibility to ensure coal supplies to power stations. This makes presentation easier and is more in accord with our general policy of distancing ourselves from the rail strike.

/Your Department





Your Department believe that the CEEB will resist the second course and would insist on special grants, as were agreed during the ASLEF dispute earlier this year. This is disappointing since the industry do have a responsibility to ensure the continuity of coal supplies to the power stations. Nevertheless, if it is agreed that we should go to maximum oil burn, a debate with the industry about finance would lead to delay in the start of the oil burn programme. In these circumstances I accept that the Generating Board can be told that we are prepared to pay them a grant to finance the extra costs of additional oil burn. My agreement is subject to the following conditions:-

- (i) Parliament should be told, through a Written Answer, of your intention to pay the grant, subject to the normal supply procedures. The earlier oil burn grant has been announced so that this further announcement ought not to cause visibility problems. There will also need to be an early announcement of the increase in the Board's EFL. (The EFL increase will, of course, be greater than the cost of the grant. The grant will reflect the extra costs of burning oil compared to coal while the EFL increase will reflect the cost to the CEEB of the extra oil purchases, not just the difference in cost between burning oil and coal.) It should be made clear to the CEEB that this increase in the EFL is "earmarked" for oil burn, etc; any unspent balance cannot be used for other purposes.
- (ii) Your officials should agree with mine ground rules for the payment of the grant. These rules, which should be agreed before the oil burn programme begins, should be drawn as tightly as possible.
- (iii) The agreement to pay grant should be limited to a specified time, e.g. one month. It can, of course, always be renewed. But we ought not to agree straightaway to an open-ended payment. If there was to be a long rail strike, the Generating Board would, at some stage, presumably increase oil burn on their own accord. We should not pay grant for such "voluntary" oil burn.

Finally, could I suggest that you should consider taking, at a convenient legislative opportunity, specific powers to pay oil burn etc. grant in the future. This grant, like the earlier ASLEF oil burn grant, will rest upon the authority of the Appropriation Act. That is legitimate for "one-off" occasions, but I think that the PAC would rightly take the view that if grants for oil burn are to be paid, they ought to rest upon specific legislative authority. Could I ask that you consider

/taking





taking powers at a convenient legislative opportunity, perhaps in the Electricity Bill which you plan for the next Session.

I am sending a copy of this letter, for the usual limited circulation, to the Prime Minister, the Home Secretary, the Secretaries of State for Industry, Transport and Scotland, and to Sir Robert Armstrong and Mr. Sparrow.

A handwritten signature, likely 'Geoffrey Howe', with several horizontal lines above and below it, indicating a signature block.

GEOFFREY HOWE



SECRETARY OF STATE FOR TRANSPORT INTERVIEWED ON ITN WORLD AT ONE ON  
TUESDAY 6 JULY 1982

---

Glyn Mathias: Mr. Howell, to what extent are you encouraged by developments this morning? It appears that some more ASLEF workers are turning up for work.

Mr. Howell: Well obviously there is some encouragement there. I think the numbers are still small and we'll have to see how things develop but it is good that members of the ASLEF Union as opposed to the Executive are prepared to put their consideration of their own future and the railways first and come to work. I gather some are coming to work and actually working the new flexible hours as well so this brings home really how unnecessary, what an unnecessary ASLEF imposed tragedy this strike is.

Glyn Mathias: Nevertheless, it would be an exaggeration yet to talk about any sign of the strike crumbling. How long do you think you are prepared to see it go on?

Mr. Howell: Well I think the British Rail Board are absolutely determined to settle this matter and get modern work practices. They're used in every other rail system in Europe almost except one and I think British Rail believe that they cannot go on with this endless fudging and endless talking and that they have to get the flexible rosters accepted in principle and in practice and in detail, and I believe they should be supported in that effort.

Glyn Mathias: Even if that means the death of ASLEF. Some of your backbenchers in the Commons yesterday said they would welcome the death of ASLEF. Would you welcome the death of ASLEF?

Mr. Howell: Well I don't think it's right to talk in those dramatic terms. The aim is to get the railway system of this nation running with modern work practices, using the new equipment that is already there available in the best possible way. That is what we must keep as the aim and that's British Rail's aim.



Glyn Mathias: But how long is the Government prepared to stand aside and let the strike go on?

Mr. Howell: Well really the decision of the future of the railway system almost, certainly the future of a decent railway system lies in the hands of the ASLEF Executive. They're the ones who call down upon the heads of the public and the commuters and the taxpayers - the commuters particularly having a very rough time - they call down on the heads of these people the strike decision. Now if they were able to lift the strike and come and discuss how to put in the flexible rosters that some of their members apparently are willing to work. I don't believe there's all that resistance down the line once you talk to the engine drivers, then we would see the end of this matter and we would see the beginnings of a recovery for the railway system. So it really is in the hands of ASLEF rather than any intervening, as you call it from outside.

Glyn Mathias: There's no sign of that happening at the moment and the British Rail Board will soon have to decide whether to close down the whole network. Now that will penalise other rail workers, it will penalise the travelling public. Are you prepared to stand aside and let that happen and go on indefinitely?

Mr. Howell: Well again I think there are some difficult decisions ahead but if NUR men were to lose their jobs it would be because ASLEF had so dictated. If there is to be a contraction of the railway system, if there's to be more loss of money it will be because the ASLEF Executive have so dictated by calling this unnecessary and tragic strike so it really is within their power and in their hands to lift the strike and that is what I think their members who are coming to work are indicating that they want to see happen.

Glyn Mathias: And a smaller rail network at the end of it if there isn't a speedy end to the strike?

Mr. Howell: Well that's the danger. Every day that goes by, money is pouring out and no money is coming in or very little money is coming in and that is the price that ASLEF are exacting from the public and from their fellow workers on the railway system.

Glyn Mathias: Mr. Howell, thank you very much.





DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Prime Minister 2

Willie Rickett Esq  
Private Secretary to  
the Prime Minister  
10 Downing Street  
LONDON  
SW1

6 July 1982

Dear Willie,

ASLEF STRIKE

You told me that at Prime Minister's Questions this afternoon Mr Foot made several references to an offer made by the British Rail Board on 25 June.

The substantive offer to ASLEF to test both ASLEF's proposals and the Board's flexible rosters was made in a letter dated 23 June. It was followed up by a letter dated 25 June which clarified points raised by ASLEF on the letter of 23 June. I attach copies of both letters.

If read out of context both letters could lead to concern. The essential point the Board have maintained throughout is that their proposal of 23 June was made on the understanding that ASLEF had first to accept both the principle and practice of flexible rostering. This was the foundation of the Board's offer before the strike was called and remains the fundamental requirement should ASLEF call off the strike and ask for detailed discussions about the implementation of flexible rosters.

Given all the comings and goings we have now produced our own internal history of the events of the last ten days. We have cleared it with the British Rail Board and you might find it helpful to have a copy of it.

Yours,  
Anthony  
R A J MAYER  
Private Secretary



BRIEFING NOTE

BR'S DISPUTE WITH ASLEF ABOUT FLEXIBLE ROSTERING

1. In August last year, ASLEF agreed to negotiate flexible rosters by the end of October. They failed to do so. When BR insisted on withholding the extra 3% of pay that had been awarded, ASLEF organised one-day strikes in January and February over 17 days. In February an ACAS Committee of Inquiry, under the chairmanship of Lord McCarthy, recommended that this issue should be put to the Railway Staff National Tribunal (RSNT), through the normal railway negotiating machinery, and to a strict timetable. The Railways Board accepted the recommendation. The RSNT, also chaired by Lord McCarthy, said in their report, published in May, that ASLEF should accept flexible rostering subject to the Board agreeing a series of safeguards and criteria; the Board agreed to these but ASLEF refused to accept the Tribunal's verdict.

2. On 28 May, the Board told ASLEF that, failing agreement, they would find it necessary to impose flexible rosters. They said that as they were completed, flexible rosters would be made available for discussion at the depots.

3. On 22 June, at a meeting of the Railway Staff National Council (RSNC) the Railways Board offered; and confirmed this in a letter from the Board on 23 June, that they would be prepared to make progress with three outstanding productivity initiatives, including flexible rostering, through a series of experiments. The intention was to implement flexible rostering in seventeen depots in Scotland, but to allow trial of an alternative ASLEF proposal in a significant part of the railway. The Board would judge the results within the following criteria:-

a. implementation of the 39 hour working week at minimum cost.

b. arrangements compatible with the introduction of the Trainmen concept.



c. The Board made this offer at the meeting of RSNC because, having decided to attempt to move the NUR forward on productivity and offer a experiment in relation to the Bedford/St Pancras Line, they felt they should also try to help ASLEF to accept flexible rostering without complete loss of dignity. The unions were told, later, that a reply was required by the evening of 30 June.

4. It had always been understood, from the time that the Board announced its intention to impose flexible rostering as recommended by the RSNT, that the new rosters would come into effect as and when they became available from the beginning of July. The Board wrote formally to ASLEF on 25 June to say that the new rosters which had been made available to the first 31 depots would be implemented with effect from 5 July.

5. ASLEF's only response was to tell Mr Rose, by phone, about 5.30 pm on 29 June that they were calling an all-out strike from midnight on 3 July. They were not prepared to accept flexible rostering and they were not prepared, as the Board had previously threatened, to allow their drivers individually to be sent home as they refused to work to such rosters.

6. ASLEF subsequently told Mr Murray, the General Secretary of the TUC, that they had not considered the Board's letter of 23 June until 30 June, and after they had done so, they told Mr Murray, and subsequently ACAS on the following day, that they were prepared to discuss the Board's offer. They have not made any direct response to the Board. But the message to them, through the TUC and ACAS, was that if the Board withdrew its intention of implementing new rosters at the 31 depots on 5 July, then ASLEF would call off their strike and seek authority from a recalled delegate conference to enter into trials, including flexible rostering.

7. The Board have reconsidered their whole approach, in the light of the strike call and these messages from ACAS, and have determined that:



- a. they will not enter into any discussions with ASLEF until the strike has been called off;
- b. the ASLEF must accept flexible rosters and the RSNT decision, and agree to recommend their acceptance to a recalled delegate conference - to be arranged as soon as possible - and get a positive agreement from them to these recommendations; and
- c. the ASLEF Executive must agree, by the evening of Saturday 3 July, precisely how the Board's proposals on flexible rostering should be implemented in the 17 depots in Scotland by the end of July.

Only if all these three conditions are fulfilled will the Board be prepared to discuss the trial of the ASLEF proposals, as offered in the letter of 23 June from the Board and to defer their intention to impose the flexible rosters at 31 depots from 5 July.

8. The Board have specifically refused to talk with ASLEF before a strike is called off because, in their firm view, all experience demonstrates that the Board ought not to rely on further assurances without positive evidence that, on this occasion, the ASLEF are really determined to deliver. It is clear to the Board that ASLEF's strike call on Tuesday, before they even considered the letter from the Board the following day, was a deliberate tactic to give them an additional bargaining lever. The Board are not prepared to tolerate this.

9. The Government remain determined that the Board must secure productivity improvements. They back the Board fully in their present efforts, with the rail unions, the TUC and ACAS to secure early delivery of the commitments already made and paid for.

Department of Transport

5 July



R.H. WILCOX, CBE.,  
DIRECTOR, INDUSTRIAL RELATIONS

T.H. Jenkins, Esq., CBE.,  
General Secretary,  
T.S.S.A.,  
Walham House,  
10, Maitland Street,  
LONDON NW1 2EJ.

25 June, 1982  
IR/G

7650

B. Veitch, Esq.,  
General Secretary,  
N.U.R.,  
Unity House,  
Buxton Road,  
LONDON NW1 2EL.

R.V. Buckton, Esq.,  
General Secretary,  
A.S.L.E. & F.,  
9, Arkwright Road,  
Hampstead,  
LONDON NW3 6AB.

Dear Sir,

PAY AND PRODUCTIVITY NEGOTIATIONS 1982

At the meeting of the RSMC today the ASLEAF representatives sought clarification of some aspects of the paper which accompanied the Board's letter dated 23 June and which described the Board's requirements in three of the six productivity items outstanding from the 1981 pay agreement.

It was agreed by the Board's representatives at the RSMC meeting that the ASLEAF proposal under the heading of "Flexible Rosters" should have the words "within existing national agreements" added. This has been done and an amended paper is attached to this letter.

The Board also confirm what was said at the meeting that should agreement be reached with the Trade Unions to test both the ASLEAF and the Board's proposals concerning flexible rosters then the Board would withdraw the existing instructions to Managers that flexible rosters would be implemented at Depots in the near future in accordance with the principles of RSNT Decision 77.

The Minutes of the RSMC meeting will also include the Board's statement that they envisage an area north of the Clyde in the Scottish Region (but excluding the PTE) as being appropriate for the testing of their proposals.

Yours faithfully,

(Signed): R.H. WILCOX.

R.H. WILCOX

Enclosure:

\* A number will be ready for implementation on 4 July, 1982.



1. FLEXIBLE ROSTERS

The Board's objective is to introduce flexible rostering based on the RSNT Decision 77.

An alternative ASLE&F proposal made at the RSNC meeting on 22 June is that in a significant part of the railway they believe that by careful review of the work allocation, and the concentration of more work into programmes, links and rosters, there could be staff savings to cover the introduction of the 39 hour week at minimal cost and to produce productivity improvements to match the Board's flexible rostering proposals but in accordance with existing national agreements.

The Board are prepared to test these proposals in a substantial geographical area but will judge the results within the following criteria:-

- (a) Implementation of the 39 hour working week at minimum cost.
- (b) Arrangements compatible with the introduction of Trainmen concept.
- (c) Better effective working time.

The Board require, however, as a condition a concurrent application also covering a substantial geographical area, of its flexible rostering proposals, including the single manning of up to 9 hours. These arrangements to commence by 31 July and to be reviewed within three months.

2.

ST. PANCRAS/MOORGATE-BEDFORD ELECTRIFICATION

The Board seek to introduce driver only operation on the proposed Midland suburban electrified services.

The NUR have countered by proposing the operation of this service on the basis of the open station concept, with the elimination of barrier staff but with retention of Guards with an increased commercial role, supplemented as necessary by Assistant Fare Collectors on peak services.

In order to confirm the technical and operational feasibility of the driver only arrangements and to test the merits of the NUR proposals, the Board is prepared to introduce the electric train service between St. Pancras and Bedford, on the following basis:-

/Continued .....



- (a) Driver only operation between St. Pancras/  
Moorgate-St. Albans.
- (b) Open station concept between St. Albans  
and Bedford.

Training of staff to commence immediately to achieve implementation of the public timetable on 4 October, 1982. All principles and detailed working arrangements to be agreed at RSJC (Traffic) and RSJC (Locomotive) by 30 July, 1982.

The experiments to operate for a period of three months and to continue during subsequent joint review discussions pending agreement on the permanent arrangements.

3. MANNING OF FREIGHT TRAINS

Confirmation by the NUR to the introduction of three pilot schemes to test the validity of the Board's proposals for driver only operation of some freight trains.

All principles and detailed working arrangements to be agreed by 30 July 1982 at RSJC (Traffic) and RSJC (Locomotive), including agreement of the specific trains which will operate under driver only conditions within the three service groups.

BRB HQ,  
Euston.

25 June, 1982



R.H. WILCOX, OBE.,  
DIRECTOR, INDUSTRIAL RELATIONS

T.H. Jenkins, Esq., CBE.,  
General Secretary,  
T.S.S.A.,  
Walkden House,  
10, Melton Street,  
LONDON NW1 2EJ.

23 June, 1982  
IR/G

7630

S. Weighell, Esq.,  
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R.W. Buckton, Esq.,  
General Secretary,  
A.S.L.E. & F.,  
9, Arkwright Road,  
Hampstead,  
LONDON NW3 6AB.

Dear Sir,

PAY AND PRODUCTIVITY NEGOTIATIONS 1982

As promised at the RSNC meeting held yesterday, enclosed is a paper which sets out the Board's requirements on the progression of those three outstanding productivity initiatives which have become major obstacles to progress.

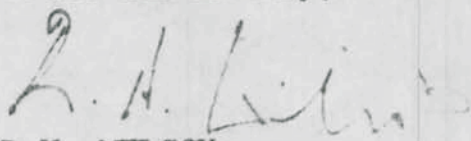
The experiments proposed would be on a similar basis to those already existing for 'Open Station Concept' pilot schemes in that there would be no permanent displacement of staff and earnings would be protected during the trial periods. Any temporarily displaced staff would be used to best advantage.

I have to remind you that this still leaves us with the 'Trainmans Concept' and 'Manning Conditions' to be progressed before 30 July in the terms of our pay offer.

I must stress that this still remains our position.

The co-operation and support of the Trade Union leadership would be an essential requirement and the Board would also similarly undertake to give maximum support and effort, to ensure that the experiments, whether on the basis of the Board's or the Unions' proposals, are given a fair and reasonable trial.

Yours faithfully,

  
R.H. WILCOX

Enclosure:



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## 2. ST PANCRAS/MOORGATE-BEDFORD ELECTRIFICATION

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In order to confirm the technical and operational feasibility of the driver only arrangements and to test the merits of the NUR proposals, the Board is prepared to introduce the electric train service between St Pancras and Bedford, on the following basis :-

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BRHQ  
Euston

23 June 1982



22 JUL 1962

10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31



SECRET

cc Mr. Mount  
Mr. Scholar

3

✓ Transport

R. VEREKER

BRITISH RAILWAYS: ASLEF  
MEMORANDUM BY SECRETARY OF STATE FOR TRANSPORT (MISC 80(82)3)

I doubt if I can be much help on this because I know little or nothing about the intricacies of language used in personnel relations. But these are my comments on the points.

i. This hinges on whether BRB will send the NUR members home so that they can save paying their wages. They appear to think that the Board will decide to send their NUR members home. The argument will be that the NUR Executive instructed its members not to cross picket lines. But supposing the members do, and in considerable number. This seems at least a possibility worth considering, and I suspect it may be the real life outcome. But of course NUR members will cross picket lines if they think that by doing so they will not be sent home and will be paid. The Board should surely operate the rule that if people turn up for work and there is work for them, then they should be paid. Secondly, if they turn up for work and cross picket lines, then I think it would be a good idea (even though there is no work) to pay them, pour encourager les autres. Of course one might wish to say that after a due delay those who cross the picket lines, where there is no work for them, will have to be sent home without pay. But the note by officials does not seem to address these issues.

ii. Arbitration arrangements.

I think we all agree that arbitration is generally awful and merely results in creeping Cleggerly. I am even more concerned that the view of officials is that BRB believes that arbitration has benefited management at least as much as the unions. Indeed it has. We all remember the famous Guillebaud's Award when it was argued that a Government that had "willed the ends must will the means" - that is to say Government must pay up. Railways, management and unions, win. The public lose.

SECRET

(Surely the fact



SECRET

- 2 -

Surely the fact that option (e) denying unilateral action to arbitration would be hotly opposed, both by the unions and probably by the Board (although the departmental memorandum doesn't mention that), is a good indication that this would be a sound option. Surely we all believe in voluntarism and I cannot see any strike threat developing because of the introduction of voluntarism into arbitration.

iii. Temporary train drivers.

The Board's view is that NUR would not be prepared to cooperate with new drivers, but that presumably applies only to the NUR Executive. Supposing the option were put that: the NUR members were sent home without pay, or they could attend for work with new drivers. I am sure the NUR Executive would have to do some face-saving operation, but surely the prospect of work with new drivers rather than no work with principles of solidarity etc is one that needs exploring. Officials seem to dismiss this out of hand.

5 July 1982



ALAN WALTERS

SECRET



cc JU



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

CWR  
+1

Prime Minister

Much good Questions  
material here.

Michael Scholar Esq  
Private Secretary to  
the Prime Minister  
10 Downing Street  
LONDON  
SW1

5 July 1982

MUS 5/7

Dear Michael,

ASLEF DISPUTE

I attach a briefing note taking us up to 18.00 this evening. BR will be taking decisions on what they do next towards the middle of this week. I will keep you informed.

I am copying this to the Private Secretaries of the other members of Cabinet including the Chief Whip and to the Private Secretaries of Mr Sparrow and Sir Robert Armstrong.

Yours,

Anthony Mayer

R A J MAYER  
Private Secretary



## BRIEFING NOTE ON ASLEF STRIKE

5 JULY

1. What is the strike all about?

BR want ASLEF to work shifts with flexible hours, between 7 and 9 hours. This requirement is part of a package of 6 productivity changes, for which a 3% supplement was paid in the 1981/82 pay deal. ASLEF refuse to work these "flexible rosters". They are striking against BR's threat to send men home after 5 July if they refuse to do so. Annex "A" describes the events leading up to the dispute.

2. Why is the dispute over flexible rosters important enough to justify a major strike?

Until ASLEF agree to work flexible rosters, no progress can be made on two more of the 6 productivity points covered in the 1981/82 pay deal. These are easement of manning conditions and introduction of the "trainman" concept. Full implementation of these three productivity points alone could save BR about £35½m in a year. But that is only part of the story. Over the next few years, the introduction of new technology (e.g. new signal and communications equipment, automatic ticket revenue collection, automatic shunting systems) will change working practices profoundly. If BR fall at the very first productivity hurdle, the chances of proceeding to a modern efficient railway are minimal. The plain fact is that the left wing dominated ASLEF executive, possibly with wider considerations in mind, have dug their heels in on a bogus issue of principle and seem more concerned to keep the union as a power base for left wing politics than the wellbeing of their members.



3. Shouldn't BR have accepted ASLEF's "compromise offer"?

The ASLEF compromise offer of 1 July was a sham. It boiled down to yet more talks, with no guarantee at all of BR being able to make progress. As Sir Peter Parker said it was "one fudge too far". Time has run out. The dispute over flexible rostering has been going on for nearly a year. BR have lost £80m over the 17 one day strikes earlier this year. ASLEF have taken the 3% pay supplement without honouring their side of the bargain. They have accepted arbitration by Lord McCarthy and then ignored his findings. They have refused BR's final compromise offer of regional experiments. And without consulting their membership they have called an all out strike. It must now be resisted.

4. BR are just trying to smash ASLEF. Their attitude has hardened

This is not true. The BRB have done all they can to give ASLEF every chance to reach a reasonable settlement. The issue has dragged on for nearly a year and has been discussed and examined by the Railways formal negotiating machinery as well as an independent inquiry under Lord McCarthy. Even he came down in favour of flexible rosters. The Board will not tolerate any further delay. They have decided the time has come for a decision. That is a perfectly reasonable and justifiable business decision.

5. Isn't it unreasonable to impose flexible rosters on men who already work shifts starting as early as 05.00 in the morning, and finishing as late as 02.00 in the morning?

Working hours will not change significantly. Indeed, the Board have undertaken to ensure that is so. The "unsocial hours" worked will be less. There will be more rest days and the present 40 hour week will be reduced to 39 hours. But the proof of the pudding is in the eating. 80% of the guards at the back of the train are working flexible rostering. Drivers in every country in Europe bar one - Southern Ireland - work flexible rostering.



6. Government policy towards the Railways has led to this strike. Labour have been warning of this for some time

It is clear from the Government's record they want to see a healthy flourishing railway industry. The Government have played, are playing and will play their part. Support for the railways this year is £186m more in real terms than it was in the last full year of the previous Labour government. The taxpayer is paying over £2.3m a day to keep the railway running. Together with substantial investment this shows the depth of the Government's commitment. There is however no escaping the fact that the key to a successful future is modern working practices and better productivity. The Government fully supports the Board's struggle to achieve this.

7. The cause of all the current problems is lack of investment

This is simply not true. 10 major projects have been recently completed, are under construction or have been approved and another eight are in the pipeline. But unless the unions deliver on productivity the Government is not prepared to hand over taxpayers' money. The two go hand in hand. See Annex B.



LIST OF EVENTS 1981/82

PAY SETTLEMENT AND FLEXIBLE ROSTERING DISPUTE

During the 1980 pay negotiations for rail workers the BRB accepted a commitment to a reduction in the standard working week by an average one hour from November 1981. This was on the understanding productivity measures would be discussed to minimise the cost. Negotiations on pay for 1981 did not result in any agreement.

- |                 |  |
|-----------------|--|
| 13 April 1981   | Board offer 7% against claim for 13%.  |
| 20 April 1981   | Settlement date for 1981 pay offer.  |
| 30 April 1981   | Issue referred unilaterally by unions to Railways National Staff Tribunal (RSNT) - non binding.  |
| 16 July 1981    | RSNT recommends that 8% should be paid from 20 April 1981 with an additional 3% to be paid from 1 August 1981. BR agrees to pay 8% increase, but insist that additional 3% be funded by six productivity improvements. One of the six is flexible rostering.   |
| August 1981     | No agreement reached between Board and Rail Unions on pay and how the RSNT recommendations are to be funded. Industrial action threatened. Discussions at ACAS result in two parallel understandings signed by all the parties. One on productivity committed parties to complete discussions by given dates on the six productivity issues. The second related to pay and awarded 8% from 1 April 1981 with an additional 3% from January 1982 backdated to August to be funded by the six productivity improvements. |
| 31 October 1981 | Target date for agreement on flexible rostering.   |



30 November 1981

ASLEF state not prepared to accept flexible rostering. BR indicate that it will not pay the 3% supplement without ASLEF commitment to flexible rostering.

December 1981

NUR accept detailed agreement on flexible rostering for guards. No agreement from ASLEF on flexible rostering. BRB writes to ASLEF saying they will not pay the 3% supplement. TSSA and NUR get 3% supplement.

January/February 1982

ASLEF embark on a series of one-day strikes. Further talks at ACAS fail to resolve dispute. ACAS set up a Committee of Inquiry under Lord McCarthy (with same three man membership as RSNT). ASLEF refuse to attend.

16 February 1982

McCarthy Inquiry publishes report

- i. BR to pay 3% supplement to ASLEF
- ii. ASLEF to confirm continued commitment to August 1981 productivity understanding (which covered flexible rostering). ASLEF to halt strikes
- iii. further talks on flexible rostering through normal negotiating machinery. If no agreement then the issue should be referred to RSNT.

March 1982

BR pay 3% supplement to ASLEF, backdated to August 1981. But no agreement on flexible rostering. Parties refer issue to RSNT on a non-binding basis.

7 May 1982

RSNT reports and finds for the Board. Suggests ASLEF should accept flexible rostering but with 13 safeguards. ASLEF rejects findings as unworkable.

28 May 1982

Board tell ASLEF that they will be issuing flexible rosters for discussion and comments at depots for introduction from 5 July.



24 June 1982

*letter from Mr Willwork,  
Mr Rose's deputy, to all 4  
unions.*

BRB offers new arrangements for introducing flexible rosters involving single manning of up to nine hours in a limited geographical area (Scotland) for a trial period, on lines recommended by the McCarthy award, plus a parallel trial of ASLEF proposals for staff and other savings in another area. BRB at the same time tell ASLEF that if they do not agree by 29 June, then flexible rosters will be posted in 31 depots for working on 5 July and in other depots progressively thereafter.

29 June 1982

ASLEF calls indefinite strike from midnight Saturday 3 July.

30 June 1982

ASLEF executive consider parallel trials proposal and Len Murray intervenes to try to avert the strike but prolonged talks with ASLEF are inconclusive.

1 July 1982

General Secretary of ASLEF offers to withdraw strike demand if BRB withdraws intention to implement flexible rosters. BRB refuse. Board's position is:

- i. strike threat must be lifted;
- ii. ASLEF must accept RSNT recommendation that flexible rostering should be introduced and get a positive agreement from their delegate conference;
- iii. only after (i) and (ii) are talks possible on how rosters are to be introduced.

2 July 1982

Secretary of State for Transport urges train drivers to call off strike saying it would be most pointless stoppage for half a century. ASLEF's first requirement must be to call off strike and agree introduction of flexible rostering.

4 July 1982

Strike begins. BR are able to operate some services.



## INVESTMENT IN BR

Projects recently completed/nearing completion

<u>Project</u>	<u>Cost</u>	<u>Comment</u>
1. 95 High Speed Diesel Trains	£200m	First entered service 1976, last 2 sets to be delivered in July 1982
2. St Pancras/Bedford electrification track and signalling works	£150m (1981 prices)	Work started in 1976 and is almost complete. Only disagreement over manning holding up new electric service between Moorgate and Bedford
3. 4 multi-purpose ferries for Sealink	£60m (1980 prices)	
4. 5 year rolling programmes for freight locos and wagons	About £50m per year at current prices	Authorised up to 25 locos and 1,550 wagons per year over period 1978-82

Other projects under construction or approved

5. West of England resignalling		Resignalling and track rationalisation between Westbury (Wilts) and Totnes (Devon). Cost £28m (1979 prices). Approved in 1981 and due for completion in 1987
6. Brighton line resignalling		Resignalling 282 track miles on the London-Brighton line and branches; cost £45m (1978 prices). Approved March 1979. Bulk of project in operation 1984
7. EMU rolling programme		5 year programme approved March 1979. Currently building about 200 vehicles per year. Cost £40m per annum



8. 210 sleeping cars

Approved April 1979.  
First deliveries January  
1982. Cost £25.5m (1982  
prices). Services  
progressively converted  
to new sleepers as  
delivery proceeds

9. Isle of Wight car-  
ferry investment

Submission for £15½m  
approved December 1979.  
Two new ferries enter  
service next year

10. Anglia electrification

Colchester to Harwich,  
Ipswich and Norwich.  
Approved December 1981  
at a cost of nearly £30m.  
Work on the electrification  
cannot start until 1984  
because essential track  
rationalisation and re-  
signalling work must be  
done first. This is  
under way

10 Year programme of electrification

11. Electrification of  
some 3,800 single track  
miles of main line

Awaiting Board's  
proposed programme



B.R. STATEMENT

Transport  
MB 2

The Opposition, led by Albert Booth, with the support of Messrs Huckfield, Straw and Dubs, drew Mr Howell's attention to the proposal made by ASLEF on 30 June that the BRB should call off the imposition of flexible rostering, and allow the executive time to hold a conference to seek authority from their members to co-operate in an experiment on flexible rostering. This experiment would involve the acceptance of flexible rostering in part of the country, and the implementation of productivity measures suggested by ASLEF in other parts of the country. The Opposition painted this as a substantial concession by ASLEF, and asked why the Government was not prepared to encourage the BRB to negotiate on this basis. They claimed it was untrue that flexible rostering had been discussed ad nauseam: the BRB had only announced that it would impose flexible rostering on 26 June. ASLEF would be prepared to lift their strike threat to allow discussions on their experiment to proceed. Why was the Government ignoring ASLEF's proposal?

David Howell said that the BRB was ready to discuss how their new rosters should be introduced. The important thing was that the ASLEF executive should abandon their call for an all out strike, a decision that was taken by the executive with little reference to the union's membership or interests. The Opposition's claim that flexible rostering had only become an issue in the last week was nonsense; the subject had been discussed at length, and in every forum, since last August. The BRB's latest proposal had been for an experiment whereby the new rosters would only be introduced in Scotland, while an experiment on ASLEF proposals would be considered in England. ASLEF had simply met this with a call for an all out strike. He hoped that, with the help of ACAS, good sense would prevail.

On the Backbenches, Matthew Parris drew attention to the possibility that some branch lines would not survive the strike; Anthony Grant said that the public were prepared to suffer if it meant a better future for British Rail; John Major pointed out that flexible rostering was the practice in almost all the European countries,



and had been accepted by the NUR; and Shiela Faith emphasised that many members of ASLEF were opposed to the strike. This last point was taken up by David Owen who supported the Government's stance, but called for legislation to make postal ballots for the election of union executive officers compulsory.

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With the Government, the Liberals, and the SDP against them, the Opposition were an angry minority.

WM

2 July, 1982



STATEMENT ABOUT THREATENED INDUSTRIAL ACTION BY ASLEF

2 JULY 1982

With permission, Mr Speaker, I would like to make a statement about the further threatened strike on British Rail and Government measures to help rail users.

The House will have shared the general relief that the delegate conference of the NUR overturned the decision of their Executive to call strikes on both British Rail and London Underground.

/But this



But this good sense has been overtaken by the decision of the Executive of ASLEF, the train drivers, to call an indefinite national strike from tomorrow night.

The ASLEF Executive's grounds for this action are that they refuse to operate BRB plans for more flexible working hours or rosters, on which there have been extensive consultations including a tribunal award which have been already accepted by railway guards and their union and implemented by four fifths of them.

Mr Speaker unless there are last minute wiser thoughts ASLEF is now embarking on the most pointless national strike called by a trade union in half a century.

Unless this strike is called off, it will again bleed away vital railway funds needed for modernisation, as it did in January/February of this year; and it will further worsen the pay prospects for all others in the industry. The railway system will be forced to contract. Many associated industries supplying equipment will be hurt. Many more railway jobs will be lost, as will many wage packets. A strike will also harm other industries and the jobs of those working in them.

The British Railways Board has done all that is reasonable, and more, to understand drivers' worries and to introduce new flexible hours with all necessary safeguards. But without consulting its members the ASLEF Executive responded by calling an all out strike.



Faced with this ugly prospect the Government will again take all possible measures to minimise the grievous difficulties for commuters and protect the public. The police will again make substantial extra car-parking spaces available, including 3000 extra spaces in Hyde Park and Regents Park.

Clearways will be kept free. Roadworks will be postponed wherever possible. However, as London Transport will be operating, normal parking restrictions will apply.

It will be vital for hours to be staggered and above all for cars and journeys to be shared. There are no legal or insurance obstacles to car-sharing. Let every car travel full.

Mr Speaker, it is not too late for the many engine drivers who normally serve the public well to see that they are being grievously misled by their Executive. They will do great harm to their own members' livelihoods, as well as to those of many others and to the railway itself. Much their wisest course is to call off the strike and accept the introduction of flexible rostering arrangements. This they should now do.



*Dr. Summerskill]*

*It being Eleven o'clock, MR. SPEAKER interrupted the proceedings, pursuant to Standing Order No. 5 (Friday Sittings).*

## ASLEF (Rail Dispute)

11 am

**The Secretary of State for Transport (Mr. David Howell):** With permission, Mr. Speaker, I should like to make a statement about the further threatened strike on British Rail and Government measures to help rail users.

The House will have shared the general relief that the delegate conference of the NUR overturned the decision of its executive to call strikes on both British Rail and London Underground. But this good sense has been overtaken by the decision of the executive of ASLEF, the train drivers, to call an indefinite national strike from tomorrow night.

The ASLEF executive's ground for this action is that it refuses to operate British Railways Board's plans for more flexible working hours or rosters, on which there have been extensive consultations, including a tribunal award, and which have already been accepted by railway guards and their union and implemented by four-fifths of them.

Unless there are last minute wiser thoughts, ASLEF is now embarking on the most pointless national strike called by a trade union in half a century. Unless the strike is called off, it will again bleed away vital railway funds needed for modernisation, as it did in January and February of this year, and it will further worsen the pay prospects for all others in the industry. The railway system will be forced to contract. Many associated industries supplying equipment will be hurt. Many more railway jobs will be lost, as will many wage packets. A strike will also harm other industries and the jobs of those working in them.

The British Railways Board has done all that is reasonable, and more, to understand drivers' worries and to introduce new flexible hours with all necessary safeguards, but without consulting its members the ASLEF executive responded by calling an all-out strike.

Faced with that ugly prospect the Government will again take all possible measures to minimise the grievous difficulties for commuters and to protect the public. The police will again make substantial extra car parking spaces available, including 3,000 extra spaces in Hyde park and Regents park. Clearways will be kept free. Roadworks will be postponed wherever possible. However, as London Transport will be operating, normal parking restrictions will apply. It will be vital for hours to be staggered and, above all, for cars and journeys to be shared. There are no legal or insurance obstacles to car-sharing, so let every car travel full.

It is not too late for the many engine drivers who normally serve the public well to see that they are being grievously misled by their executive. They will do great harm to their own members' livelihoods, as well as to those of many others and to the railway itself. Much their wisest course is to call off the strike and accept the introduction of flexible rostering arrangements. This they should now do.

**Mr. Albert Booth (Barrow-in-Furness):** Is the Secretary of State aware that on 30 June ASLEF made a proposal to the BRB that if the board would call off its unilateral implementation of flexible rosters on Sunday night, the union executive would recall its conference as



10.45 am

I do not for the purpose of this speech oppose sex shops on the grounds of the rather sleazy and unwholesome background of some of the people concerned, and the vigilance that people would need to show to keep them at bay. As has been stated by other hon. Members, it is our view that it is essentially a matter for local decision by the locally elected representatives who can best express the collective view of their electorate. Although the House will be slow to refuse a right of appeal, this is one case where such a right should not be allowed.

As to whether a local authority can have a general policy to exclude sex establishments completely from its area, I should be grateful if the Minister will clarify the points raised by both the hon. Member for Islington, South and Finsbury and the hon. and learned Member for Thanet, West relating to a local authority's ability to decide upon a complete ban. I understand that it would be improper on the basis of the relevant part of the clause for a local authority to determine that, come what may, it would give a complete ban in the area that it covered. If the local authority goes through the proper forms, that end can be achieved by other means. If the local authority regarded each locality separately, that could be achieved. I seek the Minister's guidance on the definition of a locality for those purposes.

If a local authority were, for each locality within its area, having examined applications on their merits, to decide that it would not allow that particular sex shop, or sex shops in general, in that locality, it could reach a complete ban. Will the Minister confirm that that is the Home Office interpretation?

**Dr. Summerskill:** I congratulate the Minister on agreeing that the words "violence or cruelty" should be deleted. On Report he said that to exclude the words would be illogical, that they were needed for technical reasons and that they filled in the picture and gave detail that was necessary if the provision were to work effectively. I am glad that he has now decided to the contrary. I am sure that the vast majority of the House will support that. By licensing articles associated with or intended for violence or cruelty, the House would be condoning and legitimising their sale. In an Act of Parliament we should not encourage violence or cruelty.

Amendment No. 159 has led to anxiety. The hon. Member for Islington, South and Finsbury (Mr. Cunningham), their Lordships and others have asked for further clarification. It is a general wish that a local authority can say that it will have no sex establishments in its area. If it has one or two it should be able to say that it wants no more; if it has none, to continue to have none.

I am sorry to keep harking back to what the Minister has said, but we do not know what he might say. On Report he said that the licensing scheme was deliberately directed at the suitability of applicants and premises. He accused those of us who were trying to include the provision in the Bill of tackling the problem by the back door.

In another place an amendment was tabled to permit a local authority to resolve that sex establishments should not be permitted in its area. The Government opposed that. They did not like the amendment. The Government amendment refers to "locality" and not "area". The term means the locality in which the premises are situated. Does "locality" mean the same as a local authority's total area?

The Government said in the other place that the amendment would enable licensing authorities to reach the same conclusion in the end as a total veto. Why did they not accept the amendment referring to a local authority's total area? "The relevant locality" implies the neighbourhood immediately around the premises of a sex establishment and not the whole local authority area. The House would like to enable a local authority to say that there should be no sex establishments in its whole area. There is ambiguity about the Government amendment. Their Lordships believe that it still does not express what is generally wanted.

**Mr. George Cunningham:** In so far as the hon. Lady is going after the definition of "relevant locality" as against a number, is it not clear that if a local authority were defining a relevant locality for the purposes of clause 11(3)(d) it might have to establish that there was some common characteristic about the relevant locality and that might mean that it could not regard the whole of its area as the relevant locality for clause 11(3)(d)? But for clause 11(3)(c) there is no reason at all why it should not regard the whole of its area as the relevant locality, because there is no characteristic built into clause 11(3)(c) which the area has to have in common.

**Dr. Summerskill:** I agree with the hon. Gentleman.

It is for the Minister to explain what the Lords amendment will mean in practice. I hope that he will explain why the term "area" was rejected and "locality" was preferred, with the much more restricted meaning that it appears to have. It is important that what the term is intended to mean is what the House wishes—that a local authority can say that in the whole of its area it can veto the establishment of sex shops.

**Mr. Rees-Davies:** Under the Act, assuming there are four major localities—Margate, Broadstairs, Ramsgate and one other—the authority would have to state each in turn as being a locality that should not have sex shops. Is that not preferable? The term "local authority area" may mean that local representatives do not give the matter the same consideration.

**Dr. Summerskill:** There is an argument for each little area to be considered separately, but on Report the House took the view that the whole local authority area should be considered as one by the elected councillors.

I doubt whether we shall vote on the issue. The term "locality" will be used. But I wish to know how the Government see the term operating and whether it will meet the wishes of the House, which were repeated forcibly on Report, and which the other place endorsed.

I welcome the fact that the fine has been raised to £10,000 and that it is now considered appropriate to deal with the cases in magistrates courts. However, I do not believe that the fine is sufficient to deter sex establishment operators. The report by Mr. Patrick Sergeant, the city editor of the *Daily Mail*, quoted a man described as the highest paid company chairman in Britain, who drew £325,000 salary last year from a chain of sex shops which earned £2 million. Someone like that would be prepared to pay £10,000 fine in order to continue his lucrative trade, and such a fine would not deter others from starting up in the trade.

The appeal procedure has been fully debated and I agree with the several hon. Members who have pointed out that the legislation is new—



speedily possible and seek from it authority to co-operate in experiments on productivity improvements and flexible rostering which would be carried out on the basis of experiments in a substantial geographical area proposed by ASLEF to review work allocation, to concentrate more work into programmes, to link rosters so that savings could be achieved to cover the introduction of the 39-hour week at a minimal cost and to produce productivity improvements that would match the board's own flexible rostering proposals?

ASLEF also proposed that, concurrently with that, it would go along with the board's proposal to cover a substantial geographical area on the basis of the board's interpretation of the rostering proposals of the Railway Staff National Tribunal's decision No. 77 and would agree with the board that both parties should give a fair and reasonable trial to the experiments, without prejudice to any existing agreements.

Is the right hon. Gentleman aware that his statement appears to take no account of that very substantial and significant move, which offers an opportunity to resolve, by a desirable agreement, what has undoubtedly been an extremely difficult industrial relations issue for the board?

Why does the right hon. Gentleman appear to be encouraging the board in refusing to negotiate with ASLEF on that basis, while the strike threat is on, when he knows that the Railway Staff National Council met last week to discuss the NUR position when that union had a strike threat on? Does that not suggest that there is more than a hint of dual standards being applied in the Secretary of State's approach? For example, why is the right hon. Gentleman talking to the chairman of the board about the dispute, but not talking to ASLEF? A degree of even-handedness would not come amiss.

Will the right hon. Gentleman undertake, as a matter of extreme urgency, to urge the board to take up ASLEF's offer and to put it to the test, because I believe that that would lead to the calling off of the strike and the averting of massive inconvenience to thousands of passengers?

**Mr. Howell:** The significant event that the right hon. Gentleman forgot to mention was ASLEF executive's decision on Tuesday night to call an all-out national strike. The most significant event that is needed now, and I hope that the right hon. Gentleman will use his influence to try to bring it about, even at this late stage, is for the ASLEF executive to call off the strike and to agree to the introduction of flexible rosters.

I am sure that the right hon. Gentleman recognises that the board has been ready to discuss how the flexible rosters should be introduced, but the first requirement is for the ASLEF executive to call off the strike and to agree to the introduction of flexible rosters. If the right hon. Gentleman is saying that further discussions are needed on whether those rosters should be introduced, I have to remind him that promises were made last August that they would be brought in, there was a target date in October, an inquiry in February, a tribunal award for the board in May, and notice was given to the union in June for introduction in July. No one can say that there has been a lack of time for the introduction of flexible rosters or for discussions on how they should be introduced.

All that the ASLEF executive has to do now is to reverse the strike call of Tuesday 29 June and agree to the

introduction of flexible rosters. The board has made it absolutely clear that if the union will do that it will be ready to discuss details of how it should be done.

I understand that ACAS is still in touch with the parties, and if ASLEF will follow the course which I believe would be wise for all its members the opportunities for discussing how flexible rosters should be introduced are open to it. But the first requirement is to call off the strike.

**Several Hon. Members rose—**

**Mr. Speaker:** Order. I propose to allow questions until 11.30 am.

**Mr. Matthew Parris** (Derbyshire, West): Does my right hon. Friend share my anxiety that there are many marginal branch lines in our constituencies—the Matlock to Derby line is only one example—which, I greatly fear, will never re-open if they shut on Sunday? Will he join me in urging railwaymen on those branch lines to ignore the strike?

**Mr. Howell:** I certainly join my hon. Friend in that. It is the Government's view, and my view, that there is no wish to see any substantial reduction on the nation's railway network. It would be a tragedy if, as a result of the sort of action that is threatened, decisions were forced which could lead to the outcome that my hon. Friend fears.

**Mr. Les Huckfield** (Nuneaton): Is the right hon. Gentleman aware that, following Sir Peter Parker's exhortations to railwaymen to give flexible rostering a try, the ASLEF executive has now agreed to seek authority to participate in precisely such an experiment? Is he aware that, despite that major concession on the part of ASLEF, the BRB has already sent out notices to at least 30 major depots throughout the country stating that from 4 July it will impose flexible rostering on train crews? Is he aware that ASLEF has said that if that imposition is withdrawn, the strike can also be withdrawn?

When so much is being offered by ASLEF in the dispute—more than has been offered by other unions in similar disputes—why do the BRB and the Government persist in the deliberate intention to take on ASLEF and provoke a bitter industrial conflict? Will the Secretary of State, even now, see Sir Peter Parker once more and urge him to take up ASLEF's genuine offer?

**Mr. Howell:** The hon. Member mentions what other unions have offered in disputes. What other unions have done—including the major railway union, the NUR—is to lift their strike threat. As the hon. Member has influence in this area, would he not be more wisely employed in seeking to persuade the ASLEF executive, first and foremost, to withdraw the all-out strike decision that it made on Tuesday night and to accept the introduction of flexible rosters? It is not a matter that can be said to have been rushed prematurely, because it has been discussed for an interminable period. The method of introducing the rosters could then be discussed between ASLEF and the BRB. That is the course that the ASLEF executive would be wise to pursue. It would be in line with the wisdom shown by other unions in similar circumstances. I hope that the hon. Member will recommend that course to the ASLEF executive.

**Mr. Anthony Grant** (Harrow, Central): Is my right hon. Friend aware that the travelling public are absolutely exasperated with ASLEF and all its works—perhaps I



[Mr. Anthony Grant]

should say "non-works"—but that the public will probably stick it out if they have a reasonable belief that their miseries will lead to a better train system in the future?

As certain ASLEF members are involved in the London Transport system, can my right hon. Friend say what the effect might be on London Transport, which has already suffered enormously through the incompetence of the GLC?

**Mr. Howell:** My hon. Friend is correct in what he says. It can also be said that there will be no better railway if the work practices of 1919 are persisted with and if there is a failure to accept the introduction, one way or another, of flexible rosters. That must be accepted, and I believe that the ASLEF executive would be wise to recognise it and to lift its strike threat.

There is no prospect at present of a renewal of the industrial relations problems that were experienced last week on London Transport. I understand that London Transport is working normally and is likely to continue to do so.

**Dr. David Owen** (Plymouth, Devonport): Is the Secretary of State aware that many people think that the Government are right not to intervene and that it is reasonable for the BRB to insist that ASLEF withdraws its strike threat? There have been too many cases recently in which progress has been blocked because of the persistent use of the threat of strike action.

Will the Secretary of State consult his right hon. Friend the Secretary of State for Employment about the introduction of postal ballots for the election of union executive officers? Can there be any doubt that if the ASLEF executive had been elected by the members on a secret ballot it would not be acting in this utterly irresponsible way?

**Mr. Howell:** I am grateful for the right hon. Gentleman's support, as the BRB will be. I believe that the board is pursuing sensible and reasonable paths in order to get the productivity that is needed, and that it deserves the support of all those who want to see a better railway.

The ASLEF executive now has the power—and, indeed, the facilities—to conduct a ballot and can do so at public expense, but it has chosen not to do so. One has to make the necessary deduction from that decision. The ASLEF executive decided to call the strike without a ballot and without checking with the members.

**Mr. John Major** (Huntingdonshire): Can my right hon. Friend confirm that flexible rostering is the common practice in most European railway networks and that it has already been accepted in Britain by the NUR?

If the strike takes place, will it not cost many railwaymen—and possibly many people in industry—their jobs? In those circumstances, should not ASLEF withdraw its strike threat immediately? Would it not help if, just for once, Her Majesty's Opposition offered their support to the railway network and the travelling public rather than to people taking militant action?

**Mr. Howell:** My hon. Friend is correct in saying that flexible rostering and variable hours are now operated on every European railway network except one. The NUR has accepted the principle and, indeed, the practice of flexible

rosters. Four-fifths of the NUR guards are either operating or are ready to operate flexible rosters and that has produced extra pay for them. I understand that there is a more satisfactory working pattern, to the benefit of the railways and the railwaymen. ASLEF would do well to follow that lesson.

**Mr. Donald Anderson** (Swansea, East): The Minister began his statement by complimenting the NUR conference on its good sense earlier this week and the NUR on its position concerning flexible rostering. What can he say about rewarding that good sense and safeguarding the bulk of the industry in the current troubles?

**Mr. Howell:** As I mentioned in my last reply, the NUR guards received extra pay for working the flexible rosters. That is on top of the extra 3 per cent. that they received for undertaking to implement a wide range of productivity agreements. One has been implemented, but the others have not yet been implemented. I understand that they are to be the subject of further discussion. There has been a reference to the Railway Staff National Tribunal, and it will be for the NUR to see how it can implement its productivity promises of last year, for which it received the two layers of extra pay that I have described.

**Mrs. Sheila Faith** (Belper): Is my right hon. Friend aware that the Matlock to Derby line, already mentioned by my hon. Friend the Member for Derbyshire, West (Mr. Parris), was running throughout the NUR strike last week, and that it is very sad that the jobs of sound and sensible people such as these should be threatened by the narrow-mindedness and rigidity of ASLEF?

**Mr. Howell:** I note and agree with what my hon. Friend says about the ASLEF executive, because I happen to believe that there are a great many dedicated engine drivers and railwaymen in ASLEF and the NUR who are appalled at the course on which the ASLEF executive is now set.

**Mr. Clement Freud** (Isle of Ely): Will the Secretary of State accept that the House—and, indeed, my constituency and the railway yards at March—will be grateful to him for mentioning that the vast majority of honourable members of ASLEF are violently opposed to the strike?

Will the Secretary of State spell out even more clearly the long-term danger to the branch lines in East Anglia, in Northern Scotland and in other parts of Britain?

Will the Secretary of State consider bringing in some interim legislation so that when we have another rail strike people will not spend the whole day telling each other how they got to work?

**Mr. Howell:** I think that I shall need time for further reflection on the hon. Gentleman's last remark, but he is right to emphasise the very heavy cost that will fall on the railway industry as a result of further and prolonged strike action. We have seen what happened earlier in the year, when over £80 million, which could have been used for much better things for the railway industry and its customers, went down the drain as a result of protracted and unnecessary strikes over the same issue. That is now threatened again. I repeat that this will be one of the most pointless strikes in living memory, and I urge anyone with



an influence on the ASLEF executive to bring it to bear before that executive inflicts permanent damage on its members and many others on the railways.

**Miss Janet Fookes** (Plymouth, Drake): Is there any good reason why women should not be trained as train drivers? It seems to me that they would not be as stupid as the men.

**Mr. Howell:** I understand that there are 12,000 women in the employ of British Rail, and I believe that there could well be good reasons why women should be trained as train drivers. It is a point worth considering.

**Mr. Jack Straw** (Blackburn): Is the Secretary of State aware that, from all the contact that Opposition Members have had with working train drivers in depots, there is no question but that the anxieties and fears about flexible rostering which the ASLEF executive articulates are shared by drivers on the ground and that, notwithstanding those anxieties and fears, the decision of the ASLEF executive yesterday represents a major shift in its position towards reaching an accommodation with the British Railways Board and towards meeting the offer which the board made to it on 26 June to accept dual experimentation? In view of that, is it not plain that even at this late stage the Secretary of State ought to urge both sides in the dispute to seek to reach an agreement on the basis of what the board offered on 26 June and what the ASLEF executive sensibly responded to yesterday?

**Mr. Howell:** Of course there are anxieties, as there are in any industry about changes in work practices, but what has occurred with National Union of Railwaymen guards, namely, that they have found the new practices acceptable and a positive benefit, is news that has spread and could be spread further to many ASLEF drivers. They will discover that some of their fears about the unacceptability of moving from the sacrosanct 8-hour day are completely unfounded.

The British Railways Board has gone to considerable lengths to propose safeguards and to introduce the flexible rosters sensitively. The hon. Member for Blackburn (Mr. Straw) says that there has been a major shift in the ASLEF position. The best reflection of that major shift would be to lift the all-out national strike call that was imposed, without consulting its members, on Tuesday night, to agree to the introduction of flexible rosters—that would reflect the major shift which the hon. Gentleman says has taken place—and for the railways to proceed on a happier path.

**Mr. Neil Thorne** (Ilford, South): Notwithstanding what the Opposition have said this morning, does my right hon. Friend accept that the travelling public are heartily sick of the attitude of ASLEF in this matter, believing it to have had ample time to come to a sensible solution long before now? If hon. Members on both sides of the House are correct in their assumption that the vast majority of railwaymen do not want this strike, can my right hon. Friend confirm that the jobs of those who are prepared to put the transport network in jeopardy could easily be filled by people with no more than six weeks' training—which might give us an opportunity to introduce some of the ladies mentioned by my hon. Friend the Member for Plymouth, Drake (Miss Fookes)?

**Mr. Howell:** There is no doubt that the public have shown great patience and fortitude, especially in the face

of the strikes in January and February on the same issue. They rightly feel that this misery and inconvenience is being imposed on them for no good reason, that the ASLEF strike should be called off, and that the flexible rosters which have been discussed for many months and agreed by the machinery of the industry should now be introduced.

I believe that the right approach is for the board and for all those with influence on the ASLEF to say, as was said by the country to the NUR, that the sensible course is to go back to work, to operate the railway system and to let the board and the unions concerned discuss how to introduce the new rosters which have been recommended by the tribunal. I think that that is the sensible way to handle the matter.

**Mr. Alfred Dubs** (Battersea, South): Does the Secretary of State agree that the decision by the ASLEF leadership reflects a decision by the ASLEF conference and, therefore, by ASLEF members? Does he also agree that if the British Rail proposals are forced through, we are talking about a maximum saving of £9 million a year, which is pretty small compared with the total British Rail budget? Above all, is not the ASLEF suggestion of experiments in a couple of areas the best way forward? If the Secretary of State really wants to avert the strike, why does he not bring his pressure to bear on the British Rail management to agree with the ASLEF suggestion?

**Mr. Howell:** I am sure that the hon. Gentleman accepts that the first requirement must be for the strike decision taken by the ASLEF executive to be lifted. The British Railways Board has made it quite clear that if the strike threat is lifted and agreement is reached about the introduction of flexible rosters, the board is ready to discuss how they should be introduced. Obviously it is better that they be introduced by mutual agreement rather than the board being in a position, as it is now, where it has warned that it will impose them on 4 July and intends to do so.

I cannot believe that the hon. Gentleman is seriously arguing that the discussion of how flexible rosters should be introduced should proceed under the threat of a national strike called by the ASLEF executive, apparently without consulting its members. He says that the executive's decision reflects the view of ASLEF members. I do not see how it can know that it does, because apparently it has not taken any soundings on the desirability of the strike. I believe that if the executive consulted its members it would find enthusiasm for the strike, with the consequences that would follow, very much more muted than some hon. Members suggest.

**Mr. Nicholas Lyell** (Hemel Hempstead): Does not my right hon. Friend put his finger on the problem when he points out that the members of ASLEF have not been consulted? Did not last year's ASLEF strike cost £100 million in revenues to the railways? Before the executive goes ahead with this strike, which in my view it should call off at once, should it not consult its members by secret ballot so that that very sensible body of men—the individual train drivers—can express their view on this strike, which will be so damaging to their industry?

**Mr. Howell:** I believe that it would be wise for the ASLEF executive to follow that course. I also believe that it was profoundly unwise of it to call the strike that it did



[Mr. Howell]

on Tuesday night. Therefore, the hopes for wise action following that unwisdom must be limited. But I believe that even at this late stage the executive should follow the course suggested by my hon. and learned Friend. It would be even better if it reversed that intemperate decision to call a national strike, because that is in no one's interests, least of all those of its members.

**Mr. Bowen Wells** (Hertford and Stevenage): Can my right hon. Friend confirm that of the eight hours that rail drivers work, only two are spent actually driving trains?

**Mr. Les Huckfield:** Absolute nonsense.

**Mr. Bowen Wells:** Will my right hon. Friend also confirm that the rigidities of the present system make rail drivers travel long distances to sign on, thus inconveniencing the drivers themselves?

**Mr. Howell:** It is true that it is a very old-fashioned system and that the actual driving time is on average about 3 hours 20 minutes, although obviously other time is required to prepare for the driving, and occasional breaks are also needed. Nevertheless, the actual driving time is very much less than eight hours—I believe that it is about five hours in all. It is a very rigid system. It has been abandoned by almost every modern railway system in the world. The system of more flexible hours has great benefits and will bring a shorter working week of 39 hours to the drivers. It is in their interests in every way to co-operate in the introduction of flexible rosters.

**Mr. Richard Alexander** (Newark): As the ASLEF executive has had several months in which to engage in constructive talks about productivity, is it not a hollow offer that it makes now to engage in an experiment? Since there has been no consultation with the union's members, does it not follow that this industry is being harmed beyond belief by people who have no mandate for their action?

**Mr. Howell:** It is very late in the day to talk about and to propose a major shift of attitude. But if there has been a major shift—and I shall welcome it if there has been—the best way for that to manifest itself is for the ASLEF executive to lift its strike threat, to agree to the introduction of flexible rosters and to show that its attitude has changed and that this major shift has occurred.

**Mr. Roger Moate** (Faversham): Should we not remind the Opposition of something about which the public are quite clear, namely that flexible rostering has been discussed and negotiated ad nauseam and that even the McCarthy tribunal said that the introduction of flexible rostering was essential to the future of the railways? Does not the threatened loss of revenue to British Rail clearly show that the ASLEF executive is threatening its members' jobs, the future of many branch lines and the railway industry's future investment programme?

**Mr. Howell:** I hope that the right hon. Member for Barrow-in-Furness (Mr. Booth) will use his authority and that of his colleagues to bring home to the ASLEF executive the message that my hon. Friend has put so clearly. There is no reason why anyone who is genuinely concerned about the health of our railway system and the workers in the industry should hesitate or hang back from clearly telling the ASLEF executive that it is set on a

catastrophic course that will damage the whole railway and that it should reverse that course by calling off the strike action and accepting the introduction of flexible rosters.

**Mr. Booth:** When the Secretary of State said that it would be wrong to go ahead with negotiations on the experiments under the threat of a strike, did he not reveal his complete misunderstanding of ASLEF's proposal? The right hon. Gentleman should be able to understand that ASLEF proposes that the threat of the strike should be lifted while negotiations take place on the proposal by the BRB that two experiments should be conducted concurrently. Is it not silly for the right hon. Gentleman to talk of the "interminable" length of negotiations when the board's proposal to deal with the matter in that way was made to the three union general secretaries only on 26 June? ASLEF's response was made on 30 June, only four days later. That is not an "interminable" length of time and the right hon. Gentleman should adopt a different word.

If the Secretary of State approved of the decision taken this week by the NUR conference and believed it to be correct, should he not at least open his mind to the idea that ASLEF should be allowed to put the proposition made by the president and the general secretary to the conference as soon as it can be reconvened? The right hon. Gentleman will then have a clearer understanding of ASLEF's views and of its members' willingness to co-operate in sensible arrangements for the introduction of rostering. The issue is extremely difficult and complex and rostering requires men to start at all hours of the day. The right hon. Gentleman should understand ASLEF's members' reluctance to give up their guarantee of an eight-hour-day.

**Mr. Howell:** I have always made it clear that both the Government and the board fully understand the problems and the sensitivities involved in changing working practices, despite the fact that those changes are desirable and have been made by almost every other railway system in the world. The proposals that I understand that British Rail made on 26 June were met not by the response that the right hon. Gentleman described, but by the threat last Tuesday night of an all-out strike. That was the ASLEF executive's response. It is in the hands of the ASLEF executive to reverse the brutal response that it made on Tuesday night for an all-out national strike.

Let ASLEF reverse that brutal response, call off the strike and agree to the introduction of flexible rosters. If it were to do that, it might well provide the basis upon which the British Railways Board can work out with the executive exactly how the rosters should be introduced, in line with last August's promises, the inquiry in February, the railway tribunal's award to the board in May and the notice given in June that the rosters would be introduced in July. This is the opportunity that the ASLEF executive has to make a better response than the one it gave to British Rail's very constructive proposals.

**Mr. Speaker:** We now return to the consideration of Lords amendments.

**Mr. Harry Greenway** (Ealing, North): On a point of order, Mr. Speaker. When we reach the end of the time limit on a statement and only one or two hon. Members are still rising in their places, could you not be flexible? I represent many commuters who will have to get up from 4 am onwards to travel to London and elsewhere as a result of the strike. So far, I have been unable to represent the great anger and distress that they feel about the strike.



**Mr. Speaker:** I am sorry for those hon. Members who have not been called and I appreciate the hon. Gentleman's request for more flexibility. However, if I am too flexible we shall not return to the main business before the House. I have to try to hold the balance and the Minister has been asked a fair number of questions today.

## Local Government (Miscellaneous Provisions) Bill

*Question again proposed,* That the amendment be made.

**Dr. Summerskill:** Before the statement, I was referring to Lords amendments Nos. 187 and 189, which relate to the right of appeal. As has been said, the Bill deals with a new situation and with the licensing of a unique type of shop. It cannot be compared with any other licensing, such as the licensing of betting shops, or with planning permission or improvement grants. Therefore, this issue must be considered quite separately.

I am concerned more with the right of appeal by a shop in existence than with the refusal to create a shop. In the case of a shop that exists, I am not very worried about its owner. He is in a lucrative business and could no doubt move to another area in which the local authority was willing to allow him to set up shop. The owner could easily find some authority to give him a licence. However, I am worried about those who work in the shop and who are not getting a proportion of the owner's profits. The worker would be earning an ordinary wage.

A point of principle is also involved. The House should not take away a right of appeal without giving the matter careful consideration. However, we are clearly dealing with people who will be vigilant over their right of appeal. Conegate Limited sent a letter to its staff saying:

"all is not lost—we can appeal to the Magistrates Court, and if we lose there, to the Crown Court—and all this time, an existing shop can continue to trade."

Obviously, the company will use the power of delay in the appeal system and the shop will continue to operate, possibly against the local authority's wishes. The local authority may say that it does not want any such establishment in the area, yet the shop will continue to trade while the appeal procedure takes place.

**Mr. Anderson:** Was my hon. Friend impressed by the passage in the letter which, in an attempt to reassure retailers, stated that their licence applications would be "works of art—drafted by the finest brains in the country and presented by the best solicitors"?

**Dr. Summerskill:** I hope that the Minister has seen the document, because it shows the determination of sex shop owners to continue in their highly lucrative trade. They are trading not to provide a public service, but to make money. As has been said, Earl Grey has been appointed. There was some shyness about giving the Earl's name, but I am sure that he would not be ashamed of everyone knowing that he is the chairman of the board. The document states:

"soon we hope to appoint a doctor and a former prison governor. These moves improve the public image of the company, and enhance our standing with councils—so we will look (and in reality be) the ideal company to be allocated licences in all towns/cities where we have shops".

It is clear from that that there will be a concerted effort to use the appeal procedure in the most ruthless way to keep sex shops in an area where a local authority may have said emphatically, "We do not want any at all".

On balance, I believe that we should agree to the amendment, subject to careful review of how it operates. Taking away the right of appeal is a serious step. I hope that the Minister will undertake that the Home Office will keep the matter under review. Legislation such as this, the Cinematograph Bill and the Indecent Displays (Control)



[Dr. Summerskill]

Bill, takes us into a new sphere. We do not know how it will operate, so it is important to keep it under constant and vigilant review.

**Mr. Raison:** I wish to clear up an issue relating to the previous debate on pop festivals. I referred to a recent pop festival at Pilton. There is some uncertainty about what I said. I intended to say that in the light of what I heard about that festival I believed that it would have been subject to licence. It would have been covered by the provisions.

The debate on sex establishments is important because essentially it is about justice. It is right to devote a little time to thinking carefully about the provision. The House will be grateful to my hon. Friend the Member for Newark (Mr. Alexander) for raising the issue. We might have preferred to gallop on and get through our business rapidly, but that is not the way that the House should conduct itself. It is proper that such a matter be aired. We have had an interesting debate.

Although my hon. Friend the Member for Newark explained his view clearly, I can claim that the general view on both sides of the House is in support of the Government's position. The hon. Member for Croydon, North-West (Mr. Pitt), my hon. and learned Friend the Member for Thanet, West (Mr. Rees-Davies), my hon. Friend the Member for Portsmouth, North (Mr. Griffiths), and the hon. Members for Swansea, East (Mr. Anderson) and for Halifax (Dr. Summerskill) have come to the view that the Lords' amendments are right. That is important.

The ways in which hon. Members have expressed their views are valuable. My hon. Friend the Member for Portsmouth, North gave an account, which has been reiterated, of the way in which sex shop owners would have been prepared to use an appeals system to frustrate the intentions of the legislation. It has done no harm to have a clear picture of that.

Contributions from hon. Members with legal qualifications have added to the value of the debate. I left out of the list of hon. Members who contributed the hon. Member for Islington, South and Finsbury (Mr. Cunningham).

The essence of the argument by my hon. Friend the Member for Newark was that the proposition is against natural justice and that there should always be a right of appeal. I do not think that there is such a right in all other circumstances, but I understand why my hon. Friend argues in that fashion. I accept that we should be careful about forgoing an appeal right. Like the hon. Members for Islington, South and Finsbury and for Halifax, I believe that the Government should think about it again from time to time. We should take care to ensure that the results of our handiwork are examined to ensure that the system is working in an effective and just manner.

The issue hinges on the question who can best judge what is right in a locality. It boils down to the question whether local authorities or the courts are best equipped to make the judgment.

11.45 am

Magistrates usually have the first bite at the appeal cherry. A case could end up at the Crown court, if the appeal process were fully operated. One cannot say that the Crown court has the best knowledge of local conditions. The Crown court is concerned with the operation of justice.

As the hon. Member for Islington, South and Finsbury said, the criteria are discretionary and involve judgment. They are almost subjective in their nature. The criteria involve assessments of an area and of whether a sex shop is suitable in that area. Local feelings should be taken into account. After all, local people have to walk past sex establishments and they see the impact that they have on the community.

The tenor of today's debate is that the decision-making power should lie with the local authority as the representative and guardian of the locality. In the last resort there is a possibility of judicial review. My hon. Friend the Member for Newark perhaps underrated the power of the High Court to review a refusal by a local authority. The matter is not complicated. If it is thought, for example, that the council has acted out of mere prejudice, saying simply, "We do not like sex shops", it is likely to be found to have acted *ultra vires* and the High Court will overturn that decision if asked to do so.

The council must act within the framework of the law. It cannot act in a wilful and prejudiced way. It must have regard to the criteria in the Bill and make its judgment lawfully. The High Court being in the background is a real safeguard and should not be underrated.

The hon. Member for Islington, South and Finsbury and others referred to the nil provision. There has been a little uncertainty about it. The hon. Member said that a nice distinction was entailed. The crucial point to understand is that the local authority making the decision must meet the Bill's criteria for refusal and licensing. That means that it must apply its mind to the circumstances at the time that the application is made. If a local authority has a closed mind, it could be involved in a judicial review.

The nil provision is not a blanket provision that can be decided in advance. I say to my hon. and learned Friend the Member for Thanet, West (Mr. Rees-Davies) that the local authority would be unwise to pass a general resolution stating that there should be no sex shops in Broadstairs or anywhere else. The local authority must consider each application on its merits. If it does not, its decision will be overturned by judicial review, for example because the authority had not considered whether there was a change of circumstances since passing the resolution and also because it is unsafe to define the relevant locality until an application is made. It is important to understand that. It is a reiteration of the principle that we have been trying to advance. Each case must be considered carefully and in the light of the criteria.

**Mr. Anderson:** Clearly the local authority must consider each application on its merits, although its consideration would be within the framework of a policy that evolves in relation to a defined area. What is more puzzling is whether the general framework should be in respect of a small area or the entire local authority area. The word "locality" is not defined and there may be different interpretations of it.

**Mr. Raison:** I shall deal with that point in a moment. Provided that the local authority considers each application on its merits and does not take an unreasonable view of the locality in each instance, it could come about that no sex establishments would be allowed in the entire local authority area. The nil provision makes it clear that



MR SCHOLAR

cc:- Mr Ingham  
Mr Mount

THE RAILWAYS


Prime Minister (2)

7 P.M.  
Clive and I were concerned that the  
board's immediate, tactical, position was being  
made to look weak by aslef. This is  
reassuring. Mus 2/7

We had a word this morning about the way in which Mr Buckton had succeeded in appearing to put BR on the defensive, by being reported as having offered to try out BR's earlier proposal for a compromise on flexible rostering, while BR were now refusing to accept that.

The position is, of course, that Buckton has done no more than offer to reconvene a special delegate conference - and the last conference voted (I think unanimously) against any form of flexible rostering.

BR are clearly also sensitive to the weakness in their position, and you may be reassured to see the attached text of a press notice issued at mid-day today, which makes it clear that BR are not prepared to continue with the status quo in the face of indefinite prevarication on the part of ASLEF.

  
2 July, 1982



FOLLOWING TEXT ISSUED BY BRITISH RAIL AT APPROXIMATELY 12.00 HOURS TODAY (FRIDAY)

BR Board said this morning that if ASLEF is serious in its intention, at long last, to come to terms with flexible rostering that first it should remove the threat of strike action and second its executive committee must accept the RSNT recommendations that "flexible rostering can be introduced in a way which safeguards the legislative concerns of ASLEF and its members". It should take steps to recommend this to the recalled conference immediately and reach agreement with BR on the first stage of introducing flexible rosters.

U The country and our customers have a right to see this matter settled without any doubt and without further delay.

The proposal for the phased introduction of flexible rosters which ASLEF now give the impression that they are accepting, were first put to ASLEF by BR negotiators on 22 June and confirmed in writing on 23 June.

All ASLEF is now saying that the union will recall its Annual Conference "as quickly as possible" - no date is mentioned - and will "seek authority to co-operate with productivity improvements and flexible rostering", there is no certainty that when this process is complete the situation will have changed in any way.





PA

10 DOWNING STREET

①

Prime Minister

Ferdynand Mount's paper suggests, inventively, a new way of dealing with the railway problem.

But I am not sure about his proposal for immediate action - setting up a Committee. We already have two enquiries in train.

Alan Walters thinks the Serpell enquiry might come out well. Should we ask for Ferdynand's ideas to be considered by D/Transport and try to build up support for them, so as

P.T.O.



to be joined for action when  
Scrptll comes out - in Nov/Dec 82?

MUs 2/7

Yes - we shall  
need to get  
support among  
M.P.'s so I will  
have to convert  
our back-bench  
committee.  
not





pa. *Press Office*

DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

*1 Mr Secretary* <sup>MUS</sup> (1)  
*2 Prime Minister*

Willie Rickett Esq  
Private Secretary to  
the Prime Minister  
10 Downing Street  
LONDON  
SW1

*Yes - unless content?*  
*matter change* *WH*  
*not* *2/7*  
1 July 1982

*Dear Willie,*

It was agreed at Cabinet this morning that my Secretary of State should make an oral statement in the House tomorrow on the threatened strike by ASLEF. I attach a copy of the proposed statement. It may have to be revised if there are developments overnight.

I am copying this to the Private Secretary to the Chancellor of the Exchequer and other members of MISC 80, the Private Secretary to the Lord President and to the Private Secretary to the Chief Whip.

*Yours,*

*Anthony Mayer*

R A J MAYER  
Private Secretary



DRAFT STATEMENT ABOUT THREATENED INDUSTRIAL ACTION BY ASLEF

1 JULY 1982

With permission, Mr Speaker, I would like to make a statement about the further threatened strike on British Rail.

The House will have shared the general relief that the delegate conference of the NUR overturned the decision of their Executive to call strikes on both British Rail and London Underground.

But this good sense has been overtaken by the decision of the Executive of ASLEF, the train drivers, to call an indefinite national strike from tomorrow night.

The ASLEF Executive's grounds for this interperate action are that they refuse to operate BRB plans for more flexible working hours or rosters, on which there have been extensive consultations including a tribunal award which have been already accepted <sup>by railway guards & their union</sup> and implemented by four fifths of <sup>them</sup> ~~railway guards~~.

In rejecting these plans and calling a strike the ASLEF Executive are going not only against the British Railway Board's sensible drive for modern work methods - of the kind operated by almost every other European railway system They are going against their own promises made almost a year ago for which pay



increases have been already given. And they are going against the clear recommendations of the railway industry's own tribunal, under Lord McCarthy.

This intransigence will again bleed away vital railway funds needed for modernisation, as it did in January/February of this year; and it will further worsen the pay prospects for all others in the industry. The railway system will be forced to contract. Many associated industries supplying equipment will be hurt. Many more railway jobs will be lost, as will many wage packets. A strike will also harm other industries and the jobs of those working in them.

The British Railways Board has done all that is reasonable, and more, to understand drivers' worries and to introduce new methods sensibly. But without consulting its members the ASLEF Executive have rejected these moves out of hand and seem hell-bent on a strike.

Faced with this ugly prospect the Government will again take all possible measures to minimise the grievous difficulties for commuters and protect the public. The police will again make extra car-parking space available. Clearways will be kept free. Roadworks will be wherever possible postponed.

It will be vital for hours to be staggered and above all for cars and journeys to be shared. There are no legal or insurance obstacles to car-sharing. Let every car travel full.



Mr Speaker, it is not too late for the many engine drivers who normally serve the public well to see that they are being grievously misled by their Executive. They will do great damage to their own members' livelihoods, as well as to those of many others and to the railway itself. Much their wisest course is to call off the strike and this they should now do.



Prime Minister

(2)

This is quite encouraging.

MUS 1/7

Transport

01-211 6402

The Rt Hon Sir Geoffrey Howe QC MP  
 Chancellor of the Exchequer  
 HM Treasury  
 Parliament Street  
 London SW1

1 July 1982

Dear Churchill,

#### THE NUM AND THE RAILWAYS

You may like to be aware of the NUM's reactions to the recent NUR strike, and one or two related matters.

At the beginning of last week Arthur Scargill and Laurence Daly told the NCB that, in the event of a strike on the railways, the NUM would seek to prevent any movements of coal from pits by rail, but would allow normal levels of delivery by other modes. Following Scargill's walk-out from his meeting with the NCB on 24 June, his well-reported statements over the week-end that no coal would move in the event of an NUR strike gave the impression that he had reneged on this undertaking. Daly, however, assured the Board on Monday morning that NUM areas had been instructed to permit normal deliveries by road, canal, conveyor and sea.

In the event on both Monday and Tuesday road deliveries from the pits were at higher levels than normal, ie at a rate equivalent to 300,000 tonnes of NCB coal per week delivered to CEGB compared with the 270,000 tonnes delivered in the previous week. Three trains carried coal to power stations on Monday and an increased number on Tuesday. The only trouble reported was at two domestic coal depots in South Wales belonging to an NCB subsidiary, which were picketed by NUR members.

There has so far been little press comment on the divergence between what Scargill claimed over the week-end and what actually happened, although Emlyn Williams, the militant NUM leader in South Wales, is reported as saying that he did not know what Scargill was talking about in his week-end statements as he (Williams) decided what coal movements there should be in his area. Scargill is also



reported as having been stung by Sid Weighell's accusation that he was a reluctant militant. With the prospect of further disruption on the railways it would be imprudent to attract publicity to this divergence. Nevertheless, following his ill-judged walk-out on 24 June, it may have further reduced his credibility with the rank and file of his membership.

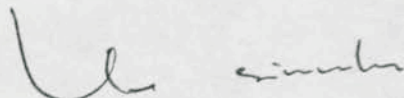
The Boards are doing their best to step up the level of road-borne deliveries during the remainder of this week so as to establish higher "normal" levels prior to the ASLEF stoppage.

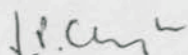
While nothing is certain, experience earlier this week provides a reasonable basis for expecting that "normal" levels of coal deliveries by road, etc. will continue during the ASLEF stoppage. There may, of course, be sporadic short strikes in various areas similar to those in support of NUPE. The NUM membership does not, however, show any serious signs of wanting to come out on a large scale in support of the railway unions, particularly when they need all the money they can find for holidays. Consequently unless he finds himself cornered, Scargill seems unlikely to make the further tactical error of trying to call the NUM out on this issue.

Against this background I believe we should stick by our earlier decision to delay moving to increased oilburn until after next week's NUM Conference, by which time we will have had an opportunity to see whether the miners continue "normal" levels of delivery by other routes.

We must, of course, expect a great deal of noise from the NUM Conference next week. Scargill will probably concentrate on pay, on reducing the proportion of votes needed for a strike to 50% and in particular on closures. Norman Siddall has already taken the opportunity to ram home the message that the Board have no 'hit list' and that closures are dealt with in the areas on a case by case basis. I have urged him to stress this line again when he addresses the NUM Conference. We must nevertheless expect the Conference to pass an emergency resolution on closures, which may authorise the NEC to ballot the membership over strike action on this issue. Such a resolution would be of limited significance as the NEC already have the necessary authority to call such a ballot.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw, Patrick Jenkin, John Nott, David Howell, Norman Tebbit, George Younger, Sir Robert Armstrong and Mr Sparrow.





NIGEL LAWSON

(Approved by the Secretary of State  
and signed in his absence)





80 JUN 1982

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MR. MOUNT

RA

cc Mr. Scholar  
Mr. Walters  
Mr. Ingham

IMPRESSIONS OF THE NUR CONFERENCE

As you know, I attended part of the NUR Conference, as an observer, this week. I will not attempt a full report, because the main developments were covered by the media; but some overall impressions may be worth recording.

The Conference Atmosphere

It is a highly formal and structured occasion. A roll call is taken every morning and every delegate is present. The standing orders provide for any delegate who is late to pay a 5p fine; and for anyone who wishes to leave the meeting to obtain the Chairman's consent. Railwaymen whose normal working day consists of moving around are surprisingly willing to sit docilely for a 7 hour-a-day Conference. The agenda and rules of procedure are adhered to scrupulously.

There are two distinct categories of delegate. The majority are middle aged, with a working lifetime on the railways and as NUR members, constantly referring to their railway forebears (a grandfather is obligatory; a great-grandfather one better; and a relative killed on the railway, with his dependants looked after by the NUR, is the best qualification of all); and there is a younger and generally more militant minority, often to be seen in sinister huddles drafting threatening procedural resolutions. The most articulate representative of this latter group is Brother Whipp, a Brighton signalman and graduate of Warwick University, who sponsored (and was persuaded to withdraw) a vote of no confidence in the General Secretary.

The delegates speak only briefly, possibly because they are usually tightly mandated by their branches. I saw the mandate from the Bristol No.4 branch: on only about 10% of the agenda items - and those the least contentious ones - was the delegate

/given



given a free hand. But both Weighell and the Assistant General Secretary, Andy Dodds, speak at much greater - and unnecessary - length.

Bad feeling is not far below the surface. Weighell's habit of attacking delegates personally - he accused one of "spewing out claptrap" - is divisive; and one of the sub committees meeting in an adjoining room ended in a shouting match that could be clearly heard in the Conference room (to which one of the participants - the influential Brother Kettle from Neasden No.1, who speaks for the LT underground - returned, demanding a public withdrawal of an insulting word that had been applied to him: Kettle later revealed that the word was "schizophrenic").

#### The Extent of Militancy

The militants are still a minority. Repeated votes on typical militant issues - the strike itself, the Tebbit Bill, unilateral disarmament, distribution of militant literature, incomes policy, treatment of minorities - went against them, by between 2 to 1 and 3 to 1. But they are skilled at creating repeated trials of strength which put the moderates, and Weighell in particular, on the defensive - and they did win one procedural vote against the vigorous opposition of both Weighell and the Chairman. They will be much in evidence later in the Conference, when resolutions are debated calling for regular re-election of officers, and an increase in the number of delegates.

The few members of the NUR executive who are present are generally silent, unless defending executive decisions, so it was not possible to gauge their relationship with the Conference. But Weighell's own position seems secure: he can generally command the loyalty of two-thirds of the delegates.

#### The Prospects

As we saw, the Conference was not prepared to carry on the strike - probably because they realised it wasn't well supported.

/But



But they are united in a number of ways that spell trouble for the future. All forms of trade union law; any reduction of public transport subsidies; all attempts to hold down wages; and anything which can be construed as an attack on the traditional practices of the railway community will be fiercely resisted, even by the moderates. And, even allowing for the rhetoric of the occasion, the outlook for the pay/productivity dispute is not good. Weighell made clear his willingness to call further industrial action if the RSNT got nowhere ("I might get a stupid letter from the Board saying they're not going to the Tribunal, and we'd be taking action again next week") and, no doubt to protect his own flank, said that the NUR would never again go out of their way to help the Board, as they did over guard/conductors on the East coast route ("relations with Peter Parker from now on will never be the same", thanks to Parker's earlier letter to all railway staff - but Parker told me last week that Weighell had telephoned him to warn that he'd have to say some rude things).

NUR's relations with ASLEF are at an all-time low. Only one delegate spoke up for ASLEF: the remainder were scathing. The railspeak codeword for the subject is "federation" (of rail unions) and I should say that federation died in Plymouth. Weighell said that the ASLEF dispute had cost BR the equivalent of a 9% pay increase for all staff, which was helpful.

#### Postscript

It was refreshing to witness a Conference of people whose lives are normally devoted to working in the industry they represent, unlike the TUC where the delegates spend all their lives representing. Realism occasionally shone through like a beacon in a storm - as in the case of the guard who said that in his area the guards were asked to work out their own flexible rosters because the white collar staff couldn't understand them, or the black delegate who spoke against a meaningless resolution of the militants on eradicating inequalities affecting ethnic groups. And I regret not being able to stay to witness the fate of resolution 101, calling for all uniform trousers for male staff to be fitted with zip fly; or 156, under which Croydon No.1

/Branch



Branch appeal against the General Secretary's decision not to pursue damages for Brother Niles, who was cleaning a toilet door when a splinter entered his left thumb: reminders that much of the work of any union is a good deal more mundane than the high industrial dramas played out on our television screens.

J.M.M. VEREKER

1 July 1982



*Mr Whitmore*

*To see. John's presence in Plymouth may be noticed - we*

MICHAEL SCHOLAR (from John Vereker in Plymouth) cc. Mr. Mount *Spoke*  
Mr. Walters *about*  
Mr. Ingham *mis.*

THE RAILWAYS: RECENT DEVELOPMENTS

You may wish to know of today's developments as seen from here. *MCS 30/6*

The issues are threefold:

- (i) whether the ACAS intervention has brought about a lasting return to work on LT;
- (ii) whether BR would agree to go to the RSNT over the NUR pay/productivity dispute;
- (iii) whether NUR will come out in support of the ASLEF strike.

The LT dispute

The ACAS discussions lasted until 2.30 this morning. I was not of course involved, but I believe my D/Transport colleague was in touch with them (and he shares my view that, with the prospects of a lengthy strike on BR, it is essential to get the tubes back to normal). The outcome, to refer the new timetables to the Railway Negotiating Committee and to reinstate the former timetables in the interim, is not a solution. But it should buy peace for a few weeks and does provide a mechanism for a compromise.

The NUR dispute

Clifford Rose came down here at lunchtime for discussions with Weighell. They agreed the following statement which has just been released to the press:

"The NUR has conveyed to the Railways Board its intention to refer all the matters relevant to the dispute to the RSNT, under the terms of the industry's machinery. It has the right to do so and, as a party to the machinery, the Board will appear before the Tribunal. Steps will be taken to set up the necessary arrangements and the other parties to the machinery will be informed."

/Rose and Weighell



Rose and Weighell then gave an impromptu press conference, which I penetrated. The main points to emerge were:

(a) Neither the NUR nor the press appears to have considered the possibility of raising short-term borrowing, but they both assume that BRB has not only the power but the obligation to stop paying the NUR when it runs out of money. We must be careful to say nothing to destroy that impression.

(b) Rose gave no indication at all that BRB is considering escaping from the machinery, apart from making clear its refusal to be bound by the RSNT. But it cannot now be long before BRB must seriously consider giving notice of their intention to do that, and to get out of the 1919 agreement as well.

(c) Rose said that BRB is considering sending another letter this evening to all railwaymen, and I have heard subsequently that they will in fact do so.

(d) Rose again made it clear that the pay offer will depend on what BR can afford, and not on the Tribunal's recommendation.

#### The ASLEF dispute

The feeling here is that NUR drivers, of whom there are only about 2,000 out of 18,000, will refuse to cross ASLEF picket lines (because in general ASLEF did not cross theirs), but that the bulk of NUR members will turn up for work. But there could still be developments on this: Weighell has just told the conference that he cannot make a recommendation about what they should do when ASLEF strikes, but he still has not had any communication from ASLEF about their intention to start a strike. The terms of any further letter from Peter Parker could also affect the outcome, and this may all come back to the floor of the conference later this week.

30 June 1982





CONFIDENTIAL

Transport

Ref. A08874

PRIME MINISTER

Industrial Affairs

The two main items for discussion are:

- i. the National Health Service dispute;
- ii. the British Rail and London Transport disputes.

2. The new Ministerial Group on Current Industrial Disputes (MISC 80) will be having its third meeting under the Chancellor of the Exchequer's chairmanship immediately before Cabinet. It will be considering the situation in British Rail following the decision by ASLEF to call an indefinite strike from next Saturday. It will also be looking at developments in the NHS dispute following the meeting of the Nurses and Midwives Whitley Council last Tuesday.

3. The Civil Contingencies Unit will be meeting under the Home Secretary's chairmanship on Friday morning to consider the range and mix of measures which would be appropriate in London next week to keep traffic moving and provide additional parking spaces.

Handling

4. On the NHS dispute you will wish to invite the Secretary of State for Social Services to report on the latest developments. The Chancellor of the Exchequer and the Secretary of State for Employment may have comments to offer.

5. On the railway disputes you will wish to invite the Secretary of State for Transport to report on the latest developments affecting British Rail and London Transport. The Home Secretary might then refer briefly to the work in hand in the CCU. The Chancellor of the Exchequer may wish, in the light of his MISC 80 meeting, to comment on the policy and tactical issues facing the British Railways Board next week.

REA

ROBERT ARMSTRONG

30 June 1982



  
RESTRICTED

P.0794

MR SCHOLAR

RAIL STRIKE: CCU MEETING TODAY

Following the Civil Contingencies Unit meeting at 12.15 today, the Home Secretary thought that the Prime Minister would wish to be aware of the following, as background for Prime Minister's Questions this afternoon.

2. Now that strike action on both BR and LT Underground trains has been suspended from midnight tonight, emergency arrangements for traffic flow and parking (ie suspension of parking meters and waiting restrictions in side streets) will be retained for one more day tomorrow, but, assuming that public transport is restored tomorrow, will be lifted with effect from Thursday morning. This will be announced this afternoon.

3. The Prime Minister may also be interested to know the following:

i. Operation PUFFER (laying of tracking in Hyde Park and Regents Park by servicemen to provide additional parking spaces) has been completed and the extra spaces would have been available from tomorrow. The spaces will not now be used but the tracking will be kept in place for the time being.

ii. The CCU considered that the emergency arrangements for traffic flow and parking had in general worked well but there were special difficulties in the City and the eastern approaches to the City. Urgent work is therefore in hand to identify additional temporary offstreet parking areas in east London.

  
P L GREGSON

29 June 1982

RESTRICTED



CONFIDENTIAL

Copy 15 N. Venech  
J. Schmitt  
Bif

MEETING OF PRESENTATION GROUP ON RAIL DISPUTE ISSUES

10 AM TUESDAY 29 JUNE 1982

Present:

B Mower - No 10  
M Devereau - Department of Transport  
H Colver - No 10.

Department of Transport reported on the latest situation following the NUR decision to call off the strike action from midnight, 29 June, and take the issues to Lord McCarthy's industrial tribunal.

Mr Howell was said to regard the situation as "very ominous" with Mr Weighell back in a good position. It was important not to lose sight of the basic issues and the BR/Government position should not be allowed to "slide away". The NUR had not delivered on the agreed productivity deal, Mr Weighell kept challenging BR to operate what he called 'his' scheme whereas BR felt the NUR had not delivered on BR's scheme which the NUR had agreed. Department of Transport would put BR under pressure to press the NUR on productivity. The NUR had now said they wanted to refer the issues to the national tribunal - and this referral would cover pay as well as productivity. BR's position was that they could not stop the NUR taking this course but it was a unilateral reference by NUR (if BR joined NUR in referral to McCarthy, the result would be binding). BR would nevertheless welcome the opportunity to air the issues again with the proviso that past productivity deals as well as future ones should be looked at and that, whatever McCarthy says, there is no more money available.

It was important that NUR members would be back at work - it would be that much more difficult for the leadership to get them out on strike again in the near future. However, a complicating factor was that on Wednesday BR would post the new rosters which would come into effect next Monday. This would raise the old dispute with ASLEF and BR had said that any drivers refusing to operate the new rosters would be sent home. BR would try to operate the railway on this sort of basis for the first week but the possibility of sending NUR men home after that had to be considered. ASLEF had met the previous day to consider their position and had, once again, floated the idea of an experiment involving half the network on the new rosters and half on the old system. The presence of ideas like this indicated that BR might be able to find an interim solution.

BR's basic position, therefore, was that nothing had been changed by NUR's latest move, they would welcome the opportunity to restate the position, there must be talks, there would be no pay deal without a productivity deal and the rosters issue was still central.

The Government's stance should be a cautious welcome, bearing

CONFIDENTIAL



in mind that the issues remained to be resolved - particularly on productivity. There were also other issues affecting other unions. So nobody should kid themselves that we are out of the wood.

It was noted that Mr Weighell was making much of his allegations that there had been a failure to invest in the railways. It was agreed that a leaflet should be produced setting out the facts. It could be pointed out that BR had been unable to make all the investment it would have liked to make because of reduced income - the ASLEF dispute alone cost £90m.

Another "red herring" was the allegation that East Anglia electrification was being held up because of the dispute. This was not so. This electrification programme was under normal consideration and we should refute any idea of it being used as a political lever.

Operation Puffer would stay in place for the moment.

There would be no further statements in the House that day, though the Prime Minister would no doubt have an opportunity to put the Government's view during Prime Minister's Questions.

On the separate, but related, London Transport dispute, NUR intentions were not obvious. Having backed down on the pay issue they seemed to feel that they should major on the cuts issue again. This was strange since LT had withdrawn the contentious plan. There would be a meeting that evening at 6 pm in Plymouth between Mr Ridley of London Transport, Mr Weighell of the NUR and ACAS on this dispute and it was thought a solution was in sight.

Mr Howell had postponed a scheduled meeting with Mr Livingstone, originally planned for that day. Mr Howell would be interviewed on the Brian Hayes Show on LBC, basically to thank Londoners for their sterling efforts.

Next Meeting

To be arranged.

HUGH COLVER  
29 June 1982



Transport

CLIVE

1815 hours

Michael Scholar has just rung with this message:

Letter from Buckton to Rose of Railways Board has just been delivered (about 20 minutes ago) to say that ASLEF reject the Board's proposals on flexible rostering: they are not prepared to experiment with the future of their members. There will be an all-out strike starting on Sunday night.

Debbie Green

29/6/82



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SITREP ON BRITISH RAIL/LONDON TRANSPORT STRIKE AS AT 1630 HOURS

40 per cent of NUR members reported for work at Southern Region. 30 per cent reported on Eastern and London and Midland Regions. But less than 5 per cent of scheduled services ran because of picketing and in particular because of absence of key members (signalmen etc.). Many ASLEF men reported for work and some drove trains. BR withdrew its pay offer as it had promised to do.

In the NUR Conference at Plymouth the vote on the strike has been postponed until tomorrow. There has been no public disclosure of exchanges between Mr. Pat Lowry of ACAS and Sid Weighell but privately it is understood that Mr. Lowry offered to Mr. Weighell that ACAS would undertake an inquiry on all aspects of the dispute and Mr. Weighell replied that he had got a rather better idea which he wanted to follow -- but we don't have details (off the record intelligence).

PA tapes report that Mr. Weighell is disappointed that some NUR members crossed picket lines.

London Transport

There has been a service of some kind - very infrequent - on the Victoria, Bakerloo, District and City lines. That is to say that we have a better service than we had last week - but still very minimal. The LT defence committee has asked for an all-out strike by the buses on July 5 in protest against reduction in services arising both from the fares fair policy and from the long-term trend of falling demand for LT. They have called for this, notwithstanding the Executive's offer of a four week cooling off period. The feeling is that the TGWU will probably heed the call of the London Transport Defence Committee but it is unclear as to whether the members themselves will listen to their union. The London Transport Executive itself is meeting tonight to consider what its next move should be.

Traffic

For the first time since 1926 traffic in London beat all records. Twelve-mile hold-ups in some places, particularly in the East and South East of London were reported. People were taking up to



4½ hours to get to work. Assessment in London is that today's traffic is probably the worst day because, just as in the ASLEF dispute, on the first day everybody sets off more or less at the same time and it takes a few days for people to learn to spread the load and improve methods of getting to work - more parking spaces available in Central London as days go by.

CCU is meeting again tomorrow to consider what, if any, further steps should be taken.

#### Parliament

Mr. Howell made his statement. It went quite well. Mr. Albert Booth called for tripartite talks between government, unions and management, and Mr. Howell answered this by saying that any calls to end the strike should be addressed to the NUR Executive in Plymouth. It was they who called the strike. Willie Rickett heard the statement and his judgement is that the Opposition were nervous about coming out too strongly. Government backbenchers felt very confident about the ground on which the Government and the two Boards are standing.

28 June 1982



## British Rail and London Transport (Disputes)

4.12 pm

**The Secretary of State for Transport (Mr. David Howell):** With permission, Mr. Speaker, I should like to make a statement about industrial action on British Rail and London Transport.

As the House knows, the National Union of Railwaymen is now on strike both on British Rail and the London Transport Underground. Nine London bus garages have also joined in.

The NUR strikes have not been total. Limited services have been running in a number of areas including some into London, but without rail or Underground services the major routes into London have been heavily overloaded with substantial delays, particularly in East and South-East London. Hundreds of thousands of people suffered enormous inconvenience this morning. I congratulate all of them on the initiative and effort that they have shown in getting to work. The help being given by the police, the motoring organisations and the radio stations is also appreciated.

The Government's view is that the strikes constitute a wholly pointless and unwarranted assault on the travelling public. They should be called off without further delay before irretrievable damage is done, not least to the railway system. I understand that the general secretary of the NUR has called ACAS in to help, at 12 hours' notice. But plainly the first requirement is that the NUR and ASLEF should deliver on the productivity arrangements for which they have already been paid and which emerged from the intervention of ACAS last summer. All who want to see a modern and efficient railway should support the British Railways Board in getting these promises on productivity delivered.

On London Transport, the pretext for the strike was flimsy in the extreme. London Transport had already called a cooling-off period for further discussions on its proposals for timetable changes. Negotiations on pay were still in their early stages. There are no grounds whatsoever for throwing over the normal negotiating procedures as the NUR has done.

In full co-operation with the Metropolitan Police steps have already been taken to help ease the traffic situation in London. In addition to 8,000 extra car parking spaces being provided in Central London, arrangements by the Ministry of Defence are now in hand to provide a further 3,500 places in Hyde Park and Regents Park. Parking restrictions and parking meters have been suspended in all side streets. Special efforts are being made to keep the radial routes free of obstruction. Road works are being suspended wherever possible within 60 miles of Central London. Businesses will be asked to minimise heavy goods movements during the rush hours.

In addition, it is essential that people stagger their working hours and, above all, ensure that cars are full and that journeys are shared. We stand ready to introduce all necessary further measures to help the flow of traffic and to ensure that Britain keeps moving. I will keep the House fully informed.

**Mr. Booth (Barrow-in-Furness):** Does the Secretary of State accept that his primary responsibility is to take those actions which are open to him to keep all transport

services, including the railways, running? In view of that, has he approached either the British Railways Board or the National Union of Railwaymen, or both, with a view to finding an acceptable basis for the settlement of the dispute? Were his provocative and intemperate broadcasts during the weekend calculated to worsen the atmosphere in the dispute, thus making it harder to settle?

Was the Secretary of State's reference to Sidney Weighell, the general secretary of the NUR, asking for the help of ACAS at 12 hours' notice intended to represent fairly the general secretary's actions last week to try to obtain useful results from the ACAS initiative?

The Opposition strongly regret the inconvenience to the travelling public and the damage that the dispute will do to British industry. Nevertheless, the 5 per cent. offer, five months after the due settlement date, can be regarded as hardly adequate, even without the existence of the strings that are attached to it.

Does the right hon. Gentleman accept that the Government's record of running down investment in British Rail has undermined the confidence of the railway work force about the future of their industry? Moreover, does he accept that it has wrecked the understanding that existed between the unions and the board about productivity and investment being linked? Will he acknowledge the repeated warnings that he has been given from this Dispatch Box that the consequences of the Government reneging on their responsibilities to the railways would culminate in the present strike?

**Mr. Howell:** I note and welcome the right hon. Gentleman's regret about the terrible inconvenience that has been caused to hundreds of thousands of people, many families and many people who are unable to protect themselves. However, the necessary intervention should be with some of the hot heads in the NUR executive. Mr. Sidney Weighell himself called them "a squawking Left-wing rabble". It is to them that advice should be addressed to prevent the union executive from leading the industry and the thousands of workers in it over the cliff edge. The right hon. Gentleman has a part to play in such intervention.

Pay Increases are a matter for the British Railways Board. The right hon. Gentleman will not have forgotten that British Rail employees enjoyed a 20 per cent. wage increase two years ago and an 11 per cent. increase last year. That compounds up to a 33½ per cent. wage increase in the past two years. Many other people would have been grateful for such an increase. It is a considerable increase. The 11 per cent. last year was 8 per cent. pay plus 3 per cent. in return for promises to increase productivity. The NUR agreed to the flexible rosters and in recognition of that was given yet a further pay increase. It is only reasonable that the British Railways Board should seek to get the promises made last year delivered before settling this year's pay arrangements.

Investment and productivity go hand in hand. Ten major projects have been completed or approved and eight more are in the pipeline. If such projects are to go ahead and there is to be more investment in British Rail, they must go hand in hand with modern work practices, as similar schemes have done in every Continental railway system. Let the right hon. Gentleman give that message to the unions. We should then see working properly the new equipment that has already been built and on which



...payers' money has been spent which would give us confidence that we have a railway system for the future that will be worked in a modern way.

**Mr. Terence Higgins** (Worthing): Is not the Opposition's position extraordinary, when the London Transport strike reflects a total abrogation of accepted procedures by the NUR? Why have not the Opposition condemned this situation, which makes further negotiation meaningless? Will my right hon. Friend explain why we now have a strike on London Transport buses for which there is equally no justification?

**Mr. Howell:** My right hon. Friend is entirely correct. I listened to the right hon. Member for Barrow-in-Furness (Mr. Booth) for words of condemnation of a strike that has been called over pay and without due notice. Pay discussions were continuing and no final offer had been made or discussed. I suspect that the strike has little to do with industrial relations and everything to do with an opportunity to try to strangle London.

It appears that the strike on the buses is in sympathy with the other strikes. There seems to be a general desire to inflict the maximum inconvenience on Londoners and London Transport users. I look—some hon. Members may say in vain—to the responsible public authority, the GLC to put the London Transport scene in order again, which is within its power.

**Mr. Harry Cowans** (Newcastle upon Tyne, Central): How will the Minister's statement help to end the dispute? Is he aware that he has made provocative statements about a union executive that has already given up thousands of jobs with little return? Would it not make more sense if he refrained from saying the sort of things that he has said on the radio and in the House and freely admitted that he bears some responsibility because of the promised investment which has not been forthcoming? Would it not make sense and be mannerly if he called the parties together, pledged the investment and sought a settlement?

**Mr. Howell:** The hon. Gentleman carries influence and is dedicated to the interests of the railways and the NUR. I repeat the words of Sidney Weighell, the general secretary, who called the immoderate elements who have pushed the union down dangerous paths "a squawking Left-wing rabble". The hon. Gentleman and his colleagues and friends in the NUR and in the Labour Party have as much a duty as the rest of us to support the moderate elements and to ensure that the "rabble" is not allowed to lead tens of thousands of dedicated railwaymen over the cliff edge and do permanent damage to the railway industry, which none of us wants to happen.

**Mr. Robert Adley** (Christchurch and Lymington): Will my right hon. Friend accept that I am one of the keenest supporters of railway modernisation and find it hard to regard the NUR's action as anything other than utterly obstructionist, when the taxpayer and the Government have put in £150 million to provide a new electric service on the Bedford to St. Pancras line and the equipment is just lying about because the union will not operate the system, even though it was agreed when the trains were being designed? Will my right hon. Friend bring it home to Mr. Weighell and many other union members that it is ironic that those who support the Labour Party are helping to destroy part of the public sector and

it is the private sector that is doing everything that it can to alleviate the difficulties and to keep the country on the move at work?

**Mr. Howell:** The failure to agree sensible manning levels on the new electric trains for Bedford is just one example of where investment has been made but the productivity agreement has not matched it. The key to investment is better performance by British Rail. That will encourage resources for the further investment that I should like to see and ensure that the industry is modernised. But hand in hand with that we need work practices of 1982 and not of 1919.

**Mr. Walter Johnson** (Derby, South): Is it not time to refer the unions' pay claim to the Railway Staff National Tribunal, which is the industry's arbitration body? Should not the Minister have by now advised the unions to take the claim to that body? May I appeal to the Minister to intervene in the dispute, as Governments have intervened time and again over the years? Is he not anxious about the hundreds of thousands of commuters who are suffering sheer hell? Is he aware that hundreds of thousands of railwaymen want nothing to do with the dispute and that it is right for him to intervene to try to end it?

**Mr. Howell:** The hon. Gentleman speaks with great experience. I am sure that he is right. Many members of the railway unions want nothing to do with the dispute. I believe that between 30 per cent. and 40 per cent. in some areas have today reported for work. They realise the dangerous course on which the union executive is leading them. The referral of the pay claim to the Railway Staff National Tribunal is for the parties to the claim. As the British Railways Board warned, however, at the moment, there is no pay offer. It said that the existing pay offer of 5 per cent. from September would be withdrawn if there was industrial strife. It has been withdrawn.

**Mr. Ronald W. Brown** (Hackney, South and Shoreditch): Does not the Minister have a crucial role to play? He states that he is ready to introduce all necessary measures to help the flow of traffic and ensure that Britain keeps moving. Instead of continuing to make provocative statements—I certainly do not dissent from his view about London Transport—should he not try to bring the three parties—British Rail management, the unions and the Government on behalf of the public—together to seek a solution for this extraordinarily damaging crisis?

**Mr. Howell:** It is difficult to see why it should be considered provocative for the public to wish to protect itself and for the Government to take all necessary measures to minimise the hardship against the declared strikes which I do not believe the hon. Gentleman would argue are soundly based industrial disputes. Because of the London Transport strikes many children are not getting to school, people cannot visit their relatives, holidays are smashed and other hopes are ruined, all for a purpose that the public find hard to fathom. I should like to hear the right hon. Member for Barrow-in-Furness (Mr. Booth) and other leaders of his party challenge the union on why it has inflicted misery on tens of thousand of people. That is a reasonable and not a provocative question.

**Sir David Price** (Eastleigh): Will my right hon. Friend impress on the NUR leaders that the future welfare of its members depends on the good will of the travelling public? As he represents the many frustrated members of



[Sir David Price]

the public who are "yomping" their way round London in the rain, will he explain to Mr. Weighell that he has little reciprocal good will from us at present?

**Mr. Howell:** I shall do that. I believe that Mr. Weighell understands that, but some members of his executive do not. The longer they remain in ignorance, the more danger there is to the industry's future.

**Mr. Les Huckfield (Nuneaton):** Will the Secretary of State accept that since he and his right hon. Friends fixed both the external finance limit and the public service obligation grant to British Rail, which have been reduced in real terms, he cannot escape his responsibility? His only contribution so far in this dispute has been to stand on the sidelines calling others names. Does he not accept that the action he has taken and his remarks have only served to make matters far worse?

**Mr. Howell:** The difficulty is that the hon. Gentleman, who intervenes often in railway issues, purveys incorrect facts to many people who listen to his views about the railways.

**Mr. Michael Cocks (Bristol, South):** How can facts be incorrect?

**Mr. Howell:** The hon. Gentleman's facts are incorrect. It is amazing, but his facts about the social grant are incorrect. Last year, I authorised an increase of £110 million over the previous year in the social grant and maintained it at nearly the same level this year. The social grant is running at £100 million, in real terms, above the levels for 1980. That is substantial. The EFL is high, and the expenditure on track maintenance and renewal per mile is higher than in 1977 and 1978. If the hon. Gentleman were to put over some of those facts, he might find an industry that is more ready to recognise the benefits that would be available if everyone were to co-operate and work with modern practices.

**Mr. John Hunt (Ravensbourne):** My right hon. Friend has rightly commended the efforts of commuters who have made their way to work today. Will he extend his congratulations to those railwaymen who have reported for duty and shown more regard for the interests and burdens of the travelling public than for the political motives of their union leaders. Is not their action in the best tradition of railwaymen—a tradition which is being undermined by Mr. Weighell and Mr. Buckton?

**Mr. Howell:** The efforts of those who have reported for work and believe that it is wrong for the railways to close reflect their sense of duty and public service and a proper appreciation that if the union executive prolongs the strike it will be a disaster for the railway system and the most severe threat for many years to jobs and investment in the railway industry. That is appreciated by many sensible and dedicated railwaymen. I wish that they would pass it on to others.

**Mr. Douglas Jay (Battersea, North):** Is the Minister aware that if the Government had the sense and moderation to legislate on London Transport last winter the whole of the present trouble with LT could have been avoided?

**Mr. Howell:** If we had had the immoderation to follow the right hon. Gentleman's views and had allowed the

GLC to increase expenditure on London Transport by £1,200 million over the next four years rates would have been so high that there would have been no business in Central London to come to. In that sense the right hon. Gentleman may have been right. His recipe was a most immoderate and unwise one. It is far more sensible for the GLC to concentrate, as I have asked it to do, on making sensible use of the substantial subsidy now available. It is perfectly possible for the law to be changed, if necessary, for next year. The GLC can put its plans to us and there is no need for disruption or inflaming support for the strikes arising from the Law Lords judgment or the legal position.

**Mr. David Alton (Liverpool, Edge Hill):** Does the Secretary of State accept that it is the earnest hope of all members of the travelling public that the dispute will be settled rapidly, and that immoderate language by either side will not be helpful? Will he dissociate himself from the comments made by the Paymaster General over the weekend in which he suggested that British railwaymen are on a par with Argentine conscripts? By questioning their patriotism he was doing no service at all.

**Mr. Howell:** My right hon. Friend did no such thing. I hope that the hon. Gentleman, in the interests of his constituents and many other people struggling to work, will give them his full support in facing the inconvenience and misery that have been placed upon them and reassure them that he is using his influence to stop those in the union executive who are following this course from imposing further inconvenience and misery for no good reason on his constituents and many others in the city which he represents.

**Mr. Anthony Nelson (Chichester):** Is my right hon. Friend aware that he enjoys widespread support for his reluctance to become directly involved in the dispute? Is not the irony of the present position that the actions of the railways unions, far from bringing any concessions on productivity and rostering, are only likely to hasten the day when more jobs will be lost and greater productivity agreements will be required to finance the catastrophic losses that the industrial action will cause?

**Mr. Howell:** My hon. Friend is entirely right. The course upon which the union is now set will be utterly counterproductive.

**Mr. Stanley Cohen (Leeds, South-East):** Will the right hon. Gentleman accept that we have now reached the point when all the parties involved in the dispute should be called together? The Government have failed to face up to their responsibilities to the industry and the nation, and it has been left to people like myself who spent the whole of last week meeting the TUC and ACAS to do the job that the Government should be doing.

I hope that the Government will face up to that responsibility. If they want increased productivity, they have to increase investment. In spite of what the right hon. Gentleman may have said on the radio this morning, investment in British Rail compared to the rest of Europe is appalling.

The final point I wish to make—

**Mr. Speaker:** Order. I am anxious to call four more hon. Members from each side of the House.

**Mr. Howell:** It is desirable that the British Railways Board and the Union, which has called the strike, should discuss the basis on which the strike can be called off. Last



week the British Railways Board proposed new and easier arrangements by which productivity changes could be introduced. They were put forward in an appropriate spirit but they were turned down. How can the hon. Gentleman argue that there is a need for the parties to come together when it is clear that the attempt to do that last week was unsuccessful? The prevailing spirit of the executive of the NUR—I hope it will change—is that it is not interested in moving to where productivity promises will be delivered, whether on a basis satisfactory to it or on any other basis. That is what needs to be changed before a coming together will do any good.

**Sir John Biggs-Davison** (Epping Forest): The well-intentioned words of some Labour Members who have experience of the railways contrast with what was said by the right hon. Member for Barrow-in-Furness (Mr. Booth), who described the fulfilment of past pledges on productivity by the unions as strings to be attached to the ending of the disruption.

**Mr. Howell:** My hon. Friend is entirely right. There are several nuances and differences of approach which reflect differences of approach within the union. Unfortunately, the less clear thinking and more immoderate approach seem to be prevailing.

**Mr. Peter Snape** (West Bromwich, East): Does the Minister accept that, as there is massive inconvenience, dislocation and damage to British Industry because of the strike, that shows that railway men ought to be better paid? Public transport has been subsidised by inadequate wages for too long. Is the Minister aware that thousands of public transport workers depend on family income supplement despite the unsocial hours that they work? Will he act like a Minister responsible for the service instead of as a propagandist for a Cabinet that believes in taking on the public sector?

**Mr. Howell:** The hon. Gentleman talks about pay. I mentioned earlier the substantial increases that railwaymen have had in recent years and the extra increases they were paid for promises on productivity. The work changes have not taken place. There might have been room for more had £80 million not gone down the plughole during the earlier part of the year when ASLEF decided to resist changes towards flexible rostering which were recognised as being right by the British Railways Board and have since been confirmed by Lord McCarthy and the Railway Staff National Tribunal. If there had been a little more pressure on ASLEF from the hon. Gentleman and his hon. Friends not to pour money away, the railway system might be in better shape now. It is a little late to think about it now.

**Mr. Tony Durant** (Reading, North): Will my right hon. Friend ask the Opposition whether they condemn the strike?

**Mr. Howell:** The question hangs in the air. No doubt the right hon. Member for Barrow-in-Furness (Mr. Booth) will speak for himself. I know that the nation at large will want to know where those in the political parties stand on strikes and strike action which, certainly in the case of London, have a very thin and flimsy industrial base. We will want to know that from the right hon. Gentleman.

**Mr. Donald Dewar** (Glasgow, Garscadden): Does the right hon. Gentleman accept that one of the reasons for the present situation is a genuine fear about job security and

future investment in the industry? Even if he will not come into the arena on the pay side and on the very inadequate offer that has been made, surely he can give an assurance that the Government will have a much more genuine financial commitment to the future of the railways than they have shown in the past. If he is genuinely worried about what he sees as immoderation in the NUR, will he accept that one of the greatest difficulties in creating an atmosphere that might encourage a settlement is his immoderate and abrasive attitude towards the strike over the last week or two?

**Mr. Howell:** I do not accept what the hon. Gentleman says. I believe that the public should be given every possible protection against the hardship that has been inflicted on them. Substantial investment has gone into the railway industry, the Government have made clear their commitment in principle to the electrification programme and the East Coast mainline project is with the Department now.

We have always said, and this has received widespread support, that approval of the programme should be linked to progress on productivity and the business performance of the railways. If the hon. Gentleman can point me to where real progress on productivity is taking place I will say that such things should certainly be closely linked to investment, but at the moment no one can argue that we are making progress on productivity.

**Mr. John Major** (Huntingdonshire): Will my right hon. Friend continue to acknowledge the courage and responsibility of the railwaymen who turned up for work this morning? Does not their action suggest that they believe that the NUR is in the wrong in this dispute? Is it not a tragedy the Mr. Weighell has lost control of his executive?

**Mr. Howell:** It is my view that the union executive under its present control, wherever that may lie, has taken a tragic turn which is not in the best interests of the industry or those working in it.

**Mr. Alexander W. Lyon** (York): Will the Secretary of State confirm that the only money that British Rail gets from the Government is the public service obligation, and that that is largely designed to keep open uneconomic lines, most of which are in constituencies represented by Conservative Members? If the Government force British Rail into an economic position in which it has to close lines, the affected lines will be in the constituencies of Conservative Members and not in those represented by Labour Members.

**Mr. Howell:** The hon. Gentleman used the word "only" when referring to the public service obligation, but it is a very substantial sum—well over £2 million a day. That is a substantial amount and it has been rising to record levels. More taxpayers' money is going into British Rail today than at any time in its history. In addition, the Government provide substantial borrowing facilities and set an investment ceiling, which is higher than it was under the Labour Government. Resources for investment also have to be found within that ceiling. Unfortunately, many have been siphoned off by pointless disputes and soaring daily costs. Those costs need to be controlled, and improvements in working practices would do that.

**Mr. Kenneth Lewis** (Rutland and Stamford): Is my hon. Friend aware that inside every male member of the



[Mr. Kenneth Lewis]

British public there is a small boy who wants to be a train driver trying to get out? There is no strike in recent years in which there would have been more volunteers, if volunteers were possible.

**Mr. Howell:** My hon. Friend touches the deep truth that the nation values and regards as precious its railway system. None of us likes to see the system get into the state into which it is being led. I think that that applies on both sides of the House and among those who work in the vast part of the railway industry. Unfortunately, there are apparently others with other views who are leading the industry on a very dangerous course.

**Mr. Dennis Skinner (Bolsover):** At a time when there are about four million on the dole, largely as a result of the Government's policies, what is morally wrong with railwaymen fighting to save jobs instead of throwing more people on the scrap heap? At a time when the Government are prepared to pay 21 per cent. to judges and 18 per cent. to top civil servants, what is morally wrong with railwaymen fighting to get only half such percentages? Does the right hon. Gentleman recall that 18 months ago he stood at that Dispatch Box and said that he would take on the miners? Four days later he got blown off course.

I suggest to the railwaymen, and I hope that they take careful note of this, that if they keep up the pressure on the Minister they will have more than a good chance of blowing him away. They are fighting for two just causes. Before the election the right hon. Gentleman was one of those who argued for free collective bargaining. That is what railwaymen are fighting for.

**Mr. Howell:** At a time when there is a high level of unemployment and when many people would like a good and secure job, it is all the more regrettable that, in the light of the issues that have been discussed in the House in the past week, those who control the executive of the NUR should decide that the union should strike. That is regrettable when there are many who need and would like a good and secure job.

As for the rest of the hon. Member's remarks, if one can call them remarks, they will do no service to the railway industry or to bringing peace. If the hon. Gentleman wants to end the dispute he should bring his influence to bear on the railway unions to stop the disastrous course on which they are leading the industry.

**Several Hon. Members rose—**

**Mr. Speaker:** Order. I propose to call one more Conservative Back Bencher, because I shall be calling another Opposition Front Bench spokesman.

**Mr. John Lee (Nelson and Colne):** Does my right hon. Friend agree that it is monstrous that in a free society in

this day and age the NUR should call its members out on strike without giving them the individual opportunity of voting in a secret ballot on whether they want to strike? Will he draw to the attention of the NUR executive the fact that many employees in the private sector, including my constituents in the textile industry, have settled for increases of around 5 per cent., despite substantial job losses, redundancies and short-time working, and even though there have been substantial productivity increases?

**Mr. Howell:** I hope that the NUR conference at Plymouth will be an opportunity for a close consultation and a calmer discussion of the issues involved and the wisdom or otherwise—I believe it to be wholly otherwise—of going on strike. That would be a very good idea.

**Mr. Robert Hughes (Aberdeen, North):** Will the right hon. Gentleman reflect on his statement and cease to take advice from the hotheads in the Government? Will he for once give encouragement to the railway unions, which have delivered massively on productivity over the past few years? How can the right hon. Gentleman talk about industrial practices of 1919 when he knows that in the past two years alone 14,000 jobs have been negotiated away? How can he talk about his delivery of investment when he knows that in 1980-81 investment was down by £46 million and last year it was down by £21 million? Will he not for once realise that as Secretary of State his job is to give encouragement to the industry and the rail unions and to realise that the first all-out strike of the railways for over 50 years must show that there are very deep feelings within the industry? The right hon. Gentleman ought to bring into the arena a spirit of conciliation instead of merely rabbiting on as he does. He is responsible for the damage to the railway industry and well he knows it.

**Mr. Howell:** The best encouragement for the industry, and it ought to come from the Opposition as well as from other parties, would be the rapid adoption of modern work practices, applied to the new investment and equipment that is rolling on to our railway lines. New electric coaches and sleeping cars are being built, the £200 million high-speed train scheme has just been completed, there is £150 million for the new electric trains between Bedford and St. Pancras and a vast re-signalling programme. I do not know why the hon. Gentleman dismisses those as being of no significance. He would do better to go to the railwaymen, who are dedicated and sensible people, and say that investment is going on, with the prospect of more if they can cut costs and adopt the new work practices. That will generate more money which can be invested in the railways. Let us together do that and work on those lines instead of striking against the public and strangling London and the country, which will do no good to the union, the railways or the nation.



PART 4 ends:-

25. 6. 82

PART 5 begins:-

28. 6. 82



