

PREM 19/1541

SECRET

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Confidential Filing

Industrial Action in the Oil Industry

Possible Tanker Drivers' Strike

Withstanding a Tanker Drivers' INDUSTRIAL POLICE
Strike.NOVEMBER 1970

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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14.12.83							
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15/10/85							
28.10.85							

PREM 19/1541

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CCU(84) 17 (Revise)	30/07/1984
CCU(84) 17	27/07/1984
CCU(83) 43	14/12/1983
CCU(83) 42	15/11/1983
MISC 63(83) 17	12/10/1983
MISC 63(83) 2	30/06/1983
CCU(82) 51	02/12/1982
CCU(82) 50	15/11/1982
CCU(82) 47	21/10/1982
CCU(82) 15 th Meeting	18/10/1982
CCU(82) 46	12/10/1982
CCU(82) 45	12/10/1982
CCU(82) 18	23/04/1982
CCU(81) 19 th Meeting	13/11/1981
CC(81) 36 th Meeting, item 2	12/11/1981
CCU(81) 52	11/11/1981
C(81) 56	10/11/1981
CCU(81) 18 th Meeting	04/11/1981
CCU(81) 51	02/11/1981
CCU(81) 17 th Meeting, item 2	29/10/1981
CCU(81) 50	28/10/1981
CCU(79) 39	13/12/1979
CCU(79) 38	04/12/1979
CCU(79) 37	04/12/1979
CCU(79) 36	04/12/1979

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 J. Gray

Date 17/2/2014

PREM Records Team

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CONFIDENTIAL



BM

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

CONTINGENCY PLANNING FOR AN OIL
TANKER DRIVERS' STRIKE

The Prime Minister has seen your minute to her of 20 September and the report by a Working Group of the Civil Contingencies Unit. The Prime Minister has also seen the subsequent comments from Cabinet colleagues.

The Prime Minister accepts, though with regret, the conclusions set out in paragraph 11 of the report by the Working Group.

I am copying this minute to the Private Secretaries to the Home Secretary, the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster and the Secretaries of State for Trade and Industry, Energy, Defence, Scotland, Transport and Employment.

(David Norgrove)
28 October 1985

CONFIDENTIAL

6

PRIME MINISTER

CONTINGENCY PLANNING FOR AN
OIL TANKER DRIVERS' STRIKE

Mr. Tebbit (flag A) is the only Minister who is fundamentally doubtful about Sir Robert Armstrong's recommendations. Mr. Heseltine has a slight hesitation (flag B). Otherwise all Ministers agree.

It seems unlikely that the oil companies could be persuaded to be more helpful without major arm twisting, which itself could cause unrest among tanker drivers.

Agree, though with regret, to accept Sir Robert Armstrong's conclusions?

Yes Mr

Mark Sauer

PP. (DAVID NORGROVE)

17 October 1985

CONFIDENTIAL

CENO



NEW ST. ANDREW'S HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

NBPN

Sir Robert Armstrong GCB CVO
Cabinet Office
70 Whitehall
London SW1

15 October 1985

Dear Robert,

CONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS STRIKE

Thank you for sending me a copy of your minute of 20 September to the Prime Minister together with a copy of the second report of the CCU Working Group on this issue.

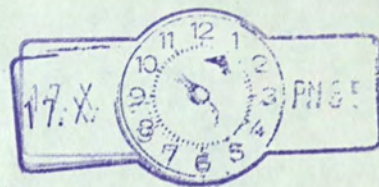
I am pleased that efforts are being made to resolve the outstanding difficulties and agree that the options for requisitioning vehicles from the oil companies to deliver oil for non-essential users should be considered when a strike by oil tanker drivers is in prospect.

I am copying this letter to the Home Secretary, the Chancellor of the Exchequer, the Chancellor to the Duchy of Lancaster, and to the Secretaries of State for Energy, Trade and Industry, Defence, Transport and Employment.

Yours sincerely,

George

CONFIDENTIAL





CC RD

NBPM.

Prime Minister

CONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS' STRIKE

I have seen Sir Robert Armstrong's minute to you of 20 September covering the second report by officials on this subject.

I agree that the options for obtaining sufficient oil tankers for a level of 90% of normal road deliveries should be considered only when a strike is threatened. We shall, at the same time, have to consider whether a level of 90% or a lower level is most appropriate.

I am copying this minute to the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretaries of State for Employment, Energy, Trade and Industry, Defence, Scotland and Transport, and to Sir Robert Armstrong.

John Douglas Hunt

14th October 1985

U

Industrial Policy
Tanner Driver Strike Nov '79





DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

9 October 1985

Michael Stark Esq
Private Secretary to
Sir Robert Armstrong
Cabinet Office
70 Whitehall
LONDON
SW1

NSP

Dear Michael

CONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS' STRIKE

My Secretary of State has seen a copy of Sir Robert Armstrong's minute to the Prime Minister of 20 September enclosing a second report by a Working Group of the Civil Contingencies Unit. He is content with the conclusions reached by the Working Group.

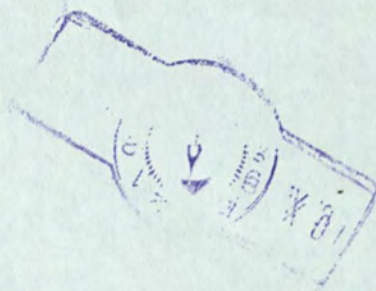
2 I am copying this minute to the Private Secretaries to the Prime Minister, the Home Secretary, the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretaries of State for Energy, Defence, Scotland, Transport and Employment.

*Yours sincerely
Edmund Hosker*

EDMUND HOSKER
Private Secretary

JFLAHY

IND POL
TANKER DRIVERS NOV 79





2pp's.

CF

Any fines to come?

DN

8/10.

Prime Minister

Sir Robert Armstrong sent me a copy of the report about contingency planning for 'an oil tanker drivers' strike which he submitted to you under cover of his minute of 20 September, with copies to other Ministers.

I am content with the conclusions in paragraph 11 of the report.

I am sure that there are many decisions which could only be taken at the time of an emergency. It will certainly be necessary to find a great many staff to administer the scheme, and we shall need to decide then whether all their normal work can simply be postponed, so that we have the resources to cope adequately with the accounting problems described in the report. But whilst there are these undoubted and major problems, I entirely agree that we must carry on with the detailed planning.

I am sending copies of this minute to all the other Ministers to whom Sir Robert sent copies of his report, and to Sir Robert.

N.R.

October 1985

IND. POL : Tanker Driver Strike: Nov. 1979





Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

7 October 1985

Michael Stark Esq
Private Secretary to
Sir Robert Armstrong
Cabinet Office

NBLm

Dear Michael

CONTINGENCY PLANNING FOR AN OIL TANKER DRIVER DISPUTE

Sir Robert Armstrong sent the Chancellor a copy of his minute of 20 September to the Prime Minister.

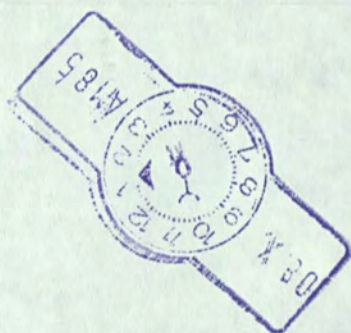
The Chancellor is content with the conclusions of the Second Report of the Working Group.

I am copying this letter to David Norgrove (No.10) and to the Private Secretaries of the Home Secretary, the Chancellor of the Duchy of Lancaster, and the Secretaries of State for Trade and Industry, Defence, Scotland, Transport and Employment.

Yours sincerely
Tony Kuczys

A W KUCZYS
Private Secretary

IND. POL: Tanker Driver Strike : NOV. 1979.





N(847)

PRIME MINISTER

CONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS' STRIKE

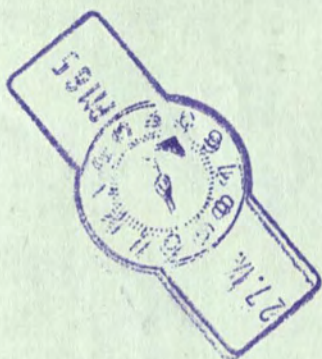
Sir Robert Armstrong copied to me his minute of ~~20~~ September covering the second report of the CCU Working Group on this issue.

2. I am glad to see that efforts are being made to resolve the outstanding difficulties. I agree that the options for requisitioning vehicles to deliver oil for non-essential purposes should be left for consideration when a strike is in prospect.

3. I am copying this minute to the Home Secretary, the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretaries of State for Trade and Industry, Defence, Scotland, Transport and Employment and to Sir Robert Armstrong.

Secretary of State for Energy
27 September 1985

IND. POL: Tankers' drivers strike: Nov 1979.



COMPLIMENT

CONFIDENTIAL



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460...

NB 77

Switchboard 01-213 3000

Michael Stark Esq
Private Secretary to
Sir Robert Armstrong
Cabinet Office
70 Whitehall
LONDON SW1

27th September 1985*Dear Michael,***CONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS' STRIKE**

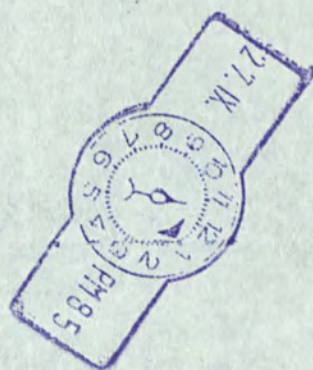
My Secretary of State has seen Sir Robert Armstrong's minute to the Prime Minister of 20 September and is content with the conclusions in paragraph 11 of the report attached to his minute.

*Yours sincerely,**Iain Mackinnon*

IAIN MACKINNON
Private Secretary

CONFIDENTIAL

IND POL: Oil Tankers' Strike: NOV 1979





CONFIDENTIAL

Chancellor of the Duchy of Lancaster

PRIME MINISTER

CONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS STRIKE

Sir Robert Armstrong copied to me his minute of 20 September to you, to which was attached the report of a Working Group of the Civil Contingencies Unit.

The report concludes that we could not rely on the major oil companies voluntarily to make available their delivery vehicles to allow maintenance of a substantial proportion of normal supplies.

I find the attitude of the management of the major oil companies very difficult to accept. The weakness of approach betrayed by them on this point is illustrative of an industrial relations attitude which encourages the oil tanker drivers to believe that a strike would be worthwhile. I believe that a producer should put his customers interests higher than the oil companies seem prepared to do in this case; and I further think that we should seek an opportunity to get this message across to their senior management. Until we do so, it may be premature to endorse the conclusions of the report.

I am copying this minute to Leon Brittan, Nigel Lawson, Douglas Hurd, Peter Walker, Michael Heseltine, George Younger, Nicholas Ridley, David Young, and to Sir Robert Armstrong.

NJ

NORMAN TEBBIT

24 September 1985

CONFIDENTIAL

*cf
NBPM at this stage
Please gather the comments
& b/f when we have them
all. DLS
25/9.*

A

Industrial Action is out handwriting:

IND. POL. NOV 79.



Ref. A085/2392

PRIME MINISTER

BF | CF
To collect
comments please. Chase
after 10 days.

DRS
23/9

Prime Minister

2
To note at this stage, I
shall collect comments from
Ministers for you to consider before
replying to RTA.

DRS
20/9.

Contingency Planning for an Oil Tanker Drivers' Strike

In response to my minute of 3 July last, covering a report by a Working Group of the Civil Contingencies Unit (CCU), you and other Ministers noted that a more flexible plan for servicemen to deliver oil products using oil company delivery vehicles would be prepared, and asked that further work on the legal aspects and on the possibility of obtaining oil delivery vehicles from the oil companies without recourse to requisitioning should be put in hand.

2. The Working Group's second report is attached to this minute. I would draw attention to the following points:

- (a) More flexible plans are now ready but a number of administrative problems remain to be sorted out, mainly relating to accounting for deliveries made by Service drivers both within the oil industry and in the Department of Transport. Further work on these is in train.
- (b) The allocation of priorities for distribution of oil supplies in excess of those needed to maintain the essentials of life will need to be decided at the time, but the drafting of the necessary statutory instruments has been based on the assumptions that the extra supplies will be delivered primarily to industrial and commercial users, with filling stations for non-essential purposes receiving any further supplies that might be available.
- (c) Management of the major oil companies are opposed to making their delivery vehicles available on a voluntary basis. They fear that such action on their part would cause



irreparable damage to relations with their own drivers and prejudice the productivity gains of recent years. The conclusion of the report is therefore that it would be unsound to rely on such an arrangement for contingency planning purposes.

- (d) There would be some risk of a successful challenge to the legality of Ministerial decisions to deliver oil products in excess of those required for maintaining the essentials of life using delivery vehicles requisitioned under the Emergency Powers Act 1920. Enactment of the draft Amending Bill prepared in 1983 should remove that risk. But in the light of previously expressed views the report assumes that Ministers would wish to consider whether to proceed with the draft Amending Bill when an oil tanker drivers' strike was in prospect.

3. I should be grateful to know if you and the Home Secretary, the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster and the Secretaries of State for Trade and Industry, Energy, Defence, Scotland, Transport and Employment, to whom this minute is copied, are content with the conclusions in paragraph 11 of the report.

RA

ROBERT ARMSTRONG

20 September 1985

CONFIDENTIAL

SECOND REPORT BY A WORKING GROUP ON
CONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS' STRIKE

INTRODUCTION

1. In July 1984 Ministers noted a report on the work done by a Working Group of the CCU(CCU(T)) set up to develop contingency planning for an oil tanker drivers' strike. The main conclusions of the report, which was attached to CCU(84)17 (revise), were that:
 - a. subject to certain assumptions - in particular that there is no sympathetic action or picketing and that up to 5,000 Service drivers are made available - it should be possible, after a lead time of some 8-15 days, to make up to about 90% of normal road-borne deliveries using Service drivers;
 - b. again subject to certain assumptions, and again after a lead time, it should be possible to deliver oil sufficient to maintain essential services using only about 1,500 drivers and to deliver supplies equivalent to about 70 per cent of normal using about 3,500 drivers.
2. In the light of that report Ministers asked officials:
 - a. to prepare a more detailed plan to enable the higher levels of delivery to be achieved;
 - b. to explore the possibility of obtaining use of the requisite number of oil tankers without recourse to requisitioning;
 - c. to clarify the legal position regarding the likely adequacy of Emergency Powers legislation.
3. This note reports the outcome of this further work.

DETAILED PLANS

4. More detailed plans have been developed on the basis of the higher levels of delivery now thought possible. In particular:-

- a. Decisions have been taken as to the oil terminals at which Servicemen at the levels of 1,500 and 5,000 should be deployed. It should not be necessary to increase the number of terminals currently planned to be used (about 60) to enable the higher levels of delivery to be achieved. The terminals concerned should be able to cope with the higher throughput involved, though the higher the level the more complex - and the more potentially difficult - the operation becomes. Moreover, there is a growing divergence between the limited number of service HGV1 drivers and the increasing reliance of the oil industry on HGV1 vehicles, which renders the 70% and 90% levels of delivery progressively more difficult to attain in an emergency. The OIEC are considering detailed aspects of the operations further.
- b. Broad plans have been worked out in consultation with the OIEC as to who, beyond those with essential uses, should be the recipients of the extra tranches of oil that would become available. Final decisions on this point will need to be left to the time of the emergency. However for planning purposes the following assumptions have been made:-

(i) the extra oil will be concentrated primarily on industrial and commercial uses including road haulage outside the "essential use" category. To supply these uses it would be necessary to achieve deliveries at about 80,000 tonnes per day (65 - 70% of normal). Due to administrative complications no distinction would be drawn between the types of industry or commerce that would be permitted a supply, though some control could be exercised at terminal level over priorities;

(ii) deliveries of oil above those needed for essential services, industry and commerce should be concentrated primarily on supplies to filling stations for non-essential purposes, rather than on supplies of central heating oil to domestic consumers. A formal system for rationing supplies of petrol would not be feasible in the timescale involved, though there might be limits placed on the amount that could be purchased on any one occasion.

- c. Drafting of most of the amendments to the relevant statutory instruments to give effect to b. above has been completed.
- d. Further work has been done on problems of administrative back-up. As stated in the previous report all oil companies have computerised ordering and accounting procedures. These procedures will have to be altered radically should the plans for using Service drivers be implemented, at any level of delivery.

Careful accounting is required for two purposes:-

(i) to ensure that the supplier gets paid for his product by the customer: this is a matter for the oil companies to sort out;

(ii) as a basis for the payments made under the plans by Government to oil companies for the use of their vehicles and by the oil companies to the Government for the use of Servicemen. Accounting for these payments which amount to some £0.5m-£1.5m net in the Government's favour is largely the responsibility of the Dept. of Transport, though costs relating to Servicemen would be handed on to the MOD.

- e. The accounting problem becomes greater the higher the level of deliveries. The OIEC has studied the problem and has concluded that after a certain learning period, the

problem should be manageable as far as the industry is concerned. It proposes that, if Ministers decide to pursue the options of higher levels of delivery, companies should, instead of a special delivery note being prepared for each delivery (as is envisaged under the basic plan), use their existing documentation, over-stamping it with the information required to enable it to be used as a delivery note. The OIEC believes that it should be feasible to use this system for any level of deliveries up to the 5,000 driver option (under which - in its full operation - some 18,000 delivery notes would be issued per day), though it accepts that it would take a little time to get the system working properly because of inexperience among staff required to operate it. The greater the number of deliveries made the more likely it is that problems will occur. The OIEC is continuing to work on the details.

- f. Much of the work in the Department of Transport would fall to the offices of the Regional Transport Commissioners (RTCs) in the Departments' Traffic Area Offices (TAOs) and DTp Accounts Division at Hemel Hempstead. The numbers of staff employed in the TAOs are such that a high proportion would have to be diverted from their normal duties (many of which are statutory and concerned with goods and passenger operator/driver licensing functions) and Ministers will need to decide at the time whether this would be acceptable. Even so it might not provide sufficient staff (even if only 3500 Service drivers were deployed) and it may be necessary to recruit casual staff to assist in handling the work at TAOs and at Hemel Hempstead. This might create further problems given that the TAOs have lost staff under manpower economies and face further reductions under a programme of computerisation. There is a risk not only that staff might refuse to co-operate with what they could regard as extra work but also the possibility of the work being blacked by the trades unions.

POSSIBILITY OF OBTAINING TANKERS WITHOUT REQUISITIONING

5. Plans for dealing with an oil tanker drivers' strike have hitherto rested on the basis that tankers would be requisitioned from the oil companies. The powers to requisition in those circumstances are only available under emergency regulations under the Emergency Powers Act (EPA) 1920 (and its Northern Ireland equivalent); even then the EPA confers authority to make emergency regulations only for securing the essentials of life of the community. The provisional view was taken last year that the powers under the EPA would not be sufficient to enable vehicles to be requisitioned where the intention was to use them to achieve levels of delivery around 70 to 90% of normal since this would be going beyond the criterion of the essentials of life.

6. Officials were asked to consider whether the problems of obtaining use of tankers could be overcome by persuading the oil companies to make their vehicles available without the need for requisitioning (eg. through some voluntary hiring arrangement).

7. The Department of Energy has consulted the OIEC on this possibility. The five main planning companies represented on the OIEC (who account for about 70% of the market) have expressed at the highest level considerable opposition to proceeding in this way. In their view for companies to make their vehicles available to Government voluntarily would be likely to cause serious damage to their relations with tanker drivers and other employees, putting at risk the productivity gains of recent years and leading perhaps to greater militancy in the longer term. The companies thought that cooperation of this nature was quite different from the co-operation implied by, for example, making ancillary equipment and staff available to help once vehicles had been requisitioned.

8. It was then suggested to the main companies that their fears might be overcome if Government made a strongly worded request to the companies to permit the use of their vehicles. The purpose would be to strengthen their hands in their relations with their unions; their vehicles would be made available but they would not be seen to be co-operating to the extent that they had under the purely voluntary approach. The companies, however, objected to this approach also on

the grounds that, as long as the request had no legal backing, it still required them to face the difficulties anticipated in the purely voluntary approach.

LEGAL BASIS FOR ACHIEVING HIGHER LEVELS OF DELIVERY

9. In view of the position adopted by the oil companies it would be unrealistic to rely on a change of mind if a strike occurred. Therefore road tankers will have to be requisitioned. Parliamentary Counsel has confirmed the view held by Home Office lawyers that under EPA 1920 the powers to requisition are limited to making only those levels of delivery which would be necessary to secure the essentials of life of the community. If therefore Ministers wish the higher levels of delivery to be achieved two courses of action seem to be available:-

- a. to enact legislation amending the EPA. As stated in CCU (84)17 Revise an amending Bill already exists in draft. The Bill supplements the essentials of life condition, considerably widening the circumstances under which an amended act might be invoked, including, inter alia, the causing of serious disruption to the life of the community. Parliamentary Counsel has confirmed that the Act thus amended would permit the requisitioning powers to be used to achieve deliveries at the higher levels envisaged; or
- b. to requisition the vehicles under the EPA in the first place and to continue using them when it became possible to make higher levels of delivery. In the first few days of Service deliveries the vehicles would be used solely in relation to preserving the essentials of life; due to a backlog of deliveries for these purposes needing to be made up. At some point however vehicles would start being used to make deliveries for other purposes as well. Exactly when this point would be reached is unlikely to be clear since the term "essentials of life" does not lend itself to precise definition.

10. Both courses of action pose difficulties. As regards Option a. there would be substantial political difficulties in securing the passage of an amending Bill in the absence of a perceived threat. On the other hand, if Option b. was followed, there could be a serious risk of challenge. The companies themselves would be unlikely to challenge the Government to the extent of refusing to allow their vehicles (or a proportion of them) to be used for purposes other than securing the essentials of life - they would therefore be tacitly agreeing to such use. There is however, a possibility of the unions becoming alert to the legal sensitivities. Because they would not be a party directly involved they may not be able to take legal action themselves, but they could well make political capital out of the situation, and the close co-operation of staff both within and outside the industry which would be necessary to make the plans work might well be prejudiced. In addition the Government's position could be challenged in Parliament.

CONCLUSION

11. Ministers are invited to:

- a. Note the current state of detailed planning (paragraphs 4 a-c) and the administrative problems that will have to be overcome should these contingency plans need to be activated (paragraph 4 a-f);
- b. Note that the opposition, at the highest levels within the oil industry, to making road tankers available without the need for requisitioning makes it unrealistic to pursue this course for contingency planning purposes;
- c. Agree that, in view of the legal advice on the likely adequacy of the Emergency Powers Act 1920, the options available (paragraph 9) should be considered when an oil tanker drivers strike is threatened, in the light of the then prevailing circumstances.

IND Por: Oil Tanker Brins
Nov. 79



u 105
NBPM 2817
23.

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....6400.....

Switchboard 01-213 3000

Richard Hatfield Esq
Private Secretary to
Sir Robert Armstrong
Cabinet Office
70 Whitehall
LONDON SW1

21st July 1984

Dear Richard,

CONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS' STRIKE

My Secretary of State has seen a copy of Sir Robert Armstrong's minute of 3 July to the Prime Minister, covering a report by officials.

He has noted the contents of the Working Group's report and agrees that the further work proposed should be put in hand.

I am sending copies of this letter to the Private Secretaries to the Prime Minister, the Home Secretary, the Chancellor of the Exchequer and the Secretaries of State for Energy, Defence, Scotland, Trade and Industry, and Transport.

Yours sincerely,

Peter Smith

PETER SMITH
Private Secretary

IND Pol: Oil Tanker bribe 8/11/11
Nov 79

S E C R E T



Handwritten signature/initials

LPD
22

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

CONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS' STRIKE

The Prime Minister has seen the report of the Official Group on Oil Tanker Drivers (MISC 63), attached to your minute of 3 July (A084/1884).

She has noted the contents of the report and in particular that contingency planning is now in hand to prepare a more flexible plan by the autumn. She agrees that further work on legal aspects and on the possibility of obtaining oil delivery vehicles without recourse to requisitioning should now be put in hand.

I am copying this minute to Mr. Taylor (Home Office), Mr. Peretz (H.M. Treasury), Mr. Reidy (Department of Energy), Mr. Mottram (Ministry of Defence), Mr. Graham (Scottish Office), Mr. Normington (Department of Employment), Mr. McCarthy (Department of Trade and Industry) and Miss Nichols (Department of Transport).

AT

ANDREW TURNBULL

Handwritten signature/initials

26 July 1984

S E C R E T



10 DOWNING STREET

From the Private Secretary

Pune Mines ②

Ministers have now commented on Sir Robert's report a Contingency Planning for an Ox Tanker Drivers' Strike. No objections have been raised and all agree to further work on whether vehicles can be obtained without requisitioning under the Emergency Powers Act.

You might, however, wish to take note of Mr Heseltine's caveat on BAOR. But there may be times when the "enemy within" poses a more immediate threat than the "enemy without".

AT
25/7



cc NO *2 of 12*
SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU *21*

SECRET

Sir Robert Armstrong GCB CVO
Cabinet Office
Whitehall
LONDON
SW1A 2AS

25 July 1984

Dear Robert,

CONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS' STRIKE

I have seen a copy of your minute of 3 July to the Prime Minister enclosing the report of the Working Group of the Civil Contingencies Unit on the use of service drivers in the event of an oil tanker drivers' strike. *with AT*

I very much welcome the Working Group's conclusion that it should be possible to achieve a much higher level of oil deliveries by service drivers. Given the reliance of the rural and remote areas of Scotland on road haulage and private transport, there would be considerable advantage, from my point of view, if these higher levels could be achieved during any strike by oil tanker drivers.

I am, therefore, content that the work proposed in your minute should proceed.

I am copying this letter to the Prime Minister, the Home Secretary, the Chancellor of the Exchequer and the Secretaries of State for Energy, Defence, Employment, Trade and Industry and Transport.

Yours sincerely,
George Munro

IND POL : Inst. action
~~Inst. action~~ void date: 11/79



25 JUL 1984

cNo
20

MO 19/1

PRIME MINISTERCONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS' STRIKE

Under cover of his AO84/1884 of 3rd July 1984 Sir Robert Armstrong circulated the report of the Working Group on contingency planning for an oil tanker drivers' strike.

2. I agree that we should note the contents of the report and that further work should be commissioned on the legal aspects and the possibility of obtaining oil delivery vehicles without requisitioning.

3. In endorsing the report colleagues will wish to note that the deployment of large numbers of trained Service drivers as part of the implementation of contingency plans could have implications for the operational readiness of our Forces. The effects would depend on the extent and duration of Service involvement but the Working Group report makes it clear in particular that the involvement of over 5,000 drivers would necessitate the return of personnel from British Forces Germany. This would lead to disruption of the movements of troops and supplies and to a degradation of our ability to meet NATO standards. This is one of the factors which would need to be considered carefully at the time, before a decision to commit troops was taken.

4. I am sending copies of this minute to the Home Secretary, the Chancellor of the Exchequer and the Secretaries of State for Energy, Scotland, Employment, Trade and Industry and Transport and to Sir Robert Armstrong.

WJS

Ministry of Defence
24th July 1984



25 JUL 1994



COMMONWEALTH
OF INDEPENDENT STATES
LONDON

SECRET



CCNO 19
NBAM
AF 20/7

Prime Minister

CONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS' STRIKE

I have seen Sir Robert Armstrong's minute to you of 3 July covering a report by officials on contingency planning for an oil tanker drivers' strike.

I note that contingency planning is now in hand to prepare a more flexible plan by the coming autumn. This plan could need emergency powers for its implementation and I agree that further work on the legal aspects should be put in hand. The legal powers required and in particular the need for an amendment to the Emergency Powers Act 1920 is likely to depend on the delivery level to be achieved, and the Civil Contingencies Unit will need to address this question as part of producing a more flexible plan.

I also agree that further work should be put in hand on the possibility of obtaining oil delivery vehicles without recourse to requisitioning. I recognise that there are difficulties in proceeding this way, but, compared with the use of emergency powers, the advantage could lie in doing so.

I am sending copies of this minute to the Chancellor of the Exchequer, and the Secretaries of State for Energy, Defence, Scotland, Employment, Trade and Industry, and Transport and to Sir Robert Armstrong.

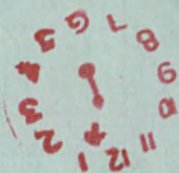
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Oil tanker drivers



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PRIME MINISTER

CONTINGENCY PLANNING FOR AN OIL TANKER DRIVERS' STRIKE

I have seen a copy of Sir Robert Armstrong's minute to you of 3 July enclosing a report by a Working Group of the Civil Contingencies Unit.

I welcome the conclusion of the work done so far that it should be possible to attain a considerably higher level of delivery by given numbers of service drivers than had hitherto been assumed. This should help reduce the economic damage and hardship to individuals arising from strike action and prolong endurance. I am content that work should proceed to draw up more detailed plans, and I hope it will be possible to complete it by the time the first negotiations in the next pay round are under way. Given the likelihood that negotiations will be spread out over a longer period than in previous years it is most important that these plans should provide for a flexible response.

I agree that, in addition to the legal issues involved, we should consider further the possibility of obtaining oil delivery vehicles without recourse to requisitioning. The views of the oil companies on this will be very important and my officials are taking steps to consult them through the Oil Industry Emergency Committee.

I am sending copies of this minute to the Home Secretary, the Chancellor of the Exchequer, and the Secretaries of State for Defence, Scotland, Trade and Industry, Employment and Transport and to Sir Robert Armstrong.

SECRETARY OF STATE FOR ENERGY

16 July 1984

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DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

JU745
Secretary of State for Trade and Industry

13 July 1984

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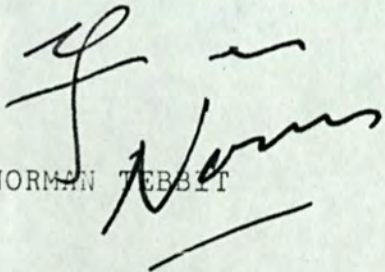
Sir Robert Armstrong
Cabinet Office
Whitehall
SW1

D Robert,

I have seen your minute of 3 July to the Prime Minister enclosing the report of the Civil Contingencies Unit on the use of service drivers in the event of an oil tanker drivers' strike.

2 I am content with the action proposed. Examining the possibility of obtaining oil delivery vehicles without recourse to requisitioning seems a particularly prudent step.

3 I am sending copies of this letter to the Prime Minister, and to Leon Brittan, Nigel Lawson, Peter Walker, George Younger, Michael Heseltine, Tom King and Nicholas Ridley.


NORMAN TEBBIT

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Incl. Pol : Tanker Drivers' strike

11/79

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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

NBPN

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Richard Hatfield Esq
Private Secretary
Sir Robert Armstrong GCB CVO
Secretary of the Cabinet
Cabinet Office
70 Whitehall
LONDON SW1A 2AS

12 July 1984

Dear Mr Hatfield

CONTINGENCY PLANNING FOR AN OIL TANKER DRIVER STRIKE

My Secretary of State has seen a copy of Sir Robert Armstrong's minute of 3 July to the Prime Minister covering a report of the Working Group on Contingency Planning.

He welcomes the report's conclusion that it is now possible to make more favourable assumptions about levels of delivery and that this should make it possible to protect essential transport services. He agrees that further work on legal aspects (which must include the rules on drivers hours) and the possibility of obtaining oil delivery vehicles without requisitioning should now be put in hand.

I am sending copies of this letter to the Private Secretaries to the Prime Minister, the Home Secretary, the Chancellor of the Exchequer and the Secretaries of State for Energy, Defence, Scotland, Employment and Trade and Industry.

Yours sincerely,

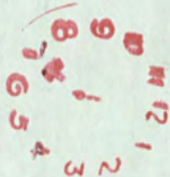
Henry Derwent

H C S DERWENT
Private Secretary

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11/79



13 JUL 1984

Ref. A084/1884

PRIME MINISTER

① Prime Minister

②

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To note at this stage. I will collect comments from Ministers for you to consider before replying to RTA

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② CP to chase replies in two weeks.

Contingency Planning for an Oil Tanker Drivers' Strike

In response to my minute of ¹³23 October, covering a report by the Official Group on Oil Tanker Drivers (MISC 63), you and other Ministers agreed that the Civil Contingencies Unit (CCU) should explore the feasibility of using service drivers to maintain up to 70 per cent of normal daily road-borne oil deliveries with a view to providing Ministers with options for withstanding any future long strike by oil tanker drivers, should they so wish. Current contingency plans for the use of servicemen in the event of an oil tanker drivers' strike seek to maintain supplies to those users regarded as essential for "life and safety" but not others; the latter include much of industry, road haulage and private motorists, and the aim was to see how far it would be feasible to meet their needs.

2. A Working Group of the CCU was established to carry out the study and their report, which incorporates comments made by officials of Departments represented on the CCU, is attached to this note. I would draw attention particularly to the following points:

- (a) A significant change is imminent in major oil companies' pay negotiation dates (paragraph 3 of the report). Shell are about to change from autumn to spring. This year therefore Esso and BP will be due to settle their annual pay negotiations in the autumn and Shell will join Mobil in negotiating in the spring of next year. It is thought that this move will diminish the chances of an all-out tanker drivers' strike over pay, but that it will spread out the risk of single company strikes. Even these strikes could prove difficult to deal with owing to the interdependence of companies over use of supplying terminals. It is still therefore desirable to have contingency plans, and particularly plans providing a greater degree of flexibility.

(b) It has now been possible to make much more favourable assumptions about the levels of delivery attainable by given numbers of service drivers. It is now estimated (paragraphs 9-12) that 70 per cent of normal daily road-borne deliveries (90,000 tonnes) could eventually be delivered by about 3,500 service drivers using some 3,120 vehicles. (This is a major change from existing plans in which 4,000 service drivers are deemed to be capable of delivering only 60,000 tonnes per day.) Only about 1,500 service drivers would be needed to deliver the 40,000 tonnes per day assessed as necessary to meet the essential needs. At the other extreme, if all available United Kingdom based service drivers with a heavy goods vehicle (HGV) licence (about 5,000) were to be employed some 110,000 tonnes per day - or 90 per cent of normal deliveries - could be achieved.

(c) Contingency planning has been put in hand, with a view to completion before the autumn pay negotiations get under way, based on the three delivery levels mentioned above, but constructed in a way which should give Ministers a wide variety of options - permitting the delivery level most appropriate to the particular circumstances to be selected. It should be noted that, in view of the greatly increased delivery levels now considered possible and the relatively small further improvements that upgrading service drivers' HGV standards would permit (paragraphs 9 and 10) it is intended not to provide for upgrading training in future plans.

3. One of the Working Group's tasks, following the Home Secretary's suggestion in his minute to you of 28 October 1983, was to consider how far we could rely on use of the Emergency Powers Act 1920 (EPA 1920) for requisitioning the oil tankers for servicemen to drive. The problem is that, if the requisitioned vehicles were to be used to deliver supplies not related to the "essentials of life", there might be a basis for a successful challenge in the courts. The difficulty would be removed if the draft Bill to amend EPA 1920, which you and other Ministers have



— agreed should be kept in reserve (Mr Barclay's letter to the Home Secretary's Private Secretary of 4 October 1983), had been enacted. Such a Bill would however be controversial and Ministers would need to consider carefully whether its introduction was desirable. It is therefore proposed that, in addition to examining the legal aspects further, the Working Group should examine the possibility of obtaining the use of the necessary oil delivery tankers without recourse to requisitioning under the EPA 1920. Consultations with the private sector interests concerned would, as in the earlier stages of the work, be carried out through the Oil Industries Emergency Committee.

4. I should be grateful to know if you and other Ministers to whom this minute is copied are content to:

- (a) note the contents of the attached report and in particular that contingency planning is now in hand to prepare a more flexible plan by the coming autumn;
- (b) agree that the further work on legal aspects and the possibility of obtaining oil delivery vehicles without recourse to requisitioning should now be put in hand.

5. I am sending copies of this minute to the Home Secretary, the Chancellor of the Exchequer and the Secretaries of State for Energy, Defence, Scotland, Employment, Trade and Industry, and Transport.

ROBERT ARMSTRONG

3 July 1984

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REPORT OF WORKING GROUP ON CONTINGENCY PLANNING FOR AN OIL TANKER
DRIVERS STRIKE

INTRODUCTION

1. In December 1983 the Civil Contingencies Unit (CCU) agreed to set up a Working Group with the following Terms of Reference:

- a. To explore the feasibility and desirability of achieving up to 70 per cent of normal daily road-borne oil product deliveries; taking account of the possibility of using more service drivers than are needed for the present plan and any changes it might prove realistic to make to current assumptions about their relative productivity.
- b. To prepare, in the light of the outcome of this work, the necessary contingency plans, constructed in such a way as to allow implementation in discrete stages, to be decided by Ministers in the light of their view of the circumstances of a particular dispute; and using as a starting point the delivery of oil products to meet the requirements listed in Annex C to CCU(82) 50 updated as necessary.
- c. To show in the plan what level of delivery might be achieved if all suitable service drivers likely to be available in the UK were utilised and indicate how many additional service drivers would be needed to achieve the 70 per cent level of delivery.
- d. To consider whether any parts of the draft Amending Bill for the Emergency Powers Act 1920 (circulated with CCU(83) 24) were likely to be required to facilitate successful implementation of contingency plans resulting from this study;
- e. To report the results of their work to the CCU by 1 June 1984.

2. This note reports the results of the work done by the Working Group. The Group had the benefit of assistance from the Secretary of the Oil Industry Emergency Committee (OIEC) who undertook, in consultation with representatives of the OIEC's various sub-committees, much of the detailed work underlying the report.

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3. It should be noted that the pattern of pay negotiations for oil tanker drivers has recently changed. From 1985 Shell negotiations will be held in the spring rather than, as previously, in the autumn at the same time as those of BP and Esso. With Mobil's negotiations in May and those of other companies following after the 'big three' (BP, Esso & Shell) have settled, there will be less concentration of negotiations in a particular period. This reduces the possibility of a concurrent all-out strike over pay but increases the period in which action short of an all-out strike might take place. But a single company strike could be difficult to deal with: drivers of other companies would be unlikely to agree to supply customers of the strike bound company and Government action could cause the strike to spread. A particular complication is that, owing to the universal practice of exchange deals, trouble in one major company may affect the distribution of oil products significantly more than is indicated by that company's market share. Not only might their own storage terminals be picketed, preventing other company drivers from filling up, but their own drivers might also picket other companies' terminals where they normally loaded up.

CONSUMPTION LEVELS

4. As a starting point the Group felt it necessary to review how much oil was now normally sent by road, broken down by broad categories of user. Estimates of total road deliveries on an annual basis are set out in Annex A. From this it can be seen that of the 65 m tonnes consumed annually about 44.5 m tonnes (or 68 per cent of the total) is delivered by road. This is equivalent to some 122,000 tonnes per day (on a 7 working days per week basis).

5. The Group also felt it desirable to review the list of users that should be given priority in an emergency and the amounts of oil that each such user might be expected to consume. The list of users that has been used hitherto is that set out in CU(82) 50. The figures for consumption in that list were drawn up some five years ago (though the figures for certain categories have been updated since) and it is necessary to take into account the extent to which they have been affected by the general fall in oil consumption over the intervening period. It has always been recognised that Ministers would need to consider the list of priority users further in the light of the circumstances of an actual emergency. However it was considered that some reassessment should be made of the need for certain categories of consumer to receive full supplies in an emergency and to what extent reasonable requests for fuel which might be made by consumers not included in the current priority user list could be met.

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6. Annex D sets out possible consumption figures by four basic categories -

- a. users whose consumption at full normal levels might be regarded as essential for health, safety and life;
- b. users whose consumption is essential but amongst whom some reduction might be achievable;
- c. users to whom it is desirable that oil products be made available but for whom a heavy cut in consumption (say 60%) might be acceptable;
- d. those whose use of oil would mostly be regarded as non-essential (including private motorists) but who might receive some supplies (20 per cent of normal).

7. These figures are essentially illustrative and the categorisation must also be regarded as a matter of judgement subject to reconsideration in the light of circumstances. However they are considered to be satisfactory for contingency planning purposes and the following deductions can be made:-

- a. For purposes which can be regarded as essential to health, safety and life (categories 1 and 2), deliveries would need to be maintained at about 38,000 tonnes per day (though to be safe it would be preferable to allow for 40,000 tonnes per day) and, for all four categories at about 65,000 tonnes per day.
- b. If categories 1 and 2 were supplied, as planned, in full, and if deliveries were to be maintained in full for road haulage and other industrial users as well as an allowance for space heating (say 50% of total space heating demand) then total deliveries would need to be around 75-80,000 tonnes per day.
- c. Consumption for private motoring is difficult to estimate, but including the 20% that has been allowed for in category 4 (about 10,000 tonnes per day), would bring the total delivery requirement up to some 85-90,000 tonnes per day.

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d. On the basis of normal road-borne deliveries being about 122,000 tonnes per day it would be necessary to deliver about 87,000 tonnes per day to meet 70 per cent of that total.

DELIVERY LEVELS

8. The Group considered the delivery levels that could be achieved by varying numbers of Service drivers. Its conclusions, which are set out in para 9 below, are based on the following assumptions -

a. Picketing/sympathetic action

No account has been taken of the effect of picketing of depots and sympathetic strikes by groups other than tanker drivers (eg refinery workers, maintenance staff at depots or clerical staff). The effects of such action are unquantifiable but, if widespread, could be very substantial and invalidate the conclusions reached in this report.

b. Supply to terminals

It has been assumed that the product available would be routed through the 60 currently nominated terminals on which the existing plans (PARVENU/THORPE) are based. 20 of these are main terminals and 40 satellite. The principal criteria for their selection were that -

(i) their inward supplies of product are NOT road delivered. The reason for this is to minimise the effect of a road based strike but it assumes no secondary picketing of pipeline, rail or water inward movements;

(ii) they handle a broad range of products. This helps to concentrate and maximise the use of manpower, both service and industry.

Should inward supplies dry up at any of these locations, other terminals would be brought in, in succession, to help.

However, 60/70 is about the maximum available within both criteria

(a) and (b). Generally a much greater than normal throughput at each terminal would be required, not necessarily at the 40,000 tonnes/day level but certainly at the higher levels (eg at the level of 87,000 tonnes required to meet 70 per cent of daily road-borne deliveries).

However it is thought unlikely that this will act as a serious constraint.

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c. Administrative back-up

All companies have, to some degree, computerised and centralised ordering and accounting procedures; this means that in practice there are few clerical staff at the terminals. If the plans are implemented these procedures will at present need to be altered substantially to take account of the fact that deliveries will be made from only a limited number of terminals, often for orders taken by a different company from that operating the terminal. The problem would be greater, the higher the rate of deliveries. The industry believes that it would be manageable but initially some degree of delay and confusion might be expected. The OIEC is studying further the possibility of -

- (i) speeding up the transfer of data - even by physical methods - from one company to another, eg daily messengers;
- (ii) adapting the Movement Order/Delivery Note to enable data transmission to operate.

d. Number and Category of service drivers

The maximum number of UK based servicemen available for road distribution planned in the UK, subject to operational constraints at the time would be -

<u>Drivers</u>	HGV1	<u>1700</u>	<u>Mates</u>	1700
(excl lpg)	HGV2	1400		1400
	HGV3	<u>1900</u>		<u>1900</u>
		5000		5000
lpg only	HGV1	80		80

Yard operatives, on the basis of 2 per terminal, ie 120 in total, would also be made available for general duties in terminals. In addition to this there would be some 200 RAF drivers carrying out aircraft refuelling duties at selected airports.

Service commitments are such that the number of Service drivers available fluctuates fairly widely. Although, therefore, up to 5280 drivers could in theory be made available, there can be no guarantee that this precise number could be found without cancellation of or withdrawal from important defence commitments. Decisions on

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relative priorities would have to be taken by the Ministers in the light of circumstances at the time.

The Ministry of Defence (MOD) would expect legal restrictions affecting drivers hours to be waived. All other managerial/supervisory staff would be provided by the oil industry.

e. Fleet composition and strength

It has been assumed that fleet composition and strength would be as it was in September 1983. At that time the total fleet of the 13 OIEC companies (including Charrington/Hargreaves vehicles working for Mobil) was 3554. Details are set out in Annex C. To this can be added some 2500 vehicles, mainly HGV 2/3 belonging to minor oil companies, to the authorised distributors of major oil companies and contractors, the last being occupied occasionally in carrying non-oil products. Events at the time would determine to what extent the non-OIEC company vehicles would be affected by the strike (whilst some of the drivers may not be on strike they might not be able to obtain supplies from strike-bound main terminals). It has been assumed that 10 per cent of vehicles will be out of commission at any one time for repairs or routine maintenance work. It should be noted that fleet composition is a changing scene with a trend to large vehicles at the expense of smaller ones. The following table sets out the type and number of vehicles that would be required using 3500 and 5000 service drivers respectively.

<u>3500 Drivers</u>		No of vehicles needed at any one time	No of vehicles needed to be requisitioned	Mainfleet	Others
HGV1	1700	1700	1890	1890	
2	1400	700	780	740	40
3	400	400	450	450	
		2800	3120	3080	40
<u>5000 Drivers</u>					
HGV1	1700	1700	1890	1890	
2	1400	700	780	740	40
3	1900	1900	2110	440	1670
		4300	4780	3070	1710

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f. Operating Patterns

It has been assumed that there would be double shifting (of 2 x 8 hours) of HGV2 vehicles due to the vehicle strength and service driver availability (742 vehicles, 1400 drivers). All other vehicles would work a single shift of 11 hours, but with staggered start times. Similarly, it has been assumed that each vehicle would average $1\frac{1}{2}$ deliveries per shift (probably ranging from 1 to 3). Whilst this is a conservative estimate by oil industry standards (they work on two deliveries per shift), the figure of $1\frac{1}{2}$ is based on the lack of familiarity with vehicles, routes and customers' premises; this is however offset by greater productivity through lack of restrictive practices. In all cases, it is assumed that service drivers would work 7 days a week.

Delivery levels that could be achieved

9. Delivery levels have been calculated under two basic options, - related to whether or not a programme to upgrade service drivers HGV qualifications had been undertaken.

Details of delivery levels achievable under these two options are given in Annex D. In summary they are -

Number of service drivers	Delivery Capability	
	No driver upgrading	With driver upgrading
3,000 drivers	84,000 t/day	86,000 t/day
3,500 "	90,000 "	98,000 "
4,000 "	98,000 "	105,000 "
5,000 "	110,000 "	119,000 "

10. The advantage of driver upgrading is that the level of deliveries would be increased. There are however a number of disadvantages which are -

a. The shortage of Service owned articulated vehicles means that it would take 2 weeks to upgrade 150 drivers, 3 weeks to upgrade 300 drivers, 4 weeks for 450, 5 weeks for 600 and so on. These upgraded drivers would therefore not be available until well after the strike had begun.

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b. The training would have to be carried out on small 8 tonne articulated vehicles, which would not prepare the driver at all well for coping with 32 tonne heavy articulated oil tankers. There would therefore be an increased risk of accidents occurring because of lack of familiarity with and skill in handling the larger vehicles.

c. Upgrading HGV2 to HGV1 would also empty the pool of HGV2 drivers, which would mean that they would not be available to deliver oil. This would in turn require upgrading training of HGV3 drivers to HGV2 standard to enable them to operate the large numbers of HGV2 vehicles held in oil industry fleets, which would place even more pressure on the training staff and would reduce the number of HGV3 drivers available

d. There could also be industrial relations problems at the Army School of Mechanical Transport at Leconfield (where the upgrading would take place) which could impede the upgrading process - many of the instructors are civilians.

e. Although upgrading training would result in service HGV2 drivers competent to drive HGV1 vehicles, they would not thereby qualify for HGV1 licences.

Overall, although upgrading training could increase the level of achievable daily deliveries, the difference would be relatively small and given the delay that would be incurred and the enhanced risk of accidents it is concluded that such training should not take place.

11. The following number of drivers and vehicles would need, on the assumption of no driver upgrading, to be provided to secure the stated levels of delivery -

(i) essential only - say 40,000 tonnes per day - about 1500 HGV1 drivers and about 1650 HGV1 vehicles.

(ii) 70 per cent of normal deliveries - say 90,000 tonnes per day; about 3500 HGV1/2/3 drivers and 3120 vehicles (including 40 from outside the main fleet).

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(iii) 90 per cent of normal deliveries - say 110,000 tonnes per day; about 5000 HGV1/2/3 drivers and 4780 vehicles (including 1710 from outside the main fleet).

12. When the existing plans were originally drawn up it was envisaged that 4000 drivers would be required to deliver 40,000 tonnes per day of product. Since then, in the light of experience gained during the Ulster workers strike in 1979, it has been presumed that 4000 drivers could deliver up to 60,000 tonnes per day. The new figures above suggest that 60,000 tonnes could in fact be delivered by some 2000 service drivers. The main reasons for this change are -

(i) there have been considerable changes in the composition of delivery fleets with a far higher proportion of large articulated vehicles carrying 20 tonnes apiece;

(ii) the productivity of servicemen is likely to be higher than previously thought. Though servicemen at least initially will be unfamiliar with the vehicles, handling procedures and routes, they will be unhampered by restrictive practices and will be working 7 days a week. They should therefore within a short time of starting deliveries, be able to achieve a higher level of output than the tanker drivers themselves.

Build up over time

13. The Services would require a minimum of 4 clear days after deployment to train their drivers up to the point at which they could start to deliver product. 7 days notice to move would normally be required before deployment and training could begin. Thus it could take as long as 11 days after a first warning for the use of troops before deliveries could start. However it can reasonably be assumed that the notice might have been shortened before the strike began. For the purposes of this report a lead time of 4-11 days has been adopted though it is likely that deployment and training will not start until the day after the strike starts, because Ministers will probably wish to assess the response to the strike call before authorising service assistance. Moreover, because of both inexperience by servicemen and possible administrative difficulties (see para 8c) the tonnages shown in para 9 would be likely

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to be achieved only after several days' experience - assumed to be a minimum of 4 days but quite possibly longer. Attached at Annex E is a graph showing that the lead time (4 to 11 days) plus these 4 days would produce a theoretical backlog of deliveries ranging from 160,000 tonnes to 440,000 tonnes, and recovery to the status quo pre-strike could take up to 24 days. It must be stressed that the data in the graph does NOT take into account the use of stocks held at customers' premises and therefore represents the worst possible case. Such stock levels could vary from zero to 3 weeks. Some of the demand by essential services would also be lost if not satisfied immediately. For these reasons the actual backlog would be considerably less than the figures in the graph suggest.

14. The question has also been considered whether it would be worthwhile starting with say 5000 drivers and reducing to, say, 3500 once the backlog has been overcome. It should be remembered that the deployment of 5000 drivers would require the use of distributors' vehicles, the requisitioning of which would be more difficult than that of oil company vehicles; it would also involve a larger number of servicemen being present at each terminal, with the organisational problems that would result. It is considered prudent therefore, to start with 3500 drivers rather than the maximum possible of 5000. The initial difficulties of setting up the operation would be less, as would the disruption to service activities. If it transpired at a later date that additional drivers were to be required, then it should be much easier to add the additional drivers on to an already existing operation.

DESIRABILITY OF INCREASING DELIVERY LEVELS

Effects on services of use of Service drivers

15. The current plans are based upon the provision of 4000 service drivers and, without any conversion training of HGV2 drivers, these would comprise -

HGV1	1700
HGV2	1400
HGV3	900

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The HGV1 and 2 drivers would come mainly from specialist transport units whose day to day work of delivering weapons and other stores, both for service use and in support of sales and of providing transport for field units would be severely disrupted. Where possible civilian contract drivers would be taken on to make good the shortfall but even assuming sufficient civilian drivers could be found to take on the tasks, and that the resulting high costs were acceptable to the Department of Energy, these drivers would not have the same flexibility as service drivers and consequently peacetime delivery tasks and unit training could be expected to deteriorate considerably.

16. Provision of 900 HGV3 drivers, (46 per cent of all service HGV3 drivers in the UK), would involve taking drivers from combat arms and units. Training and peacetime administrative tasks would be affected since, in an average infantry battalion, virtually all day to day transport requirements are met by 4 ton vehicles driven by HGV3 qualified personnel. Without the drivers the unit would not be able to move. It would of course be possible, as stated above, to bring in civilian contract drivers but the same constraints would apply and peacetime training and all general unit activities would suffer accordingly.

17. If more than 900 HGV3 drivers were required the effects would worsen as the numbers increased until, with all 1900 UK HGV3 drivers employed on oil tanker duty the services would be almost totally reliant on civilian contract personnel.

18. Provision of more than 5000 drivers (of any grade) would necessitate bringing back personnel from British Forces Germany (BFG). This would be particularly difficult for the Ministry of Defence since the withdrawal of only a small number would have a detrimental effect on troop movements and on the transport of supplies. This would lead to a degradation in operational capability and in states of readiness, which would cause the UK to fall below the standards laid down by NATO. The Ministry of Defence would therefore find it difficult to support any level of delivery that required the withdrawal of drivers from BFG.

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19. Each service driver deployed would require a 'mate' and whilst these would not be specialist personnel and the effects on day to day tasks would be less marked, individual training would suffer, leading eventually (depending on the length of the deployment) to an unacceptable fall in operational standards.

Other considerations

20. Additional relevant factors are -

- a. it is generally recognised that the Government has a duty to maintain essential services in the interests of the community. If however servicemen were used to achieve deliveries that could be regarded as going beyond this (ie deliver more than, say, 40-60,000 tonnes per day) union acquiescence might be less readily forthcoming and the risks of sympathetic action in related areas (eg refining) could increase markedly. Such action could lead to the cessation of supplies altogether, a fear that is genuinely felt in the oil industry. The risks will need to be balanced at the time against the benefit of maintaining a higher level of deliveries (eg full deliveries to industrial users, road haulage and an increased level of deliveries for heating use).
- b. If deliveries are increased to the extent that some petrol can be made available to motorists for non-essential purposes (ie those not listed in categories 1, 2 or 3 in Annex B), then some means of allocating supplies will need to be found, particularly for use in rural areas. A formal rationing scheme would not be viable, as it would take some 6 weeks to introduce. However, some form of Government direction would need to be established as uncontrolled market forces could not be relied upon to solve the problem.

21. It is not possible to say in advance whether or not it would be desirable to raise delivery levels above those required to maintain essential services. The balance between these various considerations would need to be properly assessed at the time a strike took place.

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ADEQUACY OF EMERGENCY POWERS LEGISLATION

22. In the event of a petrol tanker drivers strike it would be necessary for the Government to requisition sufficient road tanker vehicles to permit service drivers to implement the OIEC's Emergency Road Distribution Plan (ERDP). Requisitioning powers could be made available only if a state of emergency was to be declared under the Emergency Powers Act 1920 (EPA 1920) (Emergency Powers Act (Northern Ireland) 1926 (EPA(NI) 1926) in Northern Ireland. As long as Ministers considered that a threatened or actual strike by petrol tanker drivers would be likely to interfere with the supply and distribution of fuel, thereby depriving the community (or any substantial portion of the community) of this particular essential of life then EPA 1920 could lawfully be invoked.

23. However EPA 1920 confers authority to make emergency regulations only for securing the essentials of life to the community. The legality of any tanker vehicle requisitioning carried out under the emergency regulations could be challenged in the courts if it was considered that the level of deliveries intended by Ministers would go beyond a reasonable interpretation of what constituted the essentials of life for the community or any substantial portion of it. The Trades Unions involved in the dispute would probably not be averse to mounting such a challenge if they saw an opportunity of embarrassing the Government and enhancing their own position.

24. There is currently held in reserve the draft of a bill to amend EPA 1920 (but not EPA(NI) 1926) in a number of ways, some of which could be considered relevant to a future strike by petrol tanker drivers should Ministers wish to authorise delivery of supplies in excess of what might be generally regarded as necessary solely to maintain the essentials of life. (See CCU(83)24 and (83)41). The amending bill would, if enacted, add to the 'essentials of life' condition the causing of serious disruption to its (the Community's) life, or putting its health or safety seriously at risk; or causing grave damage to the economy or any sector of the economy of Great Britain, or to the economy of any area of Great Britain; or to any industrial or commercial undertaking whose continued operation was deemed to be essential in the national interest. Conditions under which subsequent necessary emergency regulations might be made and implemented would be correspondingly widened.

25. It would seem therefore that although EPA 1920 as it currently stands would suffice for declaring a state of emergency and making emergency regul-

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ations under which road tanker vehicles could legitimately be requisitioned it might be better to have the amending bill enacted before the Government attempted to achieve levels of delivery which have been shown to be feasible but which might not survive a legal challenge if the 'essentials of life' were to be the sole criteria on which deliveries were to be judged. Initial reflection by Home Office lawyers confirms this view: that is that the 1920 Act would not be sufficient if the intention were to be to achieve levels of delivery around 70 to 90% of normal, thus going beyond the criterion of "essentials of life". This is so despite the view that a petrol tanker requisitioned by virtue of the 1920 Act for meeting the "essentials of life" purposes could probably be used for occasional non-essential purpose without a court giving any encouragement to an attempt to challenge the lawfulness of that use and the original requisitioning. But it must be said that it would be difficult for Government lawyers to defend the use of the Act and expenditure under it for purposes which generally went beyond the "essentials of life" criterion.

26. The purposes of the draft Bill are much wider. In the context of emergency distribution of oil products, the provisions which appear particularly relevant are those concerned with serious disruption of the life of the community, and grave damage to the economy, a sector of the economy, or an industrial or commercial undertaking regarded as essential to the national interest. A difficulty here, however, might be in the width of the concept of "serious disruption of the life of the community". It would appear that it must relate to something distinct from, even if overlapping with, the other matters in the draft Bill. Bearing in mind the overall purposes of emergency legislation it might be thought that private motoring was not within the scope of that concept, even though drivers might be said to form a substantial portion of the community - though not necessarily a particularly vulnerable one. In any case where the plans implemented provided a level of distribution above that required to meet essential needs it would be necessary to be able to demonstrate, if challenged, that the requisitioning of tankers used for that purpose properly fell within the meaning and purposes of that part of the draft Bill called upon to enable the act of requisitioning.

27. Clearly any decision about the level of deliveries to be authorised would need to be made in the light of prevailing circumstances, and it will certainly be necessary to seek further and formal legal advice at that

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time, before considering the question of enacting the draft amending Bill. However, it would appear to be necessary to be clear which parts of the Bill were to be called upon as the means of providing requisitioning powers and it would be necessary to make that decision and thus to secure amendment of the Act well before development of a strike to the point where activation of the plan was required.

CONCLUSIONS

28. The following main conclusions can be drawn from the work done so far -

- a. subject to the assumptions detailed in paragraph 8 above, in particular that there is no sympathetic action or picketing and that up to 5000 drivers are made available - it should be possible to deliver up to 110,000 tonnes of oil per day (representing about 90 per cent of normal deliveries);
- b. it should be possible to achieve delivery levels of 119,000 tonnes per day if drivers were to be upgraded; however in view of the time factor and increased risks of accidents it is recommended that this option is not pursued further;
- c. again, subject to the assumptions listed in paragraph 8, it should be feasible to deliver oil sufficient to maintain essential services (ie 40,000 tonnes per day) using only about 1500 service drivers and to deliver supplies equivalent to about 70 per cent of normal using about 3500 drivers;
- d. the delivery levels mentioned above could not be achieved immediately the relevant contingency plan was implemented - between 8 and 15 days would be required to achieve the selected level of daily delivery and it would be even longer before a significant amount of 'delivery backlog' could be made up.
- e. The use of 5000 UK based service drivers is considered to be feasible but it would result in severe limitations to normal service activities and possibly an unacceptable fall in operational standards.

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END USE	TOTAL ANNUAL CONSUMPTION ALL MODES	Estimated annual consumption - road deliveries only - in '000 tonnes per year							
		(Source D/Energy stats. 1982)							
		LPG	AVGAS	MOGAS	AVTUR	Burning oil	Gas/ diesel	Fuel oils	TOTAL all prod by road tonnes %
INDUSTRY									
Iron & Steel	1220	15					171	202	388 31
Other	11600	756				370	2805	4323	8524 71
	12820	771				370	2976	4525	8642 67
TRANSPORT									
Rail	740					10			10 1
Water	1100						24	5	29 3
Air	4504		30		1100				1130 25
Road	24978			19247			5731		24978 100
	31322		30	19247	1100	10	5755	5	26147 83
DOMESTIC	2148	228				1340	520	60	2148 100
OTHER FINAL CONSUMERS									
Public Admin.	3470					10	2090	1370	3470 100
Agriculture	980					10	800	170	980 100
Miscellaneous	1820						1240	580	1820 100
	6270					20	4130	2120	6270 100
TOTAL - FINAL USERS	52560	999	30	19247	1100	1740	13381	6710	43207 82
plus									
FUEL PRODUCERS (a)	12680	x					x	x	1268 10
TOTAL (b)	65240								44475 68

NOTES:

(a) Fuel producers covers LPG, Naptha, Gas and Fuel oils

(b) not separately identified: lubricants and bitumen, and various special products.

(x) not separately known

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Categorisation of End-uses as Essential/Non Essential

1. Demands in the following table have been classified into four categories as under:

Category 1	Essential for defence, health, safety and life - No cut.
Category 2	Essential as in Category 1 - No cut, but a slight cut in consumption might be achievable. No allowance has been made for this.
Category 3	Desirable, but a heavy cut will be necessary. A cut of 60% has been assumed.
Category 4	Non essential. A cut of 80% has been assumed.

The list of end uses in categories 1 and 2, approximate to the list of "Authorised Purposes" in the existing orders.

2. The total tonnage daily deliveries (over a 7 day delivery week) are as under:-

Category 1	9,528
Category 2	28,895
Category 3	15,343
Category 4	10,389
Total	64,115 say 65,000 tonnes/day

3. If the daily tonnages of categories 3 and 4 were prorated up to their normal demand, and the results added to categories 1 and 2; the resultant total tonnage is some 128,600 tonnes. Whilst this is more than the total estimated daily road delivery of 122,000 tonnes, the difference is considered to be within acceptable error.

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MOGAS DERV MID DIST/FUEL OIL AVTUR
[gallons per day over a 7 day week]

CATEGORY 1: Essential for health, safety and life - 100% of demand

Police	57,000	1,200		
Fire	3,000	15,000		
Hospitals (incl ambulances)	1,400*	24,500	1,102,500	
Other accidents/emergencies	1,100*			
Sewerage)				
Water supply)	7,900*	4,600	32,000	
Burial/Cremation	13,150*			
Prov of medical & Veterinary	63,000*	28,000		
Services & supplies				
Welfare services (disabled, special schools)	17,000			
Refuse collection		68,000		
Armed Services (except heating)	75,900	98,100	209,480	618,860
Sub Total	239,450	239,400	1,343,980	618,860
	(86,550*)			

CATEGORY 2: Essential as in Cat 1 - 100% of demand, but some reduction might be achievable. Figures below are for 100% demand.

Energy generation/distribution:

Electricity)		
Gas)		
Coal)	27,000*	80,000
Oil)		

Communications:

Newspapers)	11,000*	5,200	60,000
TV)			
Telecommunications	32,500	9,900	
Postal services	38,100		

Transport:

Licensed stage services)			
Express services)			
Works services)	61,400	620,000	
Airport bus services)			
British Rail)			
Ships/ferries)	850	3,700	47,000
docks/ports)			
Airport operations	400	80	233,600+
Taxis	7,000*	2,200	

* represents supplies taken through filling stations
+ Road deliveries at designated airports only

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	MOGAS	DERV	MID DIST/FUEL OIL	AVTUR
<u>Food:</u>				
Agriculture/ horticulture)	667,000*	1,352,000	1,275,000	
Food manufacture/ preparation/distribution)				
Ice - ditto)				
Animal slaughtering)				
Fishing	400		183,000	
<u>Manufacturing:</u>				
Continuous processes			337,000	
<u>Essential Services</u>				
(Local auth, gritting, AA/RAC)	18,500*	13,000	2,125,000	
<u>Laundries</u>	12,500	12,500	31,500	
<u>General Services</u>				
eg diplomatic, justice religion etc	44,900*	21,500		
Sub Total	921,550 (775,400*)	2,120,080	4,058,500	233,600

CATEGORY 3: Desirable, but heavy cut of 60% assumed

Other manufacturing activities (not covered in CAT 1 or 2)	610,000	1,800,000		
Horticulture (if not for food eg flowers)			16,000	
Forestry incl timber			4,000	
Heating:				
- educational estab)				
- military estab)				
- public buildings)			1,145,000	
- offices/hotels)				
- private house)			173,000	
Printing and publishing (if not newspapers)				
Sub Total	610,000	3,138,000		

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MOGAS DERV MID DIST/FUEL OIL AVTUR

Category 4: non-essential - 80% cut assumed

Heating:

Religious premises	)	
(if not schools)	)	
Places of entertainment	)	55,000
Catering establishments	)	

Tourist Activities:

Coaches	7,000		
Air			100,000
Inshore vessels		Marginal	

Private Motoring: 2,880,000*

Sub Total	2,880,000*	7,000	55,000	100,000
-----------	------------	-------	--------	---------

Grand total	4,041,000	2,976,480	8,595,480	952,460
-------------	-----------	-----------	-----------	---------

Supplied through designated filling stations (Categories 1 & 2 only)	861,950	Not known, but little		
---	---------	--------------------------	--	--

conversion factor: gallons/tonne	295	260	242 (50/50 MD/FO)	276
-------------------------------------	-----	-----	----------------------	-----

Tonnages per day	13,698	11,448	35,518	3,451
------------------	--------	--------	--------	-------

TOTAL TONNES PER DAY	64,115
----------------------	--------

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ANNEX C

	ARTIC	RIGID			
	(Group 1) 32	(Group 2) 30t	24t	(Group 3) 16t	10t
Majors	1571	291	127	208	3
Other 9	722	170	74	121	2
Char/Har	78	50	30	107	
TOTAL	2371	511	231	436	5
TOTAL	2371	* 742		441	

3554

Av.Net Capacity	20	17	9
Shift Pattern	1 x 11 hr	2 x 8 hr	1 x 11 hr
Delivery Capacity on basis of 1½ deliveries/shift	30	51	13.5
Army driver availability	1700	1400	900 =4000
Vehicles available (assume 10% off)	2134	668	401

3203

Volume deliverable	64020	34068	5414
TOTAL	103502		

* extra HGV 2 type vehicles would be available from Distributors if thought desirable.

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ANNEX D

1. 3000 Drivers

	drivers	tonnage		drivers	tonnage
HGV 1	1700 (a)	51000		2134 (c)	64020
2	1300 (b)	33150		866 (d)	22083
3	NIL	NIL		NIL	NIL
TOTAL	3000	84150		3000	86103

2. 3500 Drivers

	drivers	tonnage		drivers	tonnage
HGV 1	1700(a)	51000		2134 (c)	64020
2	1336(b)	34068		1336 (f)	34068
3	401(e)	5414		30 (g)	405
TOTAL	3437	90482		3500	98493

3. 4000 Drivers

	drivers	tonnage		drivers	tonnage
HGV 1	1700 (a)	51000		2134 (c)	64020
2	1336 (b)	34068		1336 (f)	34068
3	964 (h)	13014		530 (i)	7155
TOTAL	4000	98082		4000	105243

4. 5000 Drivers

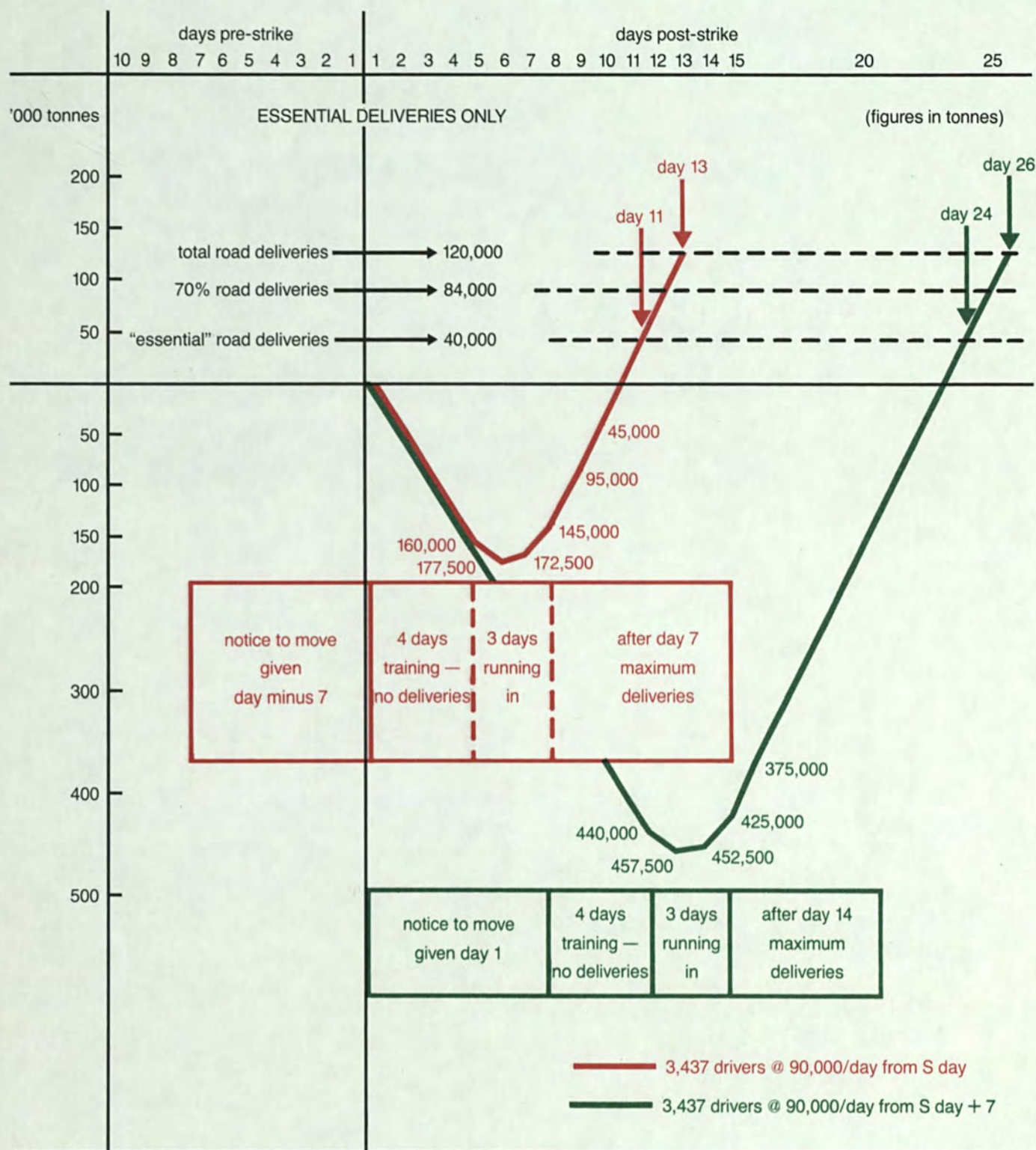
	drivers	tonnage		drivers	tonnage
HGV 1	1700 (a)	51000		2134 (c)	64020
2	1336 (b)	34068		1336 (f)	34068
3	1900 (j)	25650		1530 (k)	20655
TOTAL	4936	110718		5000	118743

Notes:

- (a) no driver conversion
- (b) 668 vehicles double-shifted (10% veh. off road)
- (c) 434 drivers converted to HGV 1 from 2 (10% veh. off road)
- (d) 866 = balance to 3000, drivers/vehicles spare
- (e) 401 available (10% veh. off road); drivers spare
- (f) 370 drivers converted to HGV 2 from 3 (10% veh. off road)
- (g) residual number up to 3500
- (h) 523 extra vehicles required from distributors
- (i) 89 " " " " " "
- (j) 1900 HGV 3 drivers available; 1459 extra veh.s reqd. from distributors
- (k) 1530 " " " " " " " " " "

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- the purpose of this graph is to show the recovery time (lead time) which would elapse from the day troops were ordered to move to when deliveries would begin
- the red line is the best case, with an accumulated backlog of 160,000t (40,000t X 4 days)
- the green line is the worst case, with an accumulated backlog of 440,000t (40,000t X 11 days)

NBPM
AT 11/4

Prime Minister

WITHSTANDING AN OIL TANKER DRIVERS STRIKE

I have seen Sir Robert Armstrong's minute of 13 October and the replies from Nigel Lawson, Peter Walker, Norman Tebbit and Michael Heseltine.

I agree that we could not contemplate a situation in which the road haulage industry was unable to supply manufacturing industry with the materials it needs or to distribute its products and that we should be prepared to withstand a long strike.

I therefore agree that we should authorise the Civil Contingencies Unit to devise a more ambitious plan, using more service drivers and aiming to maintain up to 70 percent of normal deliveries. But I also agree with Michael Heseltine's suggestion that the plan should be capable of implementation in discrete steps as the situation requires.

/ I am sending copies of this minute to the Home Secretary, the Chancellor of the Exchequer, and the Secretaries of State for Defence, Energy, Employment, Scotland and Trade and Industry, and to Sir Robert Armstrong.

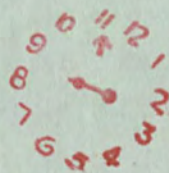
NICHOLAS RIDLEY

11 November 1983

W.D. Policy
Industrial Action
in the Oil Industry
Nov. 79.



1. NOV 1983





10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
CABINET OFFICE

WITHSTANDING AN OIL TANKER DRIVERS' STRIKE

The Prime Minister has seen Sir Robert Armstrong's minute of 13 October which covered a report by officials. She has also seen the replies from other Ministers. She agrees that the objective should be to withstand a long strike and agrees to the principle of using Service drivers to maintain something like 70 per cent of normal road-borne deliveries.

✓ She also agrees that the Civil Contingencies Unit should undertake the work suggested. She has noted the suggestion of the Secretary of State for Defence that the CCU should consider a plan for a graduated response and she would like this to be looked at. She also supports the suggestion that CCU should look at the provisions of the Emergency Powers Act.

I am sending copies of this minute to Mr. Taylor (Home Office), Mr. Kerr (H.M. Treasury), Mr. Reidy (Department of Energy), Mr. Mottram (Ministry of Defence), Mr. Graham (Scottish Office), Mr. Shaw (Department of Employment), Mr. McCarthy (Department of Trade and Industry) and Miss Nichols (Department of Transport)

ANDREW TURNBULL

10 November 1983

file LPO
BC NO
14

PRIME MINISTERWITHSTANDING AN OIL TANKER DRIVERS' STRIKE

In his minute of 13 October, Sir Robert Armstrong reported on the work of officials on withstanding an oil tanker drivers' strike. The report is summarised at Flag A. The group recommended that Ministers consider a higher level of endurance than is provided for in existing plans. The nature of the oil industry is such that supplies at petrol stations last only two or three days and so a strike has a very rapid effect. The group suggested that supplies be maintained at about 70% of normal road-borne supplies.

Achievement of this would require greater use of Service drivers; an increase in driver training; and in some circumstances withdrawal of drivers from BAOR.

Sir Robert Armstrong sought the agreement of Ministers to this higher level of endurance; and for the Civil Contingencies Unit to explore how it could be done and the implications of using Service drivers.

Replies have come in from all the relevant Ministers (these are attached though you need read only the reply from Mr. Heseltine). All support the objective of a higher level of endurance and agree that CCU should carry out the additional work.

Mr. Heseltine, while endorsing the general objectives has suggested that CCU should also look at a graduated response.

Agree CCU should look at the implications of withstanding a long strike and the associated use of Service drivers? Agree the graduated response should also be looked at?

9 November 1983

V / S M AT



MO 19/1

PRIME MINISTERWITHSTANDING AN OIL TANKER DRIVERS' STRIKE

- with AT

In his minute A083/2896 of 13th October, Sir Robert Armstrong summarises a report by the Official Group on Oil Tanker Drivers and draws particular attention to three of the points which the Group identify for Ministerial decision.

2. My main concern is with the second point - the question of whether or not we should continue to stand by the policy of restricting the use of Servicemen to the maintenance of supplies or services essential to the maintenance of life or health. The most important reason for maintaining this policy is that it is generally accepted that the Government has a duty to maintain essential services in the interests of the Community as a whole. If, however, Servicemen are used to do work that goes beyond the maintenance of essential services, union acquiescence is less likely and there is a very real danger of sympathetic action in related areas. In the case of an oil tanker drivers' dispute sympathetic action elsewhere in the refining and distribution chain would soon stop supplies altogether - the Services have no capacity to intervene in these areas - and we should then lose even those supplies which are critical to maintain life and health.



3. Of course the term "essential services" is not well defined and what is acceptable on one occasion may not be so on another. We should therefore recognise that action against a particular strike will depend on the precise circumstances of the dispute and the state of popular sentiment at the time. For this reason our plans should be flexible and there should be no automatic presumption of the level and extent of service involvement in advance of a strike.

4. However I agree that it is necessary to identify the measures to withstand a long strike by the oil tanker drivers, so that the option is open to us should we wish to take it. I therefore agree that the CCU should be instructed to explore the feasibility and desirability of such a plan, and would be content to accept deliveries of the order of 70% of normal road-borne deliveries as a basis for such work. In order, however, to keep our options open I would like to see the CCU carry out their work in such a way that the plan they produce can be implemented in discrete steps in the light of our view of the circumstances of a particular dispute. The precise steps should, be left to the CCU to determine but I would like to see them reflect at least:

- a. the minimum level of essential supplies represented by Table 2 of the Group's report;
- b. the delivery capacity of the maximum number of Service drivers likely to be available in the UK (5,000);
- c. whatever may be necessary to provide the balance of the delivery capacity needed.

5. These steps would enable us to hold deliveries at a. if it were judged at the time that it would be counterproductive to go further and at b. if we thought that the political and operational



price of a temporary withdrawal of Servicemen from BAOR (referred to in paragraph 4.15 of the report) was too great.

6. On the remaining points which the Group identified for Ministerial decision, I am content for the CCU to invite the MOD to prepare plans so that the upgrading of Service Heavy Goods Vehicle drivers can be carried out as quickly as possible once a dispute has started to permit as many as possible of the Industry's larger tankers to be used in the event of a dispute. So far as the method of allocating supplies is concerned, my preference would be to use a combination of administrative action and general restrictions on consumption. I do not consider use of the price mechanism workable - not least because I have no doubt that it would be difficult to persuade the public that no-one was making windfall profits (whatever arrangements we made to prevent this) and they would blame the Government for this. If we accept the usual practice of administrative action it would be much easier to convince the public that the responsibility for any hardship lay with the strikers.

7. I am sending copies of this minute to the Home Secretary, the Chancellor of the Exchequer, and the Secretaries of State for Energy, Scotland, Employment, Trade and Industry, Transport and to Sir Robert Armstrong.

Ministry of Defence
8th November 1983

IND Por: Industrial Action in Oil Industry

Nov '79



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19 NOV 1983





11
pg 20

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

SECRET AND PERSONAL

PRIME MINISTER

8 November 1983

WITHSTANDING OIL TANKER DRIVERS STRIKE

I refer to Sir Robert Armstrong's minute of 13 October.

I agree that our objective should be to be able to withstand a long strike. From my point of view there would be considerable advantage in being able to obtain something like 70% of normal road-borne deliveries, in view particularly of the high level of dependence of large areas of rural Scotland on road haulage and private transport.

Like the Home Secretary, I think that we would be well advised to look again in the present context at the provisions of the Emergency Powers Act.

I therefore support the proposal that the Civil Contingencies Unit should be asked to undertake the necessary work.

I am copying this minute to the other recipients of Sir Robert Armstrong's note.

G.Y.

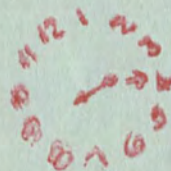
G.Y.

Trd Pol,
Nov 79
Tanker Drivers
Strike

SCOTTISH OFFICE
WHITEHALL LONDON SW1A 2JH



9 NOV 1989





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10

SECRET AND PERSONAL

PRIME MINISTER

WITHSTANDING AN OIL TANKER DRIVERS' STRIKE

I have seen the report by officials sent to you under cover of Sir Robert Armstrong's minute of 13 October.

2 In my view we should be prepared to withstand a long strike. This would not be possible with the existing plan providing for essential services. The lack of provision for haulage would mean that industry would grind to a halt very quickly. I therefore favour asking the Civil Contingencies Unit to devise a more ambitious plan using more Service drivers.

3 I am sending copies of this minute to the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Energy, Defence, Scotland, Employment and Transport and to Sir Robert Armstrong.

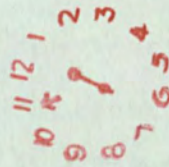
NJ
N T

4 November 1983

Department of Trade & Industry

Ind RL: End Actions by
Tanker Drivers
Nov '79

24 NOV 1983



9



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

WITHSTANDING A STRIKE BY OIL TANKER DRIVERS

Sir Robert Armstrong, in his minute to you of 13 October identified three major issues arising from the report by officials on the implications of a strike by oil tanker drivers.

2. I agree that the objective should be to withstand a long strike. We need to ensure that industrial muscle is not seen to prevail.

3. I am prepared, therefore, to contemplate using more Service drivers than under the present plan, in order to maintain about 70 per cent of normal road-borne deliveries. I agree that the Civil Contingencies Unit should be authorised to explore how this objective might be implemented.

4. I am sending copies of this minute to the Home Secretary, the Secretaries of State for Defence, Scotland, Trade and Industry, Employment, Transport and Energy and to Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to be 'N.L.'.

N.L.

1 November 1983

SECRET



cc NO 8-

PRIME MINISTER

WITHSTANDING AN OIL TANKER DRIVERS' STRIKE

I have seen Sir Robert Armstrong's minute to you of 13 October covering a report by officials on the implications of a strike by oil tanker drivers.

I agree that our objective should be to withstand a long strike. I also agree that the Civil Contingencies Unit should be authorised to explore the feasibility and desirability of using troops to maintain, say, 70% of normal road-borne oil deliveries, and any changes in current assumptions that might be appropriate. One of the issues which the Civil Contingencies Unit will need to address is the extent to which it would be right, in the circumstances envisaged, to rely on the Emergency Powers Act 1920; alternatively whether it might be right at the time to bring forward a Bill to amend that Act, on the lines we have been considering recently.

I am sending copies of this minute to the Chancellor of the Exchequer, and the Secretaries of State for Energy, Defence, Scotland, Employment, Trade and Industry and Transport, and to Sir Robert Armstrong.

L. B.

28 October 1983

SECRET

IND Pa: Industrial Action in Oil Industry

Nov 79.



20 OCT 1983





7

PRIME MINISTER

WITHSTANDING AN OIL TANKER DRIVERS' STRIKE

1. I have seen Sir Robert Armstrong's minute to you of 13 October enclosing a copy of a report by officials on the above subject. The report is a useful and comprehensive review of the considerations facing us in planning for strike action in the oil industry, and I think it is right that we should give our main attention to tanker drivers in this context.
2. As the report explains, our existing contingency plans are based on the assumption that most of the Service effort to be provided would need to be devoted to maintaining essential users, and that it would be necessary to deny supplies to industry, private motorists and others. This means that if an all out strike were to occur, and continue for a number of weeks, there would be widespread economic damage and hardship to individuals.
3. If it were possible to secure a higher level of deliveries from the Service effort we could reduce the damage and prolong endurance. My own view is that we should examine all possibilities for increasing endurance and be ready to accept the objective of maximum resistance to a strike of this kind. To this end I hope we can agree that the Service effort should be the maximum that can be provided without dislocating important defence plans. But, as paragraph 4.21 of the report acknowledges, we need to consider this knowing it to be an extension of the existing general policy concerning military assistance.
4. On the residual points raised in Section 6.18 of the report I do not see a role for the price mechanism in the situation created by a tanker drivers' strike, and accept that administrative controls will have to play the major role. I agree that plans should be developed to increase the number of Service drivers able to drive large tankers.



5. I am sending copies of this minute to the Home Secretary, the Chancellor of the Exchequer, and the Secretaries of State for Defence, Scotland, Trade and Industry, Employment and Transport, and to Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to read 'Denis Healey'.

SECRETARY OF STATE FOR ENERGY

26 October 1983



10 DOWNING STREET

Prime Minister ④

To note at this stage.
Report is summarised at
Flag A. You will want
to wait for Mr Heseltine's
reply to on use of servicemen.

A meeting may then be
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PRIME MINISTER

Withstanding an Oil Tanker Drivers' Strike

--- As part of the series of studies on withstanding strikes in key industries, an Official Group (MISC 63) has prepared the attached report on withstanding an oil tanker drivers' strike. The Group reviewed the position in other sectors of the oil industry, but concluded that the threat of industrial action was more credible and serious in relation to oil tanker drivers than elsewhere in this industry. Four of the major companies have pay negotiations in the late autumn, with a settlement date in November. Although there are some grounds for optimism about this year's negotiations, it is desirable for the Government to maintain existing contingency plans in a high state of readiness and to explore whether the plans can be improved and strengthened for future years. The Group's conclusions and recommendations are summarised in Section VI of the report.

2. The effects of an oil tanker drivers' strike would be serious and rapid, and there is no satisfactory alternative to relying on Service drivers as the main means of mitigating the effects. There is an existing plan (code name PARVENU) under which 4,000 Service drivers would deliver fuel to maintain essential services. There is however no provision for road haulage on which continued industrial output would depend, although some capacity may be available to relieve industrial pressure points which identify themselves in the course of a strike. There is also no provision for the private motorist.

3. If Ministers wish to meet the objective of withstanding a long strike, we shall have to see whether a more ambitious contingency plan for the use of Service drivers could be devised, which would need to deliver about 70 per cent of normal road-borne supplies, to meet the main requirements of road haulage, industry and essential private motoring, as well as those of the essential services. There are however constraints on the use of



Service drivers which are explained in Section IV of the report. Increasing the number beyond 5,000 would involve withdrawing drivers from British forces in Germany and a significant withdrawal would have important defence implications. We do not know how many extra drivers might be required because we need to discover what effect using additional Service drivers might have on the current assessment of their productivity compared with that of the normal civilian oil tanker drivers. We also need to be sure that Ministers would not regard a plan of this kind, designed to withstand rather than merely to mitigate the effects of a strike, and to maintain as much as 70 per cent of normal supplies, as an undesirable extension of the existing policy about the use of Servicemen as substitute labour.

4. The issues for Ministers are listed in paragraph 6.18 of the report. The most important points on which decisions are required are:

- (a) should the objective be to withstand a long strike?
- (b) are Ministers prepared in principle to contemplate the use of troops as substitute labour to maintain, say, 70 per cent of normal road-borne oil deliveries?
- (c) if so, is the Civil Contingencies Unit authorised to explore the feasibility and desirability of such a plan, taking account of the possibility of using more Service drivers than are needed for the present plan and any changes it might prove realistic to make to current assumptions about their relative productivity?

5. I am sending copies of this minute to the Home Secretary, the Chancellor of the Exchequer, and the Secretaries of State for Energy, Defence, Scotland, Employment, Trade and Industry and Transport.

ROBERT ARMSTRONG

13 October 1983

SECRET

AND PERSONAL

REPORT OF THE OFFICIAL GROUP ON OIL TANKER DRIVERS

I INTRODUCTION

II THE INDUSTRIAL RELATIONS BACKGROUND

III NATURE AND EFFECTS OF INDUSTRIAL ACTION

IV DELIVERY RESOURCES DURING INDUSTRIAL ACTION

V USING THE AVAILABLE RESOURCES

VI SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

ANNEX A INDUSTRIAL ACTION IN KEY SECTORS OF THE OIL INDUSTRY
OTHER THAN ROAD DISTRIBUTION

ANNEX B POWERS AVAILABLE TO THE GOVERNMENT TO DEAL WITH ENERGY
EMERGENCIES

SECRET

AND PERSONAL

REPORT OF THE OFFICIAL GROUP ON OIL TANKER DRIVERS

I. INTRODUCTION

1.1 This report considers possible industrial action in the oil industry. Oil meets about 37 per cent of the United Kingdom's energy requirements. It provides virtually all the fuel used for transport, almost 32 per cent of the energy requirements of industry, all petroleum feedstock for the chemical industry and other products, such as lubricants, which are essential to the economy. The report examines the likelihood of industrial action in key sectors of the industry; the form that such action would be likely to take; the effects on the economy and the life of the community; and ways in which it might be possible to increase the capacity of the economy and the community to withstand those effects.

1.2 The oil industry in the United Kingdom includes 21 offshore oil fields, most of which are linked by undersea pipeline to 4 major shore terminals. Oil is transported by tanker from these terminals to refineries either in the United Kingdom or overseas. From the refineries, distribution to consumers in the United Kingdom is mainly through some 850 oil product terminals spread across the country. Although oil production now far exceeds domestic consumption, indigenous crudes are not well suited for manufacture of some special products consumed in the United Kingdom and some imports of crude therefore continue to be necessary. Movement of crude oil and oil products may be by ocean-going tanker, coastal tanker, inland waterway barge, pipeline, rail or road tanker.

1.3 For a variety of reasons, industrial action in many key sectors of the oil production and distribution industry is unlikely or comparatively easy to withstand or both. For example, interruptions in the flow of crude from offshore production platforms, or from onshore terminals, could be offset by additional crude imports, and product imports could similarly replace lost output from refineries, assuming no world wide shortages. Much of the functioning of terminals and pipelines is highly automated and could be maintained at an acceptable level by management or replacement labour in case of a strike by normal operators. Pay bargaining in much of the industry is on a company-by-company or even plant-by-plant basis, with little history of

sympathetic or co-ordinated industrial action. Industrial action by oil tanker drivers, on the other hand, would have serious effects which would be difficult to counter. About 70 per cent of oil products are moved in the last instance by road tankers. This includes all fuel for the private motorists and for road haulage. There is an eventful history of disputes, or threatened disputes, affecting road distribution of oil, although there is little experience of industrial action on an industry-wide scale. In 1981 a real threat of all-out strike action was withdrawn at the last moment. The main 1982 pay negotiations were protracted and difficult. The drivers are well aware of the strength of their industrial muscle.

1.4 For these reasons, the Group believes that the threat of industrial action is more credible and serious in road distribution than in any other key sector of the industry. The body of this report is therefore confined to the distribution of oil and oil products by road. The likelihood and probable effects of industrial action elsewhere in the industry, together with possible means of mitigating them, are dealt with more fully in Annex A.

II. THE INDUSTRIAL RELATIONS BACKGROUND

2.1 There are about 8,000 oil tanker drivers in the United Kingdom. Currently about 3,6000 of these are directly employed by the refining companies. 2,400 are employed by Authorised Distributors (ADs) full time on deliveries of product on behalf of refiners and operating from the latter's distribution terminals. Deliveries by or on behalf of refiners cover about 93 per cent of the market, and all the drivers involved belong to the Transport and General Workers Union (TGWU). AD drivers generally receive pay and conditions of employment comparable to those enjoyed by equivalent grades in the major companies. In the event of industrial action on the part of oil company drivers it must be assumed that all AD drivers operating from the affected distribution terminals will solidly support such action. This also applies to any AD company drivers who may be used on "non-branded" deliveries ie. independent sales over and above those made on behalf of a major.

2.2 In addition, the major companies regularly employ each winter the services of contractors for deliveries of heating oil. About 500 drivers are involved. The drivers concerned normally receive corresponding pay rates, and because of this and the location of their work they would be unlikely to escape involvement in disputes of the major companies, whose shop stewards keep a close eye on their activities.

2.3 There are also about 1,500 tanker drivers employed by independent merchants who are not directly affected by the major pay negotiations, but who in the main draw their oil from distribution terminals owned by the majors. There is no reliable information about trade union membership in this "small end" of oil distribution, but it is probable that most of the drivers concerned would become involved in disputes at the terminals from which they operate. A small number may escape involvement. Independent merchants supply about 7 per cent of the market. The lower output of this group reflects the mainly rural nature of the business.

Negotiating Arrangements

2.4 For tanker drivers, four major companies negotiate early in the pay round for a settlement date in November. Mobil settles in May: in 1983 this settlement was relatively modest at $5\frac{1}{2}$ per cent. There is no national negotiating machinery; each company conducts its own separate negotiations with its own shop stewards, although they maintain close liaison with each other. TGWU national officers always take part in the negotiations at each major company and attempt to co-ordinate union tactics on an industry-wide basis. They have frequently pressed for formal industry-wide negotiating arrangements and settlements, but this has been resisted by the companies.

2.5 The main negotiations in the late Autumn are usually protracted and difficult and characterised by brinkmanship and threats of industrial action. It is not uncommon for such threats to result in action affecting one or other of the companies (as in December 1979, when both Shell and Esso were briefly affected) but industrial action throughout the industry has been rare. The last such occasion was early in 1978 when a ban on overtime and rest-day working took effect on an industry-wide basis.

Recent Pay Settlements

2.6 In round figures, pay settlements for tanker drivers in major companies in the last three pay rounds are as follows:

	80/81	$\frac{\%}{81/82}$	82/83
BP	13	$6\frac{1}{2}$	$5\frac{1}{2}$
Shell	14	7	6
Esso	14	8	20
Texaco	14	8	6
Mobil	$14\frac{1}{2}$	7	$5\frac{1}{2}$

2.7 The figures shown above represent estimated increases in average earnings. The make-up of the settlements is invariably complex, including changes in basic rates, allowances, productivity payments etc. Because of this, press reports often convey a misleading picture by concentrating on one element such as basic rates. The 20 per cent increase for Esso drivers in 82/83 arose because over several years their overall earnings had gradually slipped behind the others. That settlement apart, the level of settlements for oil tanker drivers has been close to the national average in the last two pay rounds. In 80/81 it was very substantially above the national average. Current earnings of tanker drivers are estimated to range from about £210-240 per week.

Current Industrial Prospects

2.8 There is no way of forecasting at present how the pay negotiations during this Autumn may go. There are some grounds for optimism notably the relatively modest level of the Mobil settlement in early summer. Oil tanker drivers have much to lose from a prolonged stoppage and have never in fact mounted an all-out strike. They are unlikely to do so provided they are satisfied that their position at or near the top of the earnings league is being maintained. On the other hand, as stated earlier, the drivers are conscious of their industrial muscle in the battle for higher pay settlements and a tradition of brinkmanship has grown up. This tradition, together with the seriousness of the effects of a strike, makes it essential for the Government to maintain contingency plans at a high state of readiness

III. NATURE AND EFFECTS OF INDUSTRIAL ACTION

Normal Consumption

3.1 A number of heavy industrial users and other major consumers (such as airports) receive supplies of oil products direct by rail, water or pipeline. This comparatively small number of large consumers accounts for 30 per cent of daily deliveries of oil products in the United Kingdom (about 70,000 tonnes out of a total of 220,000 tonnes). The remaining 70 per cent, about 150,000 tonnes, is delivered to the consumer or point of sale by road.

3.2 Available statistics giving a breakdown of oil consumption, are very limited. However, the following estimates are a broad indication for groups which would be of interest in a tanker drivers' strike. Percentages relate to volume of total road-borne supplies. Industry consumes as fuel, raw

materials or ancillaries about 25 per cent (of which food industries account for about one fifth). About 8 per cent is consumed by public utilities, local authority essential services, and medical services. Public transport uses about 3 per cent, road hauliers 12 per cent and filling stations 35 per cent. A further 12 per cent is used for space heating.

Industrial Action Falling Short of a Strike

3.3 Industrial action which fell short of a strike might take the form of any or all of the following:

- i. a work to rule;
- ii. a ban on overtime;
- iii. a ban on the use of contractors' vehicles.

3.4 Because pay and working conditions are negotiated independently by the major employers, it has been rare in the past for action of this kind to affect more than one company. On occasion it has been confined to one terminal. If a significant number of terminals in a number of companies became involved, however, such action might cause a shortfall of up to 25 per cent of normal road deliveries (18 per cent of total consumption) within 2-3 weeks. This would be reflected particularly in shortages of motor fuel, probably resulting in queues at filling stations, a tendency to "top-up" wherever possible and the general public disquiet usual at a time of fuel shortage. Shortages of fuel might have some effect on the capacity of the road haulage industry to move goods. The effect on other consumers of oil products would depend on the level of their stocks and on their ability to replenish them from their normal supplier or other sources. Stocks held by commercial and industrial users vary from nil to several weeks, but average around 3-5 weeks. All in all, it should be possible for shortages of this kind and at this level to be endured for many weeks at the cost of considerable inconvenience to road users and marginal effects on industrial output.

A Limited Strike

3.5 A strike by one or two companies alone would have rather more serious effects, which would extend to customers of other companies, given the system whereby companies draw from each other's terminals. If one or more major terminals are shut there are likely to be serious local shortages, as happened in the BP drivers' strike at the Grangemouth terminal in 1974. Non-striking

companies would find it difficult to switch supplies from other terminals and Government intervention may be needed, especially to control issues at filling stations. However, action by drivers in individual companies seems unlikely, given the evident dislike of drivers in any one company to take all-out strike action unless they are certain that their lead will be followed by tanker drivers in general.

An All-Out Strike

3.6 The effects of an all-out strike would be immediate and serious. In the absence of action by the Government to restore lost delivery capacity, filling stations would run dry within 2-3 days. Other bulk consumers would be affected as their stocks ran out. Some industrial consumers would be affected almost immediately, but the overall effect would grow progressively more serious as industrial stocks ran out in 3-5 weeks. Output would be affected well before this as shortages of road fuel reduced the ability of the road haulage industry to deliver components and raw materials and distribute finished goods. Emergency services and other services of importance to the health and well being of the community (eg. waste collection and disposal) would rapidly come to a halt in the absence of measures to allow them continued access to fuel supplies.

IV. DELIVERY RESOURCES DURING INDUSTRIAL ACTION

Limited Industrial Action

4.1 In the case of industrial action falling short of a strike, or of a limited strike, it would be up to consumers whose supplies were cut off or reduced to take what steps they could to secure supplies from alternative sources. Major oil companies not affected by a dispute might be reluctant to supply such consumers for fear of provoking sympathetic industrial action by their own drivers. While shortages remained in the range up to 25 per cent of normal road deliveries, it is unlikely that direct action by the Government could produce a net improvement in the situation. At greater levels of shortage, however, the Government might, in order to safeguard supplies to designated categories of essential users, wish to give the oil companies added flexibility in distributing the available supplies of oil by using powers under Section 4 of the Energy Act 1976 to release them from their normal contractual obligations and to use powers under the Act to restrict the availability of fuel from filling stations at certain times of day.

All-out strike: the basic options

4.2 The remainder of this Section is concerned with ways of mitigating the effects of an all-out strike. Of the three main approaches - building up stocks in advance of a strike, using alternative modes of supply, and using substitute labour - the first two are of little potential help in the case of an oil tanker drivers' strike. It might be possible for some consumers to increase the level of their stocks of oil products in the period leading up to industrial action. This could be of little help to filling stations, however, where stocks of only 2-3 days can normally be held. It is unlikely either that bulk consumers would be willing to expand their storage capacity temporarily in an emergency; or that they would be willing at other times to expand their general storage capacity as a precaution. Past experience suggests that consumers judge the costs of such expansion to be too high given the uncertain likelihood and duration of industrial action. Major consumers are also unlikely to be willing to incur the major costs of conversion from road to less vulnerable forms of supply such as pipeline except where the change is dictated primarily by technical and commercial considerations.

Substitute labour

4.3 Provision of substitute labour would appear to be the most practical way of mitigating the effects of an oil tanker drivers' strike. At present, some 6,500 drivers are employed by or on behalf of the refining companies in delivering 93 per cent of road-borne oil supplies; some of the remaining 1500 drivers who are employed by independent merchants in supplying 7 per cent of the market, mainly in rural areas, might not be affected by the strike. It would seem therefore that the first priority should be to seek substitutes for the drivers employed by or on behalf of the refining companies. No formal qualification is required beyond the class of Heavy Goods Vehicle Licence appropriate to the vehicle concerned (HGV 1 in the case of articulated vehicles, and HGV 2 in the case of the rest). Substitute drivers would however need to be adequately instructed about safety procedures and special technical aspects of the job.

4.4 Vehicles for the substitute drivers could be provided by requisitioning, using the Emergency Powers Act 1920 (Annex B describes emergency powers available under the 1920 Act and under the Energy Act 1976). The 1920 Act could be invoked once events had occurred or were about to occur of such a nature as to be calculated, by interfering with the supply and distribution of fuel or certain other essentials or with means of locomotion, to deprive the community or any substantial portion of it, of the essentials of life.

Civilian substitute drivers

4.5 There are two main potential sources of civilian substitute drivers. One is the pool of unemployed drivers holding HGV licences. 38,000 such drivers were unemployed in June 1982, the last date for which a figure is available. Another potential source is the pool of drivers employed by concerns other than the major oil companies who would otherwise be idle during a strike because of the unavailability of fuel for their heavy goods vehicles. It is known that in 1980 some 3,300 firms operated 21 or more heavy goods vehicles; the potential pool of drivers with HGV 1 and HGV 2 licences who might be idle during an oil tanker drivers' strike is undoubtedly large.

4.6 In considering how far it would be feasible and desirable to use civilian substitute drivers during an oil tanker drivers' strike, two areas of difficulty need to be assessed. One is the requirement for substitute drivers to be recruited, organised and controlled. The other is the industrial relations risk that the use of substitute civilian labour might widen the scope of industrial action for example to include interference with the production and landing of oil and its distribution by means other than road, thus seriously worsening the effects of the strike.

4.7 These considerations weigh particularly heavily against any attempt to recruit substitutes from the pool of unemployed drivers. Such action would give rise to accusations that the Government and the oil companies were using "scab" labour to break the strike, a matter which carries a very heavy emotional charge for the trade unions. It could not be safely assumed that a sufficient number of unemployed drivers would come forward. Even if they did, there would be a major problem of organisation and control. The oil companies have made it clear that they would be opposed in principle to the use of civilian substitute drivers; and would not be willing to take a hand in their use except under clear direction from the Government. The Government would therefore have to take the initiative and would also have to assume responsibility for organising and deploying the substitute labour force, probably by using them in conjunction with, or under the control of, servicemen. This would carry the further risk that trade union opposition to service assistance, both in an oil tanker drivers strike and on other occasions, might be provoked or aggravated. The Group therefore concluded that the use of substitute labour from the pool of unemployed drivers might well be unworkable and that risks of escalation substantially outweighed the possible benefits.

4.8 The same considerations would not apply to the recruitment of unemployed drivers by small independent distributors of oil products who were managing to continue in operation and saw the possibility of expanding their operations temporarily. They would presumably obtain any additional tankers by their own efforts. The Government would not become involved in requisitioning or in any other way. Any increase in total distribution, although helpful, would however be likely to be marginal.

4.9 The main responsibility for drawing on the other principal source of civilian drivers - those employed by concerns whose heavy goods vehicles had been made idle by the strike - would also lie with non-unionised operators in the private sector. Where firms were able to use idle drivers to collect the fuel they needed, the Government would have the option of making available to them tankers requisitioned on the basis explained in paragraph 4.4 above. It is not clear however to what extent efforts on these lines would be effective. They might be thwarted by sympathetic action in the oil distribution centres, by the picketing of oil depots and firms' premises, by the blacking of firms taking such action and by lack of storage capacity, particularly in the case of smaller firms, to take a full tanker. The latter difficulty might be overcome by cooperative arrangements between small firms in the same area but this in turn could aggravate the industrial relations difficulties.

4.10 The Group concluded that although action on these lines appeared more practicable, and carried less industrial relations risks, than an attempt to recruit unemployed civilian drivers, it did not by itself offer the prospect of a reliable means of mitigating an oil tanker drivers' strike. The Government would become publicly involved through making available requisitioned tankers and this would carry the risk of provoking a widening of the industrial action. At best it seemed that action of this kind might be of marginal assistance in easing a few industrial pressure points. The Government would have to weigh carefully at the time the likely costs and benefits of making available requisitioned tankers.

Use of service drivers

4.11 The Group therefore concluded that there was no satisfactory alternative to relying on assistance from the armed services as the main means of mitigating the effects of an oil tanker drivers' strike, thus confirming earlier analysis by the Civil Contingencies Unit (CCU) who have for several years based their contingency planning on a Military Assistance to Civil Ministries (MACM) plan, code-named PARVENU. This provides for 4,000 qualified Service HGV drivers to be made available to drive oil tankers requisitioned from the oil companies and for a further 8,500 servicemen to be involved as drivers' mates and providing command and support services.

4.12 An important advantage of the use of service drivers is that they already exist as a clearly identifiable group whose qualifications and capabilities are precisely known, who are subject to strict military discipline and who are exempt, when operating under emergency powers, from many of the statutory restrictions applying to civilian drivers on such matters as, for example, drivers' hours.

4.13 There are industrial relations risks relating to the use of service drivers but these are not judged to be greater than those attaching to the use of civilian substitute drivers and could, in some circumstances, be less. Because of these risks it has been judged that it would not be worthwhile to contemplate the use of service drivers in a limited strike, since it would be highly likely to lead to a national stoppage of oil tanker drivers. In the event of a national stoppage the risks are of provoking sympathetic action, for example by other oil company employees involved in the production, landing and distribution of oil; and the distribution of bulk oil supplies by rail or water. Nevertheless, past experience such as the firemen's strike of 1978 has shown that servicemen can be used as substitutes for strikers without provoking sympathetic actions by unions not directly involved in a dispute. The likelihood of such action would be considerably stronger if servicemen were seen to be used for purposes which were not confined to basic services concerned with the life and health of the community, and this consideration is relevant to the general policy issue about the use of servicemen raised in paragraph 4.21 below.

4.14 Against this background, the Group considered the following issues relating to the provision of service drivers:

- i. what are the constraints on the total number of service drivers which might be made available;
- ii. whether there is an adequate match between likely need and provision in terms of the level of HGV licence required;
- iii. what tonnage might be expected to be carried by given numbers of service drivers;

iv. how far there might be general policy constraints on the extent to which servicemen should be used as substitute labour in the event of industrial action.

Constraints on numbers

4.15 The number of service drivers at present provided under plan PARVENU, 4,000, was fixed at the time the plan was first drawn up when it was thought that this number would be required to deliver the 40,000 tonnes per day of oil products required to maintain the essentials of life. As is explained later in this section it is not now thought that as many drivers would be required for this level of supply. 1,000 more drivers, making 5,000 in all, could be provided from units in the United Kingdom at the expense of further impact upon the training and administrative activities of the services in the United Kingdom. Additional drivers could be found only from British Forces in Germany. Withdrawal from there of any significant number of drivers would reduce the speed and effectiveness with which the Forces in Germany could be mobilised to such an extent as to undermine the validity of current NATO operational plans. Furthermore, the withdrawal would reduce the in-theatre force level to below the 75 per cent level stipulated by ACE Force Standards. Although the implications for mobilisation are the more serious, both of these effects are likely to generate protests from SACEUR and our NATO allies. Increases in the number of Service drivers would need to be matched by a corresponding increase in the number of drivers' mates and by some further increase in the manpower needed for support and command, and this too would be difficult, but not so much so as the provision of extra drivers. Although the supply of Service drivers additional to the currently required 4,000 would be difficult at any time, it would be particularly so if the call came when substantial military exercises were imminent or in hand (usually in the late summer or early autumn) and would probably then involve cancellations, possibly of high profile in political terms.

Adequacy of HGV licences

4.16 There has been a growing tendency in recent years for the oil companies both to reduce the overall number of tankers and to increase the proportion of larger articulated tankers for which HGV1 licences are required. The

latest estimate of the total of articulated vehicles is 2442 compared with some 1700 service drivers available with HGV1 licences. A serviceman holding an HGV2 licence can be brought up to Grade 1 standard within five days. It is clearly desirable to avoid any serious mismatch in the availability of HGV1 licence holders, both in the interests of maintaining the effectiveness of the present plan PARVENU for dealing with a strike in the immediate future and in the context of any new plan which Ministers might wish to have drawn up. The Service capacity for HGV1 training is however geared to their own needs and there is no scope for more than a marginal expansion until such time as requisitioned vehicles are available. Once they are available 200 drivers could be up-graded in each 5-day period. We recommend that the Civil Contingencies Unit should put work in hand to ensure that, if a national oil tanker drivers' strike appears likely, any delay in making available the required number of Service drivers of HGV1 standard is minimised.

Productivity of service drivers

4.17 As explained in paragraph 3.1 above about 150,000 tonnes of oil product is delivered by road per day. When plan PARVENU was originally drawn up it was thought that 4000 drivers would be required to carry 40,000 tonnes per day. The plan has however never been put to the test in Great Britain, though the corresponding arrangements in Northern Ireland were implemented for a short period in 1979. The brevity of the operations, and the special circumstances applying to Northern Ireland, made it hard to draw firm conclusions about the level of productivity which service drivers might achieve in Great Britain. Nevertheless, this experience led to an increase in the estimate of the level of productivity which it was previously thought service drivers might achieve. It was therefore concluded that 4,000 drivers might be able to carry some 60,000 tonnes per day. The latest figures show that the number of vehicles used by or on behalf of the oil companies, which handle about 93 per cent of daily consumption, ie around 140,000 tonnes, is now only some 6,500. This is the result partly of the move towards the use of larger articulated vehicles referred to in paragraph 4.16 above, partly of improved working practices by drivers following productivity negotiations in recent years, and partly of changes in pattern of supply. Against this background the Group attempted to establish what proportion of daily road-borne supplies might be handled at various levels of service assistance.

4.18 In favour of assuming relatively high levels of productivity for substitute service drivers are the lack of statutory restrictions on drivers' hours and the motivation of a disciplined military force as compared with that of highly unionised civilian drivers. Against this must be weighed lack of familiarity with the vehicles to be used, with the routes to be followed, and the problems of management and deployment inevitably arising from disruption to an established system of distribution. The view of the Ministry of Defence is that plan PARVENU, as presently constituted, would be able to meet the requirements for a daily delivery rate of 40,000 tonnes to meet essential needs as presently defined, and that it should also, if it is decided not to reduce the number of Service drivers, produce a surplus that could be allocated to other essential tasks.

4.19 The assumption to be made about the productivity of Service drivers has however a very marked effect on the range of options which Ministers might wish to consider. 6,500 civilian drivers now employed by or on behalf of the refining companies each normally carry an average of about 21 tonnes a day. The Service drivers in Northern Ireland in 1979 carried an average of about 15 tonnes a day, ie about 70 per cent of the civilian average. If the productivity factor were to turn out to be 80 per cent, the proportion of road-borne deliveries carried by 4,000 Service drivers would be 46 per cent, by 5,000 Service drivers 57 per cent and by 6,000 Service drivers 68 per cent. If the productivity factor were to turn out to be 90 per cent, the corresponding proportions of road-borne deliveries would be 51 per cent, 64 per cent and 77 per cent.

4.20 These figures show how sensitive the contribution of service drivers is not only to the number of drivers who might be made available within the defence constraints referred to in paragraph 4.15 and other policy constraints but also to assumptions about service productivity. The Group accordingly recommend that when Ministers have reached conclusions about the objectives to be attained in the event of an oil tanker drivers' strike a detailed study should be undertaken by the Civil Contingencies Unit, involving further discussions with the Oil Industry Emergency Committee, to examine the implications of expanding plan PARVENU - taking account both of the possibility of additional service drivers being made available and of any changes in productivity assumptions that it might prove realistic to make.

Policy relating to the use of Servicemen in the event of industrial action

4.21 The general policy, of many years standing, has been that Servicemen should be used as substitute labour in case of industrial action only to the minimum extent necessary to safeguard the essentials of life. This policy has always been an important part of the public presentation of the use of Servicemen in a strike. In the event of an oil tanker driver's strike it is a matter of judgement as to whether Service assistance should be confined to supplying oil for essential services such as the emergency services, health, food supply, public transport, public utilities etc or whether the supply of oil should be regarded as so basic to the community, because of the high degree of modern dependence of both industry and individuals on road transport, that a much broader provision of Service assistance would be justified, and publicly accepted. If Servicemen were used for purposes which appeared to go beyond public perceptions of the essentials of life, for example to permit unrestricted private motoring, this could greatly increase the risk of sympathetic action in the depots and the refineries, thus cutting off all supplies including those needed to safeguard the essentials of life. These considerations, along with the constraints on the numbers of Service drivers available, and the assumptions to be made about their productivity, will need to be kept in mind in drawing up any new plans for Service assistance.

V. USING THE AVAILABLE RESOURCES

5.1 The analysis in the preceding section led to the conclusion that the only satisfactory means of mitigating the effects of an oil tanker drivers' strike is the provision of substitute service drivers. It also demonstrated that the 4,000 drivers provided under the existing plan PARVENU would be able to meet the requirement for a daily delivery rate of 40,000 tonnes to meet essential needs as presently defined and should, on the basis of experience in Northern Ireland in 1979, deliver about 60,000 tonnes. A higher proportion of normal deliveries might be maintained if productivity was higher than currently assumed, and a still higher proportion if more Service drivers were to be made available, depending on defence considerations and also on policy on the use of Servicemen in the event of industrial action. The purpose of this section is -

- i. to examine what the Government's objectives should be in the event of a national oil tanker drivers' strike, and, in the light of these;
- ii. to discuss what proportion of supply it might be desirable to maintain and which categories of consumer should receive priority consideration;
- iii. to assess the methods available for achieving the desired results.

Objectives

5.2 The effects of a national oil tanker drivers' strike have been summarised in Section III (paragraph 3.6). Apart from the small number of major consumers supplied by rail, water or pipeline, all consumers of oil would be severely affected. The most immediate effect would be on the supply of fuel for road vehicles including those used for emergency services and other services of importance to the health and well-being of the community, public transport, road haulage and the private motorist. Stocks for these purposes are only of short duration. Filling stations in particular would run dry within 2 or 3 days. Supplies of oil for heating and for industrial purposes, of which larger stocks are held, would run out more slowly but in any event within 3 to 5 weeks.

5.3 The starting point for the Group's study, as for similar studies, is that Ministers have wished to improve the country's ability to withstand industrial action by key groups of workers with particularly strong industrial muscle. If a national strike occurs in this industry, it must be presumed to have done so because the unions have made demands which the oil companies regard as economically and commercially unacceptable. The Government will not wish the unions to win and be seen to win such a strike. Given willingness on the part of the employers to stand firm, it might well be necessary for the country to withstand a strike for long enough - say for two months or longer - to enable the economic pressures on the strikers to build up and to weaken their resolve to continue the action. If this is to be the Government's objective, it is necessary to consider whether it is sufficient to maintain supply at the level at present provided for under plan PARVENU or to provide for a higher level of supply and, if so, at what level and for what purpose.

5.4 Plan PARVENU is at present assumed to maintain a daily supply of 60,000 tonnes, about 40 per cent of normal road deliveries. About 40,000 tonnes is earmarked for authorised essential services which are summarised, with their estimated daily consumption of oil, in Table 2. The remaining 20,000 tonnes is later to be allocated for use by administrative decision in the course of the strike. As can be seen from Table 2 the plan would provide for defence, the police, fire and ambulance services, hospitals and other essential medical services, public transport, the public utilities (electricity, gas, water and sewerage, posts and telecommunications), some local authority services such as refuse collection, and food, agriculture and fishing. The maintenance of supply at this level for these purposes would be highly desirable and would undoubtedly assist in mitigating the effects of an oil tanker drivers' strike. It seems unlikely however to offer the prospect of achieving the objective of successfully withstanding a long strike. Except for possible allocation in the course of the strike of some of the unallocated 20,000 tonnes, the plan would not provide any oil for industry other than for continuous process plants. In particular there would be no oil for road haulage except for food and agriculture and nothing for the motorist except for the purpose of carrying out one of the designated essential services.

TABLE 2

AUTHORISED PURPOSES UNDER PARVENU
ESTIMATED DAILY CONSUMPTION (GALLONS)

<u>Purpose (% of total authorised purposes)</u>	<u>Petrol</u>	<u>Diesel</u>	<u>Other fuels</u>
1 <u>Public Transport</u> (9)			
- Aviation & air traffic control	400	80	223,600
- Railways, docks and harbours	835	3,700	6,000
- Stage services & company transport	61,400	620,000	
2 <u>Public Services</u> (1)			
- Accidents, Emergencies	6,600		
- Fire Service	3,000	15,000	
- Police	57,000	1,200	
3 <u>Medical</u> (13)			
- Disabled people	10,500		
- Funerals	13,150		
- Hospitals	1,400	24,500	1,145,000
- Medical & Veterinary Services	35,000		
- Pharmacists, Medical suppliers	28,000	28,000	
4 <u>MAFF Services</u> (34)			
- Food manufacture & distribution	667,000	1,352,000	1,300,000
- Agriculture, horticulture & animal health)			
- Fishing			155,100
5 <u>Public Utilities</u> (1)			
- Electricity & gas	37,000		
- Sewerage & water	7,900	4,600	32,000
6 <u>Postal & Telecommunications</u> (1)			
- Post	38,110		
- Telecommunications	32,500	9,860	

SECRET

AND PERSONAL

Table 2 cont

<u>Purpose</u> (% of total authorised purposes)		<u>Petrol</u>	<u>Diesel</u>	<u>Other Fuels</u>
7	<u>Local Authority & Social Services</u> (25)			
	- Essential Services (a)	13,000	9,000	2,420,000
	- Gritting & sanding		4,000	
	- Laundries	25,000		42,000
	- Refuse collection, public health		68,000	
	- Special schools	7,000		
8	<u>Media</u> (1)			
	- Broadcasting	5,000		
	- Newspapers & Reporters	38,900	5,930	88,000
9	<u>General Services</u> (1)			
	- Diplomatic	22,000		
	- Government Car Service, IDS	500		
	- Justice	2,000		26,000
	- Ministers of Religion	11,500		
	- Transmission of money	8,900	21,500	
10	<u>Industry</u> (2)			
	- Continuous process plants			175,000
11	<u>Defence</u> (10)			
	- Allied Forces	27,500	45,300	30,800
	- Ministry of Defence	48,400	52,800	799,480
12	<u>Fuel Services</u> (2)			
	- Bunkers			170,000
	- Lubricating oil for ships		200	
	- Solid & liquid fuel distribution		72,000	
Total gallons		1,209,495	2,337,670	6,612,980
Total tonnes		4,097	8,961	26,518
Grand total		39,579 tonnes		

Note: (a) Includes heating of residential accommodation required for health or social reasons, including for the old, pregnant or handicapped; fuel for the operation of crematoria.

SECRET

AND PERSONAL

5.5 There would be a much better prospect of withstanding a long strike if sufficient supply could be provided to keep the bulk of industry and commerce in operation by maintaining the flow of raw materials and components and the removal of finished products and to provide enough for the private motorist, particularly in rural and remote areas inadequately served by public transport, to undertake essential journeys and journeys to work. The estimates referred to in paragraph 3.2 above suggest that road hauliers account for about 12 per cent of normal road-borne supplies and filling stations 35 per cent. In order to maintain a high proportion of road haulage activity, some resupply of fuel, raw materials or ancillaries to industry, and some supply to filling stations over and above the supply for essential services already designated, would probably require maintenance of about 70 per cent of normal road-borne supplies - say 100,00 tonnes per day.

5.6 As Section IV explains it is not possible to judge at this stage whether a level of supply of this order or close to it could be sustained within such constraints on the availability of service drivers as Ministers might wish to impose. The Group therefore recommends that, if Ministers are prepared to consider the use of servicemen for supply of oil other than for essential services and wish to attain the objectives discussed in paragraphs 5.3 and 5.5, the Civil Contingencies Unit should be asked to explore the feasibility and desirability of a plan designed to maintain about 70 per cent of normal road-borne supplies, with some provision for road haulage, industry and the private motorist, as well as for essential services.

Methods

5.7 The methods to be adopted for ensuring that such supply as is maintained is distributed in line with the Government's objectives depend in part on the level of supply and the priority to be accorded to various categories of consumer. The Group examined the advantages and disadvantages of three broad approaches:

- i. administrative action to safeguard supplies to designated priority customers and denial of supplies to others;
- ii. general restrictions on consumption;
- iii. use of the price mechanism.

Some of these approaches might be used in combination with each other.

Allocation to priority customers by administrative action

5.8 Administrative action to allocate supplies to priority customers is the main method adopted in the present plan PARVENU. Where the level of supply maintained is small - say up to 25 per cent of normal supply - it is the best and probably the only practicable method for ensuring that the available supply is reserved for high priority users. It is necessary for the Government to take, and be prepared to defend, decisions about those users which should be given priority. This presents no major difficulty in the case of the most essential services which identify themselves. The difficulty arises in allocating supplies to services which may be less essential, at least in the view of those consumers who are to be denied supplies. Controversy might arise over some of the categories authorised under the present plan PARVENU (see Table 2) for example the priority assigned to food production and distribution and agriculture as compared with industry, to the media, to Ministers of Religion, and the Government Car Service, even though in some cases the amounts involved are small. Difficulty has also been encountered in extending the list of priority categories in a defensible way to absorb the 60,000 tonnes presently assumed as likely to be delivered under plan PARVENU, as compared with 40,000 tonnes required by the categories in the existing list. The plan therefore assumes at present that the balance of 20,000 tonnes would be allocated by officials in the course of the strike in the light of needs which were brought to the Government's attention. There would be strong competition for those resources from industry, particularly for road haulage purposes. This would be likely to put the administrative arrangements under severe pressure.

5.9 This analysis suggests that if Ministers decide in favour of trying to maintain a relatively high level of supply, to say 70 per cent, the techniques of administrative allocation to priority customers will probably be applicable to only part of this supply.

General restrictions on consumption

5.10 Where there is a modest shortfall in supply (as is, for example, provided for in current plans for dealing with limited industrial action by oil tanker drivers) the best approach is probably one under which all consumers have a prospect of receiving a proportion of their normal supplies according to consistent criteria. Depending on the level of supply it might for example be possible to operate a system under which a very limited range of designated essential services (perhaps more limited than those authorised at present under plan PARVENU) continued to be supplied at, say 95 per cent of normal consumption, with other consumers (including filling stations) being supplied pro rata to their normal consumption at the level permitted by the available supply. This might be operated very largely through the oil companies' own emergency arrangements with the minimum of day to day involvement by the Government. The Government would probably need to use its Energy Act powers to relieve the oil companies of their contractual obligations.

5.11 It would be for consideration whether it would be worthwhile to reinforce arrangements on these lines by general measures under the Energy Act to discourage less essential consumption, for example the weekend closure of filling stations to discourage pleasure motoring, the reduction of maximum permitted heating temperatures, reduced speed limits, and "carless" days. Such measures are more appropriate to a prolonged energy shortage than to an oil-tanker drivers' strike, they are of variable merit, and none of them could be relied on to achieve a substantial overall reduction in consumption. Some at least of the measures might nevertheless be worth consideration as a reinforcement to general restrictions on consumption, as part of a plan designated to make the best use of a substantial level of maintained supply - say the 70 per cent referred to in paragraph 5.6 above.

Price mechanism

5.12 A third approach would be to leave the market to allocate available supplies. The principle would be to allow competition to operate by way of the price mechanism to bring demand into line with supply, and thus to channel the available delivery resources to where demand for them was strongest.

5.13 The advantages of a market system would be as follows.

- i. It is generally accepted by economists that markets are inherently able to allocate scarce resources more efficiently than administrative action. It could therefore be argued that the community as a whole would be likely to benefit more from any particular level of oil deliveries if they were allocated by means of the market rather than by means of administrative decision.
- ii. It would reduce the Government's involvement in channelling resources to some consumers and withholding supplies from others through the system of priority categories which it would be required to defend and interpret under present contingency plans. It would in theory be possible to allow all available delivery resources to be allocated by the market: in practice, however, it would almost certainly not be publicly acceptable to leave services such as fire, police, ambulances and hospitals to seek supplies in the market, so that a restricted range of priority users would continue to be necessary.
- iii. The operation of the price mechanism, by increasing operators' profits, might provide incentives for entrepreneurs to enter the market with extra delivery capacity, and thus increase the total level of supply.
- iv. Road hauliers, private motorists and manufacturing industries, for whom no specific provision is made in priority categories under current contingency plans, would be able to compete for available supplies with other consumers.

5.14 The Group considered however that there were some major objections to this approach. The first was that an oil tanker drivers' strike is a situation of temporary and uncertain duration. This would prevent several important features of a normal market situation from developing. In particular the extent to which the price mechanism would encourage entrepreneurs to enter the market with extra delivery capacity is likely to be limited. It would require a major change of attitude on the part of the oil companies, who would have to adjust the price constantly at each distribution point to market-clearing levels, and the available delivery capacity would have to be adapted constantly to the product and customer mix as it emerged. The Group had considerable doubts whether the price mechanism could in practice be operated so as to take maximum advantage of the available delivery capacity and offer the best prospect of prolonging endurance.

5.15 There would also be some major political difficulties which the Government would have to consider carefully, bearing in mind that the delivery capacity would be largely provided by service drivers using requisitioned tankers, for example:

- i. The Government would be seen to countenance price rises, which would have to be substantial if they were to achieve any significant reduction in demand, at a time of public disquiet about supplies. Substantial rises would no doubt be unpopular with customers, whether or not they were prepared to pay them in order to maintain their supplies and might bear particularly hard on some people; eg those in rural areas with limited public transport.
- ii. Unless preventive action were taken, the operation of the market would lead to windfall profits for the oil companies. It should be technically possible to claw such profits back by fiscal means; but to the extent that such fiscal measures were effective, they would decrease the incentive for entrepreneurs to enter the market with new delivery capacity.
- iii. The lack of a prominent Government role in day-to-day decisions about the use of servicemen engaged in deliveries might in itself be criticised as inappropriate. The role of servicemen might well be particularly delicate if they were seen to be operating mainly under the day-to-day control of the oil companies at a time when prices had risen sharply and the companies were believed to have benefitted.

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5.16 A further obstacle to contingency plans based on the operation of the market stems from the grave reservations held by the oil industry as to the effectiveness of this approach in the context of a tanker drivers' strike. The industry sees no sensible role for the price mechanism in a temporary situation in which severe abnormal market conditions would exist. It has made clear its reluctance to take part in plans which attempt to use the price mechanism to bring demand into line with supply in the event of a strike. It is also unwilling to incur the odium of responsibility for substantial price rises at a time of shortage.

5.17 Most members of the Group were therefore strongly of the view that the price mechanism was unlikely to be a satisfactory method for ensuring the best use of delivery capacity in an oil tanker drivers' strike. The choice of method would therefore lie between administrative allocation to priority customers as discussed in paragraphs 5.8 and 5.9 and general restrictions on consumption as discussed in paragraph 5.10 and 5.11. If Ministers were willing to explore the feasibility and desirability of a plan designed to maintain about 70 per cent of normal road-borne supplies the best approach might be a combination of these two methods.

VI. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

6.1 The Group's main conclusions and recommendations are summarised in the following paragraphs.

6.2 The threat of industrial action is more credible and serious in road distribution than in any other key sector of the United Kingdom oil industry (Section I).

6.3 There are some grounds for optimism about this autumn's pay negotiations. A tradition of brinkmanship has however grown up and it is essential for the Government to maintain contingency plans in a high state of readiness (Section II).

Nature and effects of industrial action (Section III)

6.4 Industrial action short of a strike could probably be endured for many weeks at the cost of considerable inconvenience to road users and marginal effects on industrial output. A strike by drivers in individual companies rather than the industry as a whole seems unlikely. If it were to occur the effects, though serious, would be localised. An all-out strike would have immediate, widespread and severe effects. Only a small number of heavy consumers supplied by rail, water and pipeline (30 per cent of normal deliveries) would be unaffected. The supply of fuel for road vehicles at filling stations would run out within 2 to 3 days. Industrial stocks would run down more slowly but in any event within 3 to 5 weeks. Output would be affected well before this as shortages of road fuel prevented the delivery of components and raw materials and the removal of finished goods.

Delivery resources during a strike (Section IV)

6.5 The primary route for the mitigation of an oil tanker drivers' strike is the provision of substitute labour. The first priority would be to find substitutes for the 6,500 drivers employed by or on behalf of the refining companies, who carry 93 per cent of road-borne supplies. The Government would need to requisition tankers from the companies under the Emergency Powers Act 1920 (paragraph 4.2 to 4.4).

6.6 There are practical and industrial relations constraints affecting the use of civilian substitute drivers. Drawing on the pool of unemployed civilian drivers might well be unworkable and the risks of escalation would substantially outweigh the benefits. It would be more practicable and carry less industrial relations risk to make available requisitioned tankers to firms whose heavy goods vehicle drivers were made idle by the strike and wished to collect fuel for their own use. Such action would however be of only marginal assistance in easing a few industrial pressure points. The Government would have to weigh carefully at the time the likely costs and benefits of making available requisitioned tankers. (paragraph 4.5 to 4.10).

6.7 There is no satisfactory alternative to relying on service drivers as the main means of mitigating the effects of a strike (paragraphs 4.11 to 4.13).

6.8 The number of service drivers provided under the existing plan is 4,000. This number could be increased to 5,000 from units in the United Kingdom at the expense of their training and administrative activities. Further drivers could be found only from British forces in Germany. Withdrawal from there of any significant number would have important defence implications (paragraph 4.15).

6.9 Training to upgrade service drivers to permit as many as possible of the Industry's larger tankers to be used is only possible once requisitioned vehicles are available. Thereafter 200 drivers can be trained every 5 days. Detailed planning is required to prepare to do this and the Group recommends that the Civil Contingencies Unit should set such work in hand. (Paragraph 4.16).

6.10 The contribution which service drivers might make to withstanding a strike depends not only on the number of drivers which might be made available within defence and other policy constraints but also on service productivity. At certain levels of service assistance, and on certain assumptions about productivity of service drivers, a high proportion of normal road deliveries might be maintain (paragraph 4.17 to 4.19).

6.11 The Group recommend that when Ministers have reached conclusions about the objective to be attained in the event of an oil tanker drivers' strike a detailed study should be undertaken by the Civil Contingencies Unit, involving further discussion with the Oil Industry Emergency Committee to examine the implications of expanding plan PARVENU - taking account both of the possibility of additional service drivers being made available and of any changes in productivity assumptions that it might prove realistic to make.

6.12 In developing plans for service assistance it will be necessary to keep in mind the general policy of using servicemen as substitute labour only to the minimum extent necessary to safeguard the essentials of life, and the risk of provoking sympathetic action if the level of service assistance appears to go beyond this. (paragraph 4.21)

Using the available resources

6.13 The questions of what proportion of supply it might be desirable to maintain and which categories of consumer should receive priority consideration depend on the Government's objectives in the event of an oil tanker drivers' strike. If the Government wishes to ensure that industrial muscle should not be seen to prevail, it may well be necessary to withstand a long strike. The level of supply assumed under the present plan (60,000 tonnes - about 40 per cent of normal road deliveries) provides mainly for the maintenance of designated essential services. There is no provision for road haulage on which continued industrial output would depend, although some capacity may be available to relieve industrial pressure points which identify themselves in the course of a strike. There is also no provision for the private motorist. This level of supply, devoted mainly to the maintenance of essential services, seems unlikely to meet the objectives of withstanding a long strike (paragraphs 5.1 to 5.4).

6.14 The Group therefore recommends that, if Ministers are prepared to consider the use of servicemen for the supply of oil other than for essential services and wish to attain the objective of withstanding a long strike, the Civil Contingencies Unit should be asked to develop the study referred to in paragraph 6.11 and explore the feasibility and desirability of a plan designed

to maintain about 70 per cent of normal road-borne supplies, with some provision for road haulage, industry, and the private motorist, as well as for essential services.

6.15 Of the methods available for allocating the available resources, administrative action to safeguard supplies for designated priority customers is appropriate in a situation where the proportion of supply maintained is small (say up to 25 per cent) and for looking after the most essential services which identify themselves. General restrictions on, or discouragement to, consumption are more appropriate where there is a modest shortfall in supply (paragraph 5.8 to 5.11).

6.16 The use of the price mechanism to allocate supplies would be unlikely to work in a strike because it would be seen as temporary and of uncertain length. There would also be major political difficulties for the Government in providing the delivery capacity by requisitioning the tankers and making service drivers available but at the same time countenancing substantial price rises. The oil companies would have grave reservations about such an approach and would be reluctant to take part in arrangements of this kind (paragraphs 5.12 to 5.16).

6.17 If Ministers are willing to explore the feasibility and desirability of a plan designed to maintain about 70 per cent of normal road-borne supplies, the best approach might be to adopt administrative allocation for the most essential services, and to combine this with general restrictions on consumption.

Issues for Ministers

6.18 Ministers are invited:

- i. to note the Group's conclusions;
- ii. to consider:
 - a. whether the objective should be to withstand a long strike (paragraph 6.13 above);

- b. how far an increase in service assistance would be consistent with general policy on the use of servicemen as substitute labour (paragraph 6.12 above);
- c. The recommendations that the CCU should examine the implications of expanding plan PARVENU to take account of the possibility of additional service drivers being made available and realistic changes that might be made to current assumptions about service productivity and then explore the possibility and desirability of a plan designed to maintain about 70 per cent of normal road-borne supplies with some provision for road haulage, industry and the private motorist as well as for essential services, (paragraphs 6.11 and 6.14 above);
- d. whether the method of allocation to be used should be a combination of administrative action to safeguard the most essential services combined with general restrictions on consumption, rather than the use of the price mechanism (paragraphs 6.16 to 6.17 above);
- e. the recommendation that the Civil Contingencies Unit should work out plans for the up-grading of service heavy goods vehicle drivers to permit as many as possible of the oil industry's larger tankers to be used. (paragraph 6.9 above).

Cabinet Office

12 October 1983

INDUSTRIAL ACTION IN KEY SECTORS OF THE OIL INDUSTRY OTHER THAN ROAD DISTRIBUTION

I. INTRODUCTION

I.1 The United Kingdom oil industry includes 21 offshore oil fields, most of which are linked by undersea pipeline to four major shore terminals. The oil is then transported by tanker either to United Kingdom refineries or overseas. From the refineries, distribution to United Kingdom consumers is mainly through some 850 oil product terminals spread across the country. Movement of oil to United Kingdom consumers from sources off-shore, or from overseas, may be by ocean-going tanker, coastal tanker, inland waterway barge, pipeline or rail, as well as by road tanker. This annex considers the likelihood and probable effects of industrial action by workers in key sectors of the oil production and distribution industry other than road distribution.

II. PRODUCTION

Background

II.1 The 21 United Kingdom offshore oil fields are expected in 1983 to produce about 105 million tonnes of oil, valued at £16 billion and producing Exchequer revenue of £7.85 billion. Four fields, Brent, Forties, Ninian and Piper account for 60 per cent of production. The workforce is highly paid (the gross average salary of an offshore process operator is some £20,000 per annum) and consists of around 21,500 men of whom about half are employed offshore at any one moment. 84 per cent of the workforce are United Kingdom nationals. Offshore structures are serviced by supply boats, and transport to and from the structures is provided by helicopters owned or chartered by oil field operators. About 85 per cent of United Kingdom Continental Shelf (UKCS) crude is landed by pipeline to four shore terminals in the Shetlands, Orkney and mainland Scotland.

Effects of Industrial Action

II.2 Any widespread industrial action affecting offshore production would have an immediate impact on crude supplies to United Kingdom refineries, which refine about 40 million tonnes of North Sea crude annually. There would also be an effect on United Kingdom exports of oil, currently running at 66 million

tonnes annually. Production loss could not easily be made up, but since refinery supplies could be made good indefinitely by additional imports of crude, the main consequences would be financial and economic. There would be an effect on the balance of payments and, possibly, implications for Sterling; and there would be an effect on Exchequer revenue and the PSBR.

Balance of Payments

II.3 A three month break in North Sea production, with the loss of production made good by oil imports, would mean a worsening in the current account of the balance of payments of some £3-4 billion. There would be a corresponding shift in the capital account - with the extra net imports paid for either by inflows of funds from abroad, for example into bank deposits or gilts; reduced capital outflows by United Kingdom investors placing money abroad; and possibly some rundown of the reserve. The shift in the current account would be very large as a short term movement - the largest quarter-to-quarter movements in recent years have been of the order of £1-1½ billion. But on an annual basis it is not wholly exceptional. The annual current account surplus has fallen from around £6½ billion in 1981 to £5½ billion in 1982 to a projected £1½ billion in the first half of 1983.

II.4 Although it should be possible to take part of the strain by supplying foreign currency from the reserves, the size of the reserves is limited. The size of the entire foreign currency reserve is at present of the same order as the effects on the current account over a quarter. So there would be some effect both on the exchange rate and probably also on domestic interest rates - depressing the former and raising the latter. The size of these movements would depend on the surrounding circumstances, for example the state of other parts of the current account, of domestic monetary conditions and other factors relevant to expectations in the domestic and foreign exchange markets. But in most circumstances the results should be manageable; and possibly less disruptive to Sterling and domestic markets than anything that looked like a government "cave-in" to an excessive wage demand likely to have knock-on effects elsewhere, if that were the alternative.

Revenue

II.5 Taxes and royalties on North Sea output are expected to yield a little under £8 billion in 1983/84. This would represent up to 7½ per cent of expected central Government current receipts, and a little under 6 per cent

of total public sector current receipts. An interruption in oil output would in effect mean that the oil which was not produced would not be lifted until the end of the fields' lives, since there is in general little scope for raising the rate of production without reducing eventual total oil recovery. Receipts of royalty in kind and instalments of Petroleum Revenue Tax (PRT) and Advance PRT would stop after a month, costing of the order of £600 million each month. If the stoppage lasted as long as three months, it could eliminate PRT-assessable profits for the entire 6 months chargeable period, in which case instalments received in the remainder of the period would have to be repaid with interest at the date of assessment, in October or April, four months after the end of the period. The repayment could be over £1,500 million. The effects on royalty taken in cash would be some £50 million, falling in August or February, two months after the end of the chargeable period.

II.6 A three-month stoppage would eliminate chargeable profits for ring-fence Corporation Tax reducing receipts in the January between 9 and 21 months after the stoppage by up to £500 million and possibly giving rise to unrelieved ACT which would reduce receipts in later years.

II.7 The revenue effects of a major interruption of offshore supplies would, therefore, be significant in relation to public sector current receipts, but should nevertheless be manageable.

Dealing with Industrial Action

II.8 The industry would plan in the event of strike action to use key technical and managerial staff to maintain production as far as possible. There are no specific Government plans for dealing with the effects of a strike affecting offshore operations, and there would clearly be little it could do to maintain production by direct intervention. But in the event of a total stoppage, the Government would clearly be influenced in its attitude by the effects on Exchequer revenues and the economy.

Industrial Relations

II.9 Circumstances in offshore installations combine, however, to make an all-out strike there unlikely. Pay rates are high, union influence is comparatively low and pay and conditions are negotiated independently with a large number of individual employers. Industrial discipline on offshore installations tends

to be tight, and industrial action has been coped with firmly in the past. Offshore pay rates are isolated to some extent from the national climate of pay-bargaining by the tendency of the industry to draw its manpower for offshore operations from a labour pool which is, in large measure, international rather than domestic. Labour costs represent only a small fraction of the cost of producing a barrel of oil. The unions (principally the TGWU) have worked in recent years to extend their influence offshore, but as yet have made comparatively little impact.

II.10 Strikes on United Kingdom Continental Shelf installations are rare. Attempts to spread such isolated disputes as have taken place have come to nothing. The only recent case, earlier this year, involved the divers of one company. It lasted several days but did not affect production. Disputes occasionally affect the operational supply boats and these may give rise to problems over the provision of spare parts. However, about half the supply boats servicing United Kingdom structures are foreign-owned and experience has shown that there is considerable flexibility in by-passing the effect of stoppages on the part of United Kingdom boats. Labour problems affecting the undersea pipeline or the helicopter fleets which service the platforms have not affected production.

II.11 It may be relevant to note that Norwegian experience offshore has been different. In the last two years, offshore platform workers in the Norwegian sector, who were members of existing unions, have left them to set up their own independent union (the OAF). OAF successes on the pay front were initially impressive as they picked off each major operator in turn (Elf, Mobil and Phillips). The operators have now formed a national negotiating body (the NOAF) to face the OAF in future wage negotiations, and the last pay round was less successful for offshore workers. After 6 months' negotiations, the OAF called a strike, which was ended after 5 days by compulsory arbitration. The final award was in line with that of onshore workers, and established the principle that offshore workers' pay should be in line with onshore rates plus an offshore bonus. Agreements normally run for two years with intermediate reviews, and lay down that the union cannot strike except at these review times.

II.12 There are no signs that recent developments in the Norwegian sector have had any significant impact on industrial relations on the United Kingdom Continental Shelf. Given the high wages which are paid, and the lack of effective union co-ordination of pay negotiations which are conducted on a company basis, there are no signs of industrial problems affecting offshore production in the United Kingdom sector.

III. SHORE TERMINALS

Background

III.1 There are four onshore terminals receiving UKCS crude; these are: Sullom Voe, Flotta, Forties Landward System and Nigg Bay (the Ekofisk Teesport terminal handles mainly Norwegian crude). The largest of these is Sullom Voe in the Shetlands, which in 1982 received 45.7 million tonnes of crude equivalent to 61 per cent of United Kingdom oil consumption and 41 per cent of all UKCS output. 77 per cent of this oil was exported, the balance being moved to United Kingdom refineries. Apart from certain processing plant for associated gases, the terminal provides storage for about one million tonnes of oil. Flotta, Forties and Nigg Bay installations provide similar facilities and storage, but on smaller scales (annual throughputs of 15.2 million tonnes, 22.1 million tonnes and 1.6 million tonnes respectively).

III.2 Now that construction work is complete the labour force at these installations is small, comprising 750 at Sullom Voe, 300 each at Flotta and Nigg and less than 100 at Forties. Apart from the operating companies' managerial staff there are broadly three employment categories -

- a. the companies' own employees who operate the terminal;
- b. sub-contracted labour - the maintenance and service work force;
- c. the labour workforce of tugs and jetties. These may be employed jointly by the local harbour authority and the towage company.

The operator has direct control over the first of these categories only.

Effects of Industrial Action

III.3 The effects of industrial action which closed down all four major onshore terminals would be similar in scale and nature to those for offshore production described above in paragraphs II.2 to II.7 (ie the effects would be mainly financial and economic to the extent that offshore production was reduced by inability of terminals to handle North Sea oil). Additional offshore loading, especially for export, would however reduce the effects of strike action to some extent. It is unlikely that there would be any effect on consumers provided foreign crude imports could be increased to compensate for the interruption in North Sea supplies.

Dealing with Industrial Action

III.4 Oil terminal operations are highly automated. Sullom Voe, for example, can be operated on a modified basis by as few as 35 people. However, this will entail the closure of the gas stabilising plant with all gas being flared offshore. This would require Ministerial consent. Strike action on any of the jetties or in the harbour at Sullom Voe, Flotta or Nigg could prevent tankers entering or leaving. Action by jetty operators would almost certainly spread to tug operators, and effectively bring operations to a halt. In general, there is little scope in this area for providing alternative labour and no plans for doing so. Tug operation in confined water space is highly specialised, needing local knowledge which could not immediately be replaced.

Industrial Relations

III.5 In practice, the operation of the terminals has been relatively trouble-free and the companies involved seem well able to cope with the isolated disputes that occasionally occur. Little reliable information is readily available about current trade union representation and negotiating arrangements. At Sullom Voe, about half of the 500 workers are members of the TGWU, most of the remainder being non-unionised. The maintenance workers employed by contractors belong to various unions, and there is a similar pattern at the smaller terminals, but generally mainland trade union influence appears to be very weak. There seems little likelihood of employees at these remote installations becoming involved in national issues.

III.6 Last year it was feared that TGWU members operating the Sullom Voe jetties might be involved in a threatened national strike but in the event that strike did not take place. In the Summer of 1983 a strike over pay and conditions by maintenance workers employed by contractors at Sullom Voe lasted for 3 weeks but had no appreciable effect on the operation of the terminals. The strike was settled on the basis of acceptance of the original offer plus the setting up of a working party to discuss the equalisation of conditions of service between contractors and BP's employees.

IV. REFINERIES

Background

IV.1 The United Kingdom currently has 17 oil refineries: of these, 13 are owned by major oil companies producing a full range of products; the remaining four are small specialist plants (three of which are owned by independents). Manpower levels vary considerably from 400 to 500 at the smaller refineries to 1,500 (Esso Fawley). In 1982, United Kingdom refinery output of oil products was 71 million tonnes, compared with United Kingdom inland deliveries of 67 million tonnes, and the United Kingdom was a substantial net exporter of products.

Effects of Industrial Action

IV.2 A strike at any one oil refinery, or at a number of smaller refineries, would probably not be seriously felt by the community. An exception to this is the BP refinery at Grangemouth. Grangemouth occupies a dominant position in the supply of oil fuels in Scotland which has no parallel elsewhere in the United Kingdom, and is a major bottleneck in the Scottish supply pattern. A prolonged strike there could accordingly have serious effects on distribution in Scotland. A strike affecting all United Kingdom refineries would seriously disrupt supplies of oil and oil products throughout the United Kingdom.

Dealing with Industrial Action

IV.3 Neither the oil industry nor the Government maintains specific plans to alleviate the effect of a strike by refinery workers. Companies affected would do their best, within the practical and industrial relations constraints which applied, to secure alternative supplies for their customers, either from

other distributors or by means of imports. The OIEC would monitor the situation and advise the Department of Energy of any need for Government action under the provisions of the Energy Act. The fact that almost all oil products consumed in the UK, including those imported, are normally channelled through UK refineries might reduce the flexibility available during a limited strike to by-pass difficulties, if sympathetic action were taken to block imports through other refineries. If necessary, finished products could be imported direct into coastal terminals.

Industrial Relations

IV.4 There is no history of coordinated industrial action by workers of different refineries. In practice, therefore, both a single strike affecting all UK refineries and sympathetic action by staff at refineries not directly involved in a more limited dispute seemed unlikely.

IV.5 Manual process workers in the oil refineries are predominantly members of the TGWU and are organised within that union's chemical and oil refining trade group (as distinct from the oil tanker drivers, who are organised within the TGWU's Commercial Services Trade Group). A small number of maintenance workers at refineries are represented by a variety of craft and other unions such as the AUEW, EEPTU, UCATT, GMBATU etc. Union membership among staff grades at individual refineries is either low or non-existent.

IV.6 There are no national pay negotiations covering the refineries, each major company conducting its own separate negotiation. Bargaining is conducted at plant level at different dates and separately for process and craft groups. TGWU national officers oversee these negotiations but in practice the major role is played by the shop stewards at individual refineries. Notwithstanding these fragmented arrangements, there are seldom any great differences in the level of basic settlements achieved, although there may be considerable variations in such matters as productivity conditions.

IV.7 BP's refinery at Grangemouth is often singled out as one with a traditionally militant workforce. In 1974 workers there went on strike and

picketed product terminals in Scotland for 12 days in support of a higher shift allowance. The shortages in Scotland became so severe that the Secretary of State took powers to control the issue of motor fuels at filling stations. The tradition for militancy at Grangemouth dates from shortly after its capacity was doubled during 1968-70. Its subsequent connection with the Forties pipeline and its standing as the only Scottish oil refinery, supplying about one-third of all Scotland's oil requirements, are factors which have combined to build up the shop stewards' awareness of its importance as a focus of bargaining strength. However, the pace-making importance of the annual pay negotiations at Grangemouth was considerably diminished by an 18 month pay agreement in September 1980 which changed the annual settlement date from September to March. Currently, the earlier settlements at Shell refineries tend to establish a pattern for others.

IV.8 Overall, the UK refining industry has almost completed a large rationalisation of its refining operation. In the last three years four refineries have been totally closed, process units in other refineries have been de-commissioned and staff numbers reduced. This has been assisted by the use of generous redundancy and early retirement terms and there have been no industrial disputes on this issue. Nor, in spite of a truculent but isolated statement by a TGWU official in July, does there appear to be any realistic prospect of industrial action over closures in the near future. It remains to be seen how this year's pay negotiations develop.

V. TERMINALS

Background

V.1 Inland deliveries of oil products in the UK are currently based on some 237 large oil company-owned terminals, supported by about 610 smaller ones, mostly tied to the major companies, but operated by "authorised distributors" (ADs). The larger terminals are fed from the refineries by water, rail or pipeline, whilst some of the smaller ones are supplied by road from the larger terminals. Some large industrial consumers are directly rail-fed from refineries. 160 of the 237 major terminals are "wet" terminals which physically store oil fuels. The other 77 terminals do not store oil fuels, but are, in essence, customer ordering/invoicing points and vehicle parks. Their road tankers go to the nearest "wet" terminal to load up with product. The means

of supply to the major terminals are given below.

Means of Supply to Major Oil Terminals

Type	Ex refinery	Pipeline	Rail	Road	Water	Total
Wet	6	35	36	5	78	160
Dry	16	19	11	-	31	77
Total	22	54	47	5	109	237

Terminals are largely automated, with a few non-driving "process workers" (on average some 12 per terminal; more at coastal terminals, less at pipeline-fed ones), and, with the increasing trend towards centralised ordering and invoicing, very few administrative and clerical staff (currently, on average, some 6 per terminal). Process workers would follow the terminal drivers in any industrial action. Of the 610 smaller terminals owned and operated by ADs, some 450 are "wet" and 160 "dry". Of the former, 33 are water-fed and 53 are rail-fed.

Effects of Industrial Action

V.2 Industrial action by staff at terminals might lead to some reduction in output. The oil industry has contingency plans for managerial and supervising staff to undertake the work carried out by terminal process operators. It is therefore likely that the effects of a strike at terminals which did not include either tanker drivers on the one hand or managerial or supervisory staff on the other could be tolerated indefinitely.

VI. DISTRIBUTION BY WATER

Background

VI.1 78 of the 160 main product holding terminals are supplied by coastal tankers. In addition, 33 ADs' terminals are water-fed. There are about 19,000 men employed in making these deliveries.

Effects of Industrial Action

VI.2 Because of the large stocks held at terminals, it would take several weeks before the effects of any action by seamen involved in deliveries to them by water would be felt. However, a prolonged seamen's strike would undoubtedly have a damaging effect on industry, causing severe shortages of

oil products in many areas served by coastal terminals.

Dealing with Industrial Action

VI.3 The oil industry would seek to deal with the effects of such a strike by stepping up delivery by road from any terminals which remained unaffected (which would require the cooperation of tanker drivers) and, if possible, by increasing imports delivered by foreign flag vessels direct to terminals. As a last resort the Government would need to consider, if shortages became significant, taking Energy Act powers and imposing restriction on supplies to consumers.

Industrial Relations

VI.4 In practice, action by NUS members employed by the oil companies on coastal deliveries to main product terminals is unlikely to happen on any widely-coordinated scale since pay and conditions are largely determined by separate company negotiations rather than by the annual national negotiations between the General Council of British Shipping and the union on the National Maritime Board. Currently, neither Esso nor BP are parties to the NMB negotiations. Shell are formally parties but they nevertheless have their own company agreements which are largely self-contained. There is no history of industrial action on any significant scale by NUS members employed in coastal tankers, and in the last major NUS pay dispute (1981) only an insignificant handful of coastal tankers were held up.

VII. DISTRIBUTION BY PIPELINE

Background

VII.1 Some 35 main terminals are fed either in part or in whole by pipeline. There are four systems, three commercial and one Government-owned which cover most of England. There are relatively few employees involved, all of whom belong to the TGWU.

Effects of Industrial Action

VII.2 Areas most at risk of shortages in the event of interruption of pipe-line supplies would be the Midlands and Heathrow Airport. However, both

are served by more than one pipeline system so that it may be possible to limit the difficulties.

Dealing with Industrial Action

VII.3 Provided the flow was maintained at source and there were no major equipment failures, management and staff could continue operations indefinitely in the event of industrial action, albeit at a reduced rate. In the event of a failure of one or more of the pipeline systems, the oil industry would have a limited capacity to arrange additional deliveries by road.

Industrial Relations

VII.4 There is no history of all-out strike action by pipeline employees.

VIII. RAIL

Background

VIII.1 36 of the main "wet" terminals are wholly or partly rail-fed as are 53 ADs' terminals. In addition, there are some 90 large industrial consumers (mostly in the chemical, paper and steel industries) who receive direct supplies. British Rail's network is used.

Effects of Industrial Action

VIII.2 Cumbria, South Yorkshire and the Thames Valley would be the areas most hit by prolonged industrial action on the railways, since all oil products are supplied to those areas by rail. The Midlands would suffer shortages of fuel oil and LPG.

Dealing with Industrial Action

VIII.3 The oil industry's aim would be to make good losses by arranging alternative methods of delivery so far as possible. This would essentially involve the rescheduling of road tankers over longer distances and would require the cooperation of drivers. The OIEC would collaborate with BR management in monitoring rail movements of oil and would advise on the need for Government intervention.

Industrial Relations

VIII.4 The British Rail staff involved in distribution of oil by rail belong to the NUR and ASLEF. Industrial action on railways has been increasing over the past few years. It has extended from bans on overtime and rest day working to strikes either on the basis of one or two (or more) days a week or a complete stoppage. Most of these disputes have been short, which, given the large stocks held, have only minimally affected consumers of oil products. There are a number of difficult industrial relations issues which BR are going to have to face on productivity and manning levels but there is no evidence that the rail unions are seeking confrontation.

ANNEX B

POWERS AVAILABLE TO THE GOVERNMENT TO DEAL WITH ENERGY EMERGENCIESIntroduction

1. The main statutory powers available to the Government to deal with energy emergencies are in the Energy Act 1976 and the Emergency Powers Act 1920.

Energy Act 1976

2. Section 1 of the Act empowers the Secretary of State to make Orders controlling the production, supply, acquisition and use of crude liquid petroleum, petroleum products, natural gas, other substances used as fuel, and electricity. These powers are exercisable, for emergency purposes, only while an Order in Council under Section 3 of the Act is in force. Section 1 also provides for the making of Orders controlling the price of petroleum products and, while an Order in Council under Section 3 is in force, the prices of crude liquid petroleum and natural gas.
3. Section 2 enables the Secretary of State to give directions while an Order in Council under Section 3 is in force to producers of any substance (which here includes electricity) mentioned in section 1(1) as to the production and use of the substance; to suppliers of any such substance as to the supply; and to persons carrying on an undertaking involving the use of any such substance as to its use for the purpose of the undertaking.
4. Section 3 provides that the powers of sections 1 and 2 may be made fully exercisable by an Order in Council either (a) because EEC or IEA obligations necessitate it, or (b) because an actual or threatened emergency affecting fuel or electricity supplies within the United Kingdom makes it necessary for the Government to have temporary powers to control the sources and availability of energy. In the case of a domestic emergency, the Order in Council is subject to affirmative resolution procedure in both Houses. The section also provides for the relinquishment of emergency powers by a further Order in Council, and that an Order declaring a domestic energy emergency shall expire at the end of 12 months unless continued in force for a further 12 months by a resolution of both Houses of Parliament.

5. Section 4 allows any person supplying or using a substance mentioned in section 1(1) to infringe any statutory or contractual obligation relating to or involving the supply or use of the substance, and to infringe certain provisions of road traffic and transport law (listed in Schedule 1) if authorised to do so by the Secretary of State while an Order in Council under Section 3 is in force. It also provides for Orders in Council permanently to modify or exclude any obligation or restriction imposed, or extend any power conferred by other legislation which affects, directly or indirectly, the use of a substance mentioned in section 1(1). This provision also extends to legislation affecting supply.

6. Section 5 provides for the exemption from registration under the Restrictive Trade Practices Act 1976 of certain agreements. This is intended to allow the oil companies to co-operate with each other by sharing out available oil during the operation of a Government allocation scheme.

Emergency Powers Act 1920

7. Section 1 provides that the Queen may proclaim a state of emergency if it appears to her that there have occurred, or are about to occur, events of such a nature as to be calculated, by interfering with the supply and distribution of food, water, fuel or light, or with the means of locomotion, to deprive the community, or any substantial portion of it, of the essentials of life. A proclamation would remain in force no more than one month: a further proclamation could, however, be made at or before the end of that period. Parliament is required to sit within five days of a proclamation (ie for affirmative resolution on the Emergency Regulations to take place).

8. Section 2 provides for the making by Order in Council of regulations for securing the essentials of life to the community. Such regulations may confer powers and duties necessary for the preservation of the peace, for securing and regulating the supply and distribution of food, water, fuel, light and other necessities, for maintaining the means of transit or locomotion, and for any other purposes essential to the public safety and the life of the community, and make incidental provisions required for making the exercise of those powers effective. Though this regulation-making power is very wide, regulations under the Act may not impose any form of compulsory military service or industrial conscription, nor make

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it an offence for any person or persons to take part in a strike, or peacefully to persuade any other person or persons to take part in a strike, Regulations must be laid as soon as possible after being made and are subject to affirmative resolution procedure. Draft regulations under the 1920 Act necessary for the implementation of current contingency plans in the event of a strike of oil tanker drivers are maintained in readiness.

Conclusion

9. In the event of a strike of oil tanker drivers, Energy Act powers could be used to regulate oil supplies, draw on emergency stocks, restrict consumption and control oil prices. The main use of the Emergency Powers Act 1920 would be to allow for road tankers owned by the oil companies to be requisitioned to allow the oil industry's Emergency Road Distribution Plan to be carried out using substitute drivers (in current contingency plans, servicemen). Both Acts might be used to disapply certain provisions of road traffic and transport laws - relating, for example, to licensing and insurance (the 1976 Act) and drivers' hours etc (the 1920 Act).

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10 DOWNING STREET

Dr. Penelope Rowlatt,
EA2, HM Treasury,
Treasury Chambers,
Parliament Street,
London, SW1P 3AG.

13 December 1982

Dear Dr Rowlatt,

OIL TANKER DRIVERS: CONTINGENCY PLANNING

Tim Burr wrote to John Vereker here on 8 December, with some remarks about the use of the price mechanism, which I understand were based on your advice. I thought it might be helpful, therefore, if I replied direct to you.

You attach great weight to "the probable failure of the price mechanism, in the circumstance envisaged, to achieve the optimum allocation which it should in principle provide". You seem, therefore, to believe that the allocation, if left to a central directorate, will be superior; but you do accept that "distortions and difficulties will arise". You demonstrate your argument by proving that the "perfect competition paradigm" and the "optimum allocation" will "cease to apply when an economy deviates from an instantaneously clearing perfectly competitive market in which all participants have perfect information". The remainder of para 4 from (a) to (d) reflects on the possibilities and magnitudes of such deviations.

I must say frankly that this methodology seems to me absurd. There cannot conceivably be any economy which is "an instantaneously clearing, perfectly competitive market in which all participants have perfect information". No such state could exist anywhere or at any time in the real world. It is simply an ideal state which can be used for developing predictions which, we believe, may be useful for organising our information on the real world.

The approach in Burr's letter is analagous to arguing that the law of gravity cannot conceivably be of any use because it is postulated in a perfect vacuum and at sea level. But you can never drop anything actually at sea level and stay there, and furthermore physicists have proved that there is no such thing as a perfect vacuum. But even though the circumstances in the real world markedly depart from these assumptions, the law of gravity has been, and is, jolly useful. It is certainly much better than many competing theories. So I am not impressed by the argument that the real world, in fuel allocation, does not exhibit the characteristic assumptions of a perfectly competitive system. In his correspondence with Desmond Scarr, John Vereker did not suggest that it did. He said that the surest way of allocating spare capacity in accordance with demand is to use the price mechanism;

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that such a method would minimise the economic damage of scarcity; and that allocation by central directorate would involve immense difficulties of policing and administration.

This seems to me to be right. The acid test of the efficacy of the free market solution, as distinct from the dirigiste approach, is to be found in the facts and not in speculation about deviations of what the analyst imagines the world is like from ideal types. So far as I am aware, all the studies I have seen point to the efficacy of the price system for allocations of scarce supply. In the particular area of fuel supplies, I believe the most authoritative studies have been carried out by Maurice Adelman of Massachusetts Institute of Technology. There are, however, other studies by James W. McKie of the University of Texas. These studies may have been misguided, wrong, misleading, irrelevant and not applicable, etc. But I have never seen a convincing case marshalled against them. There's the rub.

Finally, I think there is good reason to believe that it is the general policy of the Government to rely on the price mechanism for the allocation of scarce fuel supplies under conditions of temporary "shortage". A seminar given by Adelman in 1981, under the auspices of the CPS, was attended by the Secretary of State for Energy and representatives of the Treasury. David Howell, if I understood him correctly, made it clear to the seminar that if there were a temporary disruption in oil supplies the British Government did not intend to use the dirigiste system of rationing; they would rely on the price mechanism. Subsequently, Adelman wrote to me to confirm that this was my understanding of the Secretary of State's position. I explored it with the Department and the Secretary of State, and David Howell's Private Secretary, in a letter of 10 September 1981, confirmed that it was - "...the Government would very much prefer to rely as far as possible, in a shortage, on normal market forces ...". Of course, there may have been changes since that date of which you are aware, and of which I am quite ignorant. But if so, I would like to know.

I am sending a copy of this letter to the other recipients of Burr's.

Yours sincerely

Alan Walters

ALAN WALTERS

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Treasury Chambers
Parliament Street London SW1P 3AG

Telex 262405

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Telephone Direct Line 01-233 5257
GTN 233
Switchboard 01-233 3000

Ans. "file
Any comments?
J.V.
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J M M Vereker Esq
Policy Unit
10 Downing Street
LONDON
SW1

Your reference

Our reference

Date
8 December 1982

Dear John,

OIL TANKER DRIVERS: CONTINGENCY PLANNING

I followed with interest the recent correspondence between Desmond Carr and yourself about the role which market forces might play in distributing oil during an oil tanker drivers' strike. We spoke about this last month, when I said that in preparation for the CCU meeting on 19 November, I had consulted our economists on the use of the price mechanism under the circumstances. In the event, Bill Moyes told me that the intention was to pursue this aspect separately, and not at the CCU meeting. Subsequent to the meeting, he told me that discussions would in the first instance be taking place between yourself and the Department of Energy, and that any Treasury points might best be injected into that discussion. That is the purpose of this letter.

2. We agree that distortions and difficulties will arise if the allocation of scarce oil is left to a central directorate. But it should not be assumed that allocation by price would avoid distortions and difficulties which, although rather different, might be no less than those caused by administrative allocation. We are not referring here to wider political aspects on which Ministers, including Treasury Ministers, will no doubt have their own views. We are referring simply to the probable failure of the price mechanism, in the circumstances envisaged, to achieve the optimum allocation which it should in principle provide.

3. Economic theory states that in the perfect competition paradigm the price mechanism will produce such an optimum allocation. But with few exceptions, the theorem ceases to apply when an economy deviates from an instantaneously clearing, perfectly competitive market in which all participants have perfect information.

4. In the case of a temporary shortage of oil delivery services the following serious departures from the paradigm would be important:

- (a) no efficient means of distribution. I mentioned this point when you first raised the matter. By definition, it is part of the problem. But the price mechanism could not be expected to solve it. With the available tankers requisitioned by the army and fully engaged in primary distribution, there would be inadequate physical means for redistributing large quantities of oil in

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response to price signals, and those there were would be inefficient, not least in fuel. To illustrate, the inevitably sub-optimal pattern of distribution by the army might cause petrol in Leeds to be twice the price of petrol in Manchester. In the absence of bulk transport, however, it might be found that the response to this price signal took the form of cars choking the M62 to get petrol in Manchester (wasting scarce fuel in the process) rather than an efficient redistribution of supply between the two cities. Of course the army could try to respond to price signals by concentrating deliveries where prices were highest. But I suspect that their arrangements (which are themselves part of the central bureaucracy rather than the market) would not have the necessary flexibility.

- (b) Lack of information. Distributors would have imperfect information about supplies and about the level of demand at any given price. Even what might seem a longish strike would be a relatively short period for them to learn, given the large size of price adjustment which might be needed and the possibility that supplies would fluctuate. Consumers, for their part, would not necessarily be aware of the cheapest available supplies at any given time. In the circumstances, it is most unlikely that the prices set will be optimal; and the allocation of resources will, as a result, not be efficient.
- (c) Participants in the market. Here again, there would be serious departures from the free market model. The monopolistic or oligopolistic nature of decision-taking in large sectors of the market is an obvious example. Furthermore, a considerable proportion of the demand for oil comes from public sector concerns where decisions are not necessarily based on the strict commercial criteria of economic theory (for example the National Health Service). This will mean that the market clearing price does not reflect the marginal gain to the buyer across all sectors of the market, and the resulting allocation could not be said to be efficient either in economic terms or in terms of the value put by society on the alternative uses.
- (d) Adjustment problems. Markets take time to adapt to new situations, and in general there are costs associated with the movement from one equilibrium to another. Adjustment costs to much higher oil prices would be incurred throughout the economy. These might be negligible compared to the long term benefits if the change were permanent; but they are likely to be considerable compared to any benefits which might follow the adjustment to the new equilibrium for a temporary stoppage.

5. The attraction of the price mechanism is that it should in principle achieve an optimal allocation. Even if it did, Ministers would want to weigh this against such factors as public sensitivity

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to the high prices which might result. But for the reasons which I have given, we doubt whether the price mechanism would in practice achieve an optimal allocation during a relatively short but severe reduction in supplies. Our feeling, therefore, is that any report to Ministers on this subject should recognise that the choice between administrative and price allocation is a choice between different kinds of distortion rather than between distortion and no distortion.

6. I am copying this letter to Desmond Carr and to Bill Moyes. Perhaps I could take this opportunity to notify the latter that we have no comments on CCU(82)51.

Yours sincerely

Tim Burr

T J BURR
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10 DOWNING STREET

From the Private Secretary

3 December 1981

OIL TANKER DRIVERS

The Prime Minister was grateful for your Secretary of State's minute of 2 December about the oil tanker drivers' settlement. She regards this as very good news.

I am copying this letter to the Private Secretaries to the Home Secretary, the Secretaries of State for Defence, Transport and Employment, and Sir Robert Armstrong.

M. C. SCHOLAR

Julian West, Esq.,
Department of Energy.

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Prime Minister

Very good news (even
at 8.1%).

MCS 2/12

PRIME MINISTER

OIL TANKER DRIVERS

The threat of a strike by the tanker drivers has been lifted. Despite the efforts of some elements in the TGWU and some of the shop stewards, the Esso, Texaco and Shell drivers have all voted against industrial action and in favour of accepting the companies' 8.1 per cent offer (as the BP drivers did some time ago). The quiet, firm stand taken by the company managements principally concerned has been justified, and I think we can regard the 8.1 per cent settlement as a most satisfactory outcome, all things considered.

The settlement has enabled us to suspend the various arrangements we have been making against the possibility of a serious interruption in oil supplies. LEADBURN will not be needed, and the military personnel have therefore been released from stand-by. Nor is there any further reason to contemplate the declaration of a state of emergency or to set in place new subordinate legislation under the Energy Act to control the distribution of road fuel and other oil products. Plainly it would be better if we could avoid ever having to make contingency preparations of this kind; but this episode, if it has achieved nothing else, has enabled us to sharpen our readiness to deal with a potentially very awkward situation. I am grateful to the members of the armed forces, and to those concerned in Departments and the oil industry, for the effort they have put into this.

I am copying this minute to the Home Secretary, the Secretaries of State for Defence, Transport and Employment, and Sir Robert Armstrong.

Janet M. Chadwick

SECRETARY OF STATE FOR ENERGY

2 December 1981

(Approved by the Secretary of State and signed in his absence)

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10 DOWNING STREET

From the Private Secretary

30 November, 1981.

Tanker Drivers' Pay

The Prime Minister was grateful for your Secretary of State's minute of 25 November, whose contents she has carefully noted.

I am sending copies of this letter to John Halliday (Home Office), David Omand (Ministry of Defence), Richard Dykes (Department of Employment), Anthony Mayer (Department of Transport), and David Wright (Cabinet Office).

M. C. SCHOLAR

Julian West, Esq.,
Department of Energy.

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Prime Minister

I minuted you on 17 November about the tanker driver's pay negotiations. Shell, Esso and Texaco have now put their final offers to the TGWU representatives. The main element in these offers is an 8.1% increase in the drivers' basic rate. The union has been seeking 11%.

A number of the smaller companies have made offers of 8.1%, but no settlements at this level have been reached. In one company, Chevron (2.5% of the market), drivers have for several days been taking unofficial strike action which is beginning to cause local difficulties in 3 areas. As yet there is no sign of this action spreading to other companies, but it does not help the general situation.

The next move in the major companies lies with the shop stewards, who are meeting tomorrow (Shell and Texaco) and on Friday (Esso). At these meetings management expect that the shop stewards will formulate a proposal to be put to the drivers. This may read on the following lines "Do you accept 8.1% or do you vote for industrial action and if the latter do you want to strike or take other forms of action?".

The companies believe that the TGWU now wants to line up the 3 majors so that the drivers' votes are produced at the same time. It is also thought that pains will be taken to conduct the vote, under union arrangements, on constitutional lines. Esso does not expect the voting to be completed before Tuesday, 1 December, with the possibility of a recall shop stewards meeting on 3 December. Other companies are likely to fall into line with this timetable. If this assessment is correct the risk of widespread official action now moves back towards the end of next week or even to Monday, 7 December. Such action could well be short of an all out strike, although the latter cannot be ruled out if there is a substantial majority vote rejecting the managements' offer.



Against this background I do not think I need trouble Cabinet colleagues for any decisions this week. Even if there is no settlement I would expect there to be adequate time to consult Cabinet next week on any measures that may be needed. The only proviso I would make is that if, against expectation, there is widespread unofficial action while the drivers are voting, and if this were to degenerate into a major break-down of oil deliveries early next week I may need to come back to you before Cabinet seeking the authority of colleagues for measures to deal with the situation.

There remains a good chance of a settlement without a serious strike. But as a contingency measure we still need to keep the Services on notice. I have agreed that this should now be geared to a possible move of the main body on 3 December, which would cover the worst case I have outlined above.

I will keep you informed of developments.

I am copying this to the Home Secretary, the Secretaries of State for Defence, Employment and Transport and to Sir Robert Armstrong.

NR.

Secretary of State for Energy

25 November 1981

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10 DOWNING STREET

From the Private Secretary

23 November 1981

OIL TANKER DRIVERS

The Prime Minister has seen and noted your Secretary of State's minute of 17 November, giving the latest state of play on the tanker drivers' pay negotiations.

I am sending copies of this letter to the Private Secretaries to the Home Secretary, the Secretaries of State for Defence, Employment and Transport, and to Sir Robert Armstrong.

M. C. SCHOLAR

Julian West, Esq.,
Department of Energy.

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CC J Vorek
A Duguid

PRIME MINISTER

Prime Minister

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OIL TANKER DRIVERS

This is to let you know, following BP drivers acceptance of 8.1%, how the negotiations on tanker drivers' pay may now develop.

The next move will be the Shell vote tomorrow, Wednesday, 18 November. The oil companies believe that, if Shell were to join BP in accepting the managements' offer, then Esso, Texaco and the others will follow suit. In this case we would not need to keep the Services on standby for LEADBURN and the worst we could expect would be some unofficial action probably leading to local difficulties but not requiring Government intervention.

Unfortunately, Shell are not optimistic that their drivers will vote to accept 8.1%. It appears that three-quarters of them voted before the BP result was known. If Shell drivers reject the offer management expect a call from shop stewards for resumed negotiations. Shell estimate that these could take several days and, allowing for the possibility of ACAS involvement, may last until the middle of the following week (25 November).

Esso and Texaco management believe that their drivers, whose senior shop stewards meet on Thursday and Friday of this week, will seek further negotiations whilst awaiting the outcome of Shell. All this may lead to a general settlement but we cannot rule out the possibility of a breakdown and a call for industrial action which, in the present view of the companies, would not take effect until the end of the month, say Monday 30 November.

If we were then faced with an all out strike by Shell, Esso, Texaco and, as would be probable, by a number of the smaller companies, we would almost certainly need



to implement LEADBURN. The industry's remaining delivery capacity, represented primarily by BP and Mobil, could not alone sustain essential services, because it would be both too small and unevenly distributed across the country.

As matters stand there seems no need to seek decisions from Cabinet this week. After discussion with Cabinet Office and the Ministry of Defence my officials have agreed that the Services' state of readiness should now be aimed at 30 November rather than, as now, the 23rd.

I will keep you informed of developments.

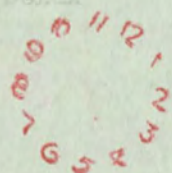
I am copying this to the Home Secretary, the Secretaries of State for Defence, Employment and Transport and to Sir Robert Armstrong.

YR.

Secretary of State for Energy

17 November 1981

17 NOV 1981



1. The following information is being furnished to you for your information.

2. The following information is being furnished to you for your information.



CONFIDENTIAL

MR VEREKER

cc:- Mr Hoskyns
Mr Ingham

Oil Tanker Drivers

The Prime Minister read without
comment your minute of 13 November.

M. C. SCHOLAR

16 November, 1981

Prime MinisterMR SCHOLAR

Nov 13/11

cc:- Mr Hoskyns
Mr InghamOil Tanker Drivers

ms.

The CCU met at official level this morning, to consider the now very confused picture over the threatened oil tanker drivers strike.

As it is understood by the Department of Energy, the position is that Esso have rejected the latest offer by a majority of about 2 - 1, but will not take industrial action until they see what picture emerges from other ballots next week. BP are voting today, for the second time of course, and early indications are that they may again reject the call for industrial action (in Northern Ireland, for instance, they voted 48 - 5 against). Esso and Texaco vote next week - Wednesday/Thursday - and it is widely expected that there will be a period of further negotiations between the tanker drivers and the employers at the end of next week, when all the results are known.

The CCU concluded that it is most unlikely that industrial action will take place on any significant scale before Monday, 23 November. The dispositions of service instructors and service drivers are being made accordingly.

I see no reason to change my earlier judgement that an all-out strike will not in the event take place.

J.

13 November, 1981

CONFIDENTIAL



CABINET OFFICE
70 WHITEHALL
LONDON SW1A 2AS

Prime Minister

01-233 8378

13th November 1981

MUS 13/11

Ref: B06333

Dear John,

Oil Tanker Drivers: Contingency Measures

The CCU met at official level this morning. This letter confirms my oral report to you and to the Secretary of State for Energy's office on the decisions taken.

2. If both of two unexpected developments occur later today, viz if BP's drivers vote to reject the 8.1 per cent offer and decide to strike from Monday (16th November), then the Ministry of Defence will make arrangements which allow for the possibility that a State of Emergency could be needed as early as Friday, 20th November. On that basis the troops will be held at one hour's notice from noon on 20th November, and instructors at one hour's notice from noon on 16th November. But instructors will not actually move until both the Home Secretary and the Secretary of State for Energy have confirmed on 16th November that they should.
3. If those two unexpected developments do not occur today (or if only one of them does), then the Ministry of Defence will make arrangements which allow only for the possibility of a State of Emergency no earlier than Monday 23rd November. On that basis the troops will be held at one hour's notice to move from noon on 23rd November; and instructors from noon on Thursday 19th November.
4. If following a favourable result of the BP vote today the result of the Shell vote is also favourable on Wednesday 18th November, then the whole Ministry of Defence operation will be stood down. Failing these two favourable results, the Unit will meet again at official level early on 19th November; and the Secretary of State for Energy will be advised to seek contingent authority from the Cabinet the same day (19th November) for a State of Emergency to be declared at the Home Secretary's and his discretion, on the basis of his paper C(81) 56 updated by oral report, unless it is clear by then that there is no danger of a major strike before 26th November at earliest.
5. As you will have heard, the result of the Esso vote yesterday was to reject the 8.1 per cent offer. But no strike action is to be taken pending further negotiations with the company and a further meeting of shop stewards on 19th November.

J F Halliday Esq.
Home Office

/6.

15 MAR 1981

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11 10 9 8 7 6 5

6. I am sending copies of this letter to Michael Scholar at No. 10, Julian West at the Department of Energy, John Freeman at the Ministry of Defence and David Wright here.

John. even

R L Wade-Gery

R L WADE-GERY

T.R.
PRIME MINISTER

OIL TANKER DRIVERS' DISPUTE

I have just heard from the Cabinet Office that it is now certain that there will not be a total strike starting on Monday and very probable that there will be no strike at all starting then.

This item, however, remains on the Agenda for Cabinet, and Mr. Lawson is ready to give a short report on how matters stand. He and Mr. Whitelaw have agreed that there is no point in the Forces' training programme starting tomorrow, and the Ministry of Defence have accordingly stood down the instructors, who would otherwise have started work at dawn tomorrow.

MCS

11 November 1981

CONFIDENTIAL

PRIME MINISTER

Oil Tanker Drivers
(C(81) 56)

BACKGROUND

The Secretary of State for Energy's memorandum has been circulated to the Cabinet for consideration on 12th November because of the danger that early next week a State of Emergency may have to be declared, for the first time in the life of this Government. It is quite possible that the oil tanker drivers may not strike at all from 16th November, as threatened, or that the strike response may be much less than total. But we need to make plans in case the full threat does materialise. If it does, essential oil supplies can only be maintained by the rapid implementation of the military Plan Leadburn. That would involve the Armed Services requisitioning oil tankers, which can only be done during a State of Emergency.

2. The earliest the State of Emergency would need to be declared would be on Monday evening (16th November). Provisional plans for a Privy Council meeting have been made. If the picture only clarifies more slowly than that, both the Emergency declaration and the implementation of Plan Leadburn could be postponed. Subject to the Cabinet's general authority, the decision will be for the Home Secretary to take (both as Departmental Minister responsible for the declaration and as Civil Contingencies Unit Chairman), in consultation with the Secretary of State for Energy and others directly concerned. He will of course keep you informed.

3. The Secretary of State for Energy is in close touch with the employers but is not seeking to influence their policy.

4. Much will clearly depend on how the four companies' respective drivers vote this week. The Transport and General Workers Union hope that the BP drivers will have changed their minds by Friday and be prepared to support a strike if by then the others have decided to do so. But the shambles over the first BP result on 9th November has clearly placed the union leaders in a weak

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position, which is being underlined in background guidance to the media being co-ordinated by your Press Office and the Department of Energy. Public opinion will be of crucial importance, both this week and as the strike develops if there is one. Oil tanker drivers are exceptionally well paid already.

5. It is not clear how long Plan Leadburn could keep essential supplies going. That will depend on how far the strike spreads to other links in the fuel chain, e.g. railwaymen and workers at oil depots and refineries; and how far the Department of Energy are willing and able to devise counter measures if it does. At present the Department's officials assume that the limiting factor would not in practice be the vulnerability of Plan Leadburn but the unwillingness of the public to put up for long with the absence of any fuel for private motoring or for non-essential oil-burning (i.e. most) industry. Even if Plan Leadburn works indefinitely it could do little if anything about these latter privations. When fully operational (after three weeks) the Plan should be able to deliver rather more oil than essential users alone will require, but less than a fifth of total non-essential consumption at most. Even if the Plan could be extended, there would be legal difficulties about using Emergency Powers to cater for non-essential requirements on any scale.

6. If that is right, public opinion will insist on a fairly rapid settlement. Ministers will need to consider whether this pressure will be applied more strongly to the strikers or to their opponents (who will of course be thought to be the Government at least as much as the employers); and what can be done to influence the issue.

HANDLING

7. The Secretary of State for Energy should introduce his paper and report on the latest situation. The Home Secretary should then comment on the proposed State of Emergency and the Secretary of State for Defence on the military Plan. Most other Ministers are departmentally concerned one way or another. You will need to hear particularly from the Secretary of State for Industry, the Secretary of State for Transport and the Minister of Agriculture.



CONFIDENTIAL

8. You could conveniently focus discussion on three issues:

- (i) How likely is a strike? How total will it be if it occurs? How far can it be expected to spread to other workers? What steps can the Government take to influence these issues?
- (ii) Does the Cabinet agree on a contingent basis to the declaration of a State of Emergency, and the subsequent implementation of Plan Leadburn, if the Home Secretary and Secretary of State for Energy, in consultation with others directly concerned, decide it is necessary?
- (iii) If a strike occurs, how long will it last and how will it end? What are Plan Leadburn's limitations? If public opinion demands an early settlement, which side will they think should give way?

9. The Secretary of State for Trade may ask whether the oil companies could be encouraged to call for volunteers (e. g. unemployed lorry drivers) to deliver non-essential supplies, using unrequisitioned company tankers. The Secretary of State for Energy should reply. The idea is attractive. But the companies would almost certainly be too scared to act on it; and even if they were not it is unlikely that volunteers would be willing to cross picket lines.

CONCLUSION

10. The only essential decision is on Plan Leadburn and the State of Emergency, i. e. paragraph 7(ii) above.

11. Depending on the discussion, there may also be conclusions to record on Government action to influence public opinion, the drivers and/or the oil companies.

Robert Armstrong

11th November 1981

CONFIDENTIAL

Mr. Scholar, No 10



CABINET OFFICE

With the compliments of

Mr. Wade-Gery

70 Whitehall, London SW1A 2AS

Telephone 01 233

CONFIDENTIAL

Copy to Mr Ingham

Mr Verker



CABINET OFFICE
70 WHITEHALL
LONDON SW1A 2AS

Ind Pdt.

OT-~~XXXXXX~~ 233 8378

10th November 1981

Ref: B06330

MCS has seen.

Dear John,

Oil Tanker Drivers

The Home Secretary and the Secretary of State for Energy briefly discussed the situation while waiting for another meeting at No. 10 at 9.30 this morning. They agreed, in the light of the confused situation resulting from the outcome of the BP drivers' ballot, that the Army should be given the required warning order forthwith (paragraph 2b of my minute B06327 of 4th November to No. 10); that I should so inform the office of the Parliamentary Under Secretary for the Armed Forces (which I did at 9.45); and that the Home Secretary would orally inform the Prime Minister of the position in the course of the morning (which he has now done).

2. The Secretary of State for Energy said that he would be seeing the Chairman of BP tomorrow but was not sure how robust a line BP would take in briefing the press. He therefore asked me to have a word (which I have done) with the Chief Press Secretary at No. 10 about the need for him and your press people to provide adequate background guidance to the media.

John

Robert

R L WADE-GERY

J F Halliday Esq.
Home Office

cc Mr Scholar, No. 10
Mr West, D/Energy
Mr Dawson, MOD
Mr Freeman, MOD
Mr D J Wright

Ind. Pol.

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10 DOWNING STREET

From the Private Secretary

MR. WADE-GERY,
CABINET OFFICE

Oil Tanker Drivers

The Prime Minister has seen and noted your minute to me of 4 November on the conclusions of the Civil Contingencies Unit meeting on 4 November.

I am sending copies of this minute to the Private Secretaries to the Home Secretary, Secretary of State for Defence and Secretary of State for Energy; and to David Wright (Cabinet Office).

MU

6 November 1981

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CONFIDENTIAL

Ref: B06327

MR SCHOLAR✓ cc J. Vereker ②
A. Auguid
Prime Minister

Mus 4/4

m

Oil Tanker Drivers

The Secretary of State for Energy's minute to the Prime Minister of 30th October reported that an oil tanker drivers strike might occur from 16th November; that if so essential supplies could only be maintained by using drivers from the Armed Forces; that this would require the requisitioning of tankers and therefore the proclamation of a State of Emergency; and that the Civil Contingencies Unit (CCU) would meet today to decide about warning the Services.

2. The Home Secretary has now asked me to report that CCU met this afternoon at Ministerial level under his chairmanship. It was agreed that the military contingency plan (codenamed LEADBURN) would need to be ready for action if required on 17th November; and that for this to be possible

a. the 160 Service instructors, who would need to start training Service drivers on 12th November, should be given the necessary warning order tomorrow, in strict confidence;

b. that the 12,500 Service drivers involved should be given the warning order they would need on 10th November, provided that at that stage the Home Secretary, Secretary of State for Defence and Secretary of State for Energy were satisfied that no unforeseen development had made this step premature or unnecessary.

It was noted that step b. would certainly become public knowledge at once; but that there was a reasonable chance of step a. remaining confidential.

3. It was further decided that, again subject to unforeseen developments, the Secretary of State for Energy should on 10th November circulate to the Cabinet, for discussion at their meeting on 12th November, a paper recommending the proclamation of a State of Emergency, if still required, on 16th November.

4. The Secretary of State for Energy's minute suggested that he should make a preliminary report to the Cabinet tomorrow. The Home Secretary and he have since agreed that this will not be necessary.



5. I am sending copies of this minute to the private secretaries to the Home Secretary, Secretary of State for Defence and Secretary of State for Energy; and to Sir Robert Armstrong.

A handwritten signature in blue ink, which appears to read 'R L Wade-Gery'.

4th November 1981

R L WADE-GERY

CONFIDENTIALPrime Minister

(2)

cc Mr. Hoskyns
Mr. InghamMR. SCHOLAR

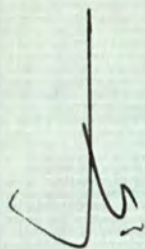
For information only

Oil Tanker Drivers' Dispute

MUS 3/11

Robert Wade-Gery will be sending the Prime Minister this evening a note recording the decisions of the Contingencies Unit, which met this afternoon under Mr. Whitelaw's chairmanship. In brief, the Contingencies Unit decided to put instructors of service drivers on one week notice, but to leave other decisions until the last possible moment (probably 13 November) so as not to be seen to be interfering in the oil companies' negotiations.

The Contingencies Unit, properly, did not attempt a judgement as to the likelihood of the scenario it faced - four weeks on 35% of normal supply as from 16 November, followed by very much less - actually happening. The Prime Minister may wish to know that there are good grounds for expecting a peaceful settlement. The oil companies, who are of course very profitable, would have no reason to try and face down a strike for the sake of an extra 2% or so, which would add little to their pay bill but would subtract enormously from their profits; but they do have every reason for the kind of brinkmanship negotiations now taking place. It would be surprising if, should the ballot go against BP on 9 November, the offer is not raised again.

4 November 1981**CONFIDENTIAL**

CONFIDENTIAL



cc Cabinet
CO

HL

bcc Ingham
Vereker

hol
PSJ

10 DOWNING STREET

From the Principal Private Secretary

4 November 1981

Industrial action by oil tanker drivers

The Prime Minister has seen your Secretary of State's minute of 30 October 1981 about possible industrial action by oil tanker drivers.

She was grateful for this report and would be glad if Mr. Lawson would continue to keep her in touch with the situation as it develops. As I told David Lumley earlier today, she does not think, however, that there is any need for Mr. Lawson to report to Cabinet tomorrow.

I am sending copies of this letter to the Private Secretaries to the other members of the Cabinet and to David Wright (Cabinet Office).

CLIVE WHITMORE

J.D. West, Esq.,
Department of Energy.

KL

CONFIDENTIAL

File

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10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Industrial action by oil tanker drivers

You spoke to me earlier in the week about Mr. Lawson's minute of 30 October, to the Prime Minister about the threat of industrial action by oil tanker drivers.

I attach a copy of the letter which I have now sent in reply to his Private Secretary. Taking the point which you made when you spoke to me, I have also had a word with Mr. Lawson's Private Office about the need to restrict the circulation of correspondence about sensitive CCU matters to the absolute minimum.

CW

4 November 1981

CONFIDENTIAL

Spoke to Winger and
explained at his own
meeting by my letter of
yesterday to the West-Union
Ref. A05882
NFA.
MR. WHITMORE

Mr. R. Armstrong will
welcome a word with you
about this before the final
draft to Energy issues.

SM
11/11 Tpmid

We spoke about the minute of 30th October
from the Secretary of State for Energy to the Prime
Minister on the possibility of an oil tanker drivers'
strike from 16th November. That minute was copied
to all Cabinet colleagues.

2. Both of us took the view that it was
premature to have copied such a minute to all
members of the Cabinet.

3. I suggest that you might reply to the minute on
the lines of the draft attached. Perhaps you could at
the same time speak to the Private Secretary on the
telephone, to convey the Prime Minister's view that
this was a minute which should not have been so
widely copied.

REA

ROBERT ARMSTRONG

3rd November, 1981

CONFIDENTIAL

CONFIDENTIAL



DRAFT LETTER FROM PRIME MINISTER'S
PRIVATE SECRETARY TO PS TO SECRETARY OF
STATE FOR ENERGY

cc Private Secretaries to all other members of the
Cabinet
Sir Robert Armstrong
Mr. Wade-Gery

The Prime Minister has seen your Secretary of State's minute of 30th October about the possibility of a strike by tanker drivers employed by the four major United Kingdom oil companies.

She does not think that it would be appropriate for your Secretary of State to make a report to Cabinet on 5th November, which will still be eleven days before the strike is due to begin.

It will be for consideration by the Ministers directly concerned next week, in the light of the way in which the situation develops, what action the Government is called upon to take.

I am sending copies of this letter to the Private Secretaries to other members of the Cabinet, and to Sir Robert Armstrong and Mr. Wade-Gery.

CONFIDENTIAL

CONFIDENTIAL

✓ JV
AD



ms

PRIME MINISTER

There is a serious possibility that the tanker drivers employed by the four major UK oil companies (BP, Shell, Esso and Texaco, who between them supply 65% of the market) will come out on strike as from 16 November, following their union's rejection of a 6.7% pay offer. Any such strike would inevitably spread to some of the smaller companies. But in any case, the prospect of losing the depots and distribution systems of the four major companies means that we would be able to maintain an effective supply of oil to essential users only by calling in Service drivers. Our best estimate is that Service drivers might be able to deliver about 35-40% of normal demand. Even so, there would be little prospect that the general run of industrial and commercial users, or the private motorist, would receive any fuel at all.

It would at this stage, therefore, be prudent to plan for the worst. If we have to call on the Services there would, immediately beforehand, need to be a proclamation of a State of Emergency in order to allow the requisition of tankers owned by the oil companies, and we would have to seek the use of the reserve powers of the Energy Act 1976.

There is no immediate need for decisions but I understand that a meeting of the Civil Contingencies Unit is being arranged for Wednesday to discuss the situation. At that time I may need to seek approval of colleagues for some advance warning to be given to the Services.

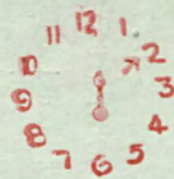
If you agree, it may be appropriate for me to make a short report to Cabinet on Thursday.

I am copying this to Cabinet Colleagues, to Sir Robert Armstrong and to Mr Wade-Gery.

NR

Secretary of State for Energy
30 October 1981

13 OCT 1981



CONFIDENTIAL

Prime Minister

(1)

MR SCHOLAR

Prime Minister.

ccMr. Hoskyns
Mr. Ingham

I understand that the CCU

are less than happy about

The Department of Energy's

preparedness. If you agree I will

reply to Mr Lawson's minute on the

basis that you note and hope that

all options

will be

considered

carefully.

MLs 2/11

Industrial Action by Oil Tanker Drivers

take place until

16 November,

The Contingencies Unit this afternoon had a first look at

the need to put into effect the contingency plan in the event

of industrial action by the oil tanker drivers. It is by no

means certain that it will come to a strike, but if it does the

effect could be sudden and dramatic and the Prime Minister may

wish to be aware of the situation.

Last week the TGWU recommended that there should be a strike as from 16 November of the tanker drivers presently negotiating with the four major supplies - BP, Shell, Esso and Texaco. This strike call will be considered by senior shop stewards in the four companies in the week beginning 9 November. The employers are pessimistic about the prospects, not least because Mobil has already settled at 11 per cent, whereas the other four are offering only 6.7 per cent.

The big four between them have some 65-70 per cent of the delivery capacity. But the small and independent distributors tend to use the same depots, so it is entirely possible that industrial action could interrupt as much as 90 per cent of the distribution of oil. But at this stage it is not possible to say the extent to which the strike action will be upheld, or observed, and less alarming scenarios are entirely possible.

The contingency plan for the use of Servicemen would be brought into operation if more than 70 per cent of the oil supply was interrupted. It involves the use of Servicemen to requisition tankers, in order to provide a limited number of identified priority users with the essential minimum amount of oil. In all, the Servicemen could provide only about 30 per cent of normal delivery capacity. Because distribution would be so patchy, rationing is not proposed. It is likely that the Contingencies Unit will meet at Ministerial level on 4 November in order to decide whether to activate the contingency plan.

29 October 1981

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Prime Minister

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PRIME MINISTER

mtb..

To note.

Ind P.O.

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CONTINGENCY PLANNING FOR INDUSTRIAL ACTION
BY OIL TANKER DRIVERS

In my minute of 13th December I said that the improved industrial relations situation affecting oil tanker drivers had enabled me, in consultation with the Secretary of State for Energy, to cancel pre-Christmas training of Service instructors in fuel handling duties. However, against the risk of an unexpected deterioration in that situation over the holiday period, we agreed to place them at 24 hours' notice for training on return from leave on 2nd January.

Pay negotiations by each of the major oil companies with their tanker driver employees continue until about the middle of this month but the oil industry management are confident that industrial action to enforce pay claims is remote. It has therefore been arranged that the Service instructors should revert to their normal seven days' notice.

I am sending copies of this minute to our colleagues in E and also to the Lord Chancellor, the Secretaries of State for Defence, Scotland, Wales, Northern Ireland, Social Services and Education and Science, and to the Paymaster General, the Attorney General, the Minister of Transport and Sir Robert Armstrong.

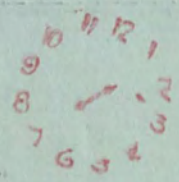
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Prin Smith

12 17/12

[Handwritten signature]

PRIME MINISTER

CONTINGENCY PLANNING FOR INDUSTRIAL ACTION BY
OIL TANKER DRIVERS

In my minute of 10 December I said that colleagues in the Civil Contingencies Unit had agreed to place Service instructors at short notice to carry out fuel handling training from 17-21 December as an essential preliminary step towards activating plan LEADBURN.

|| In consultation with the Secretary of State for Energy I have decided that we may cancel that notice today because the Shell Company dispute over the use of contractor vehicles has been largely resolved. Moreover, it is now the view of the oil industry management as a whole that risks of strikes by tanker drivers to enforce pay claims this winter is remote.

Although we shall stand down training for the period before Christmas, we are arranging to warn the same instructors to be prepared to report for training within 24 hours of returning from block leave on 2 January. This is because there would be difficulties in contacting them whilst on leave if the industrial relations situation were suddenly to deteriorate. But this too can be cancelled on 2 January if all still seems well at that stage.

I am sending copies of this minute to our colleagues in E and also to the Lord Chancellor, to the Secretaries of State for Defence, Scotland, Wales, Northern Ireland, Social Services and Education and Science and to the Paymaster General, the Attorney General, the Minister of Transport and Sir Robert Armstrong.

[Handwritten signature]

13

December 1979

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Prime Minister *W. A. R. 2*
To note. Although the
Shell dispute over contract
drivers seems to be
settled, we will have to
watch this closely.

*cc Mr. Higham
Mr. Lister.*

PRIME MINISTER

CONTINGENCY PLANNING FOR INDUSTRIAL
ACTION BY OIL TANKER DRIVERS

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I chaired a meeting of colleagues in the Civil Contingencies Unit this morning to consider contingency arrangements to mitigate the effects of industrial action by the oil tanker drivers.

Our assessment of the situation is that while the prospect is not clear, industrial action could easily be intensified, although it is most likely that this will not happen until the holiday period is over. The overall impact is therefore not likely to be serious until, say, 2 January; but that if a strike started then there could well be a major effect on the public and industry almost immediately because stocks will already have been run down meanwhile.

Supplies are at present about 80% of normal overall. But there are some big regional disparities, and we have asked the Scottish Office and Department of Energy to look urgently at the problem of the Strathclyde area in particular.

If deliveries do not fall below 70% of normal, the oil companies claim to be able to cope without Government intervention; but we have urged the Department of Energy to ensure that the Oil Industry Emergency Committee holds an early meeting to consider how that claim is working out in practice. If deliveries fall below 70% but not below 30% of normal, the best course is for the Government to try to cope, without military intervention, by taking powers under

CONFIDENTIAL

the Energy Act by Order in Council to enable the Secretary of State for Energy (a) to give a general authority to oil suppliers to override their contractual obligations, and (b) to make orders restricting times of opening at filling stations, defining priority users, preventing hoarding and possibly controlling retail prices and maximum heating levels. These powers could be used on a selective regional basis if necessary, and the Department of Energy are considering this possibility.

If supplies fall below 30% of normal, the military plan (LEADBURN), using up to 15,000 Servicemen operating requisitioned oil tanker vehicles would have to be brought into effect. This would require the proclamation of a state of emergency to enable requisitioning to take place.

LEADBURN would take up to 14-17 days to put into effect from "cold". But this figure can be reduced to 5-7 days if we take the essential preliminary step of training the army instructors who would be involved (about 160 men). That training can be carried out between 17 and 21 December, provided we authorise it not later than today. This we have done. The authorisation could be cancelled any time up to 17 December, if the situation improves. The fact that training is taking place will be confidential but may leak. If it does, MOD in consultation with the Paymaster General will take the line that it is no more than a sensible precaution.

If by 20 December it looks as if we might need to move rapidly to put LEADBURN into effect as soon as the holiday period ends on 2 January, we shall need to warn the 15,000 Servicemen who would be involved that on return from Christmas leave they will be at 12 hours' notice to report for oil delivery tasks. We decided to meet again next week before authorising this step. It would certainly become public knowledge almost at once, and there might even be advantage in announcing it.

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3.

Before LEADBURN could be put into effect we would need to proclaim a State of Emergency by Order in Council, since we should not otherwise have the power to requisition the 3,900 oil tankers which the Army would need. 2 January seems to be the earliest this might be necessary. We can clearly leave the decision until nearer the time. But contingency arrangements with the Privy Council Office have been put in hand. It would be necessary for Parliament to be recalled within five days of the proclamation and the Serjeant at Arms will be warned of this just before the Recess if the threat still looks grave enough. I shall need to warn Chief Constables before Christmas that the possibility of proclaiming a State of Emergency exists.

If the situation seems to warrant it, either this week or next, we shall need to authorise the Department of Energy to start printing the information leaflets and other material they will need for LEADBURN.

Finally, we considered the question of likely endurance if LEADBURN is put into effect. Although the plan would pre-empt a large proportion of all their HGV drivers, the Army are confident that they could maintain their side of it for a considerable period. But the Department of Energy feel that with supplies of only about 30% of normal, the position would only be tolerable for, say, 3-4 weeks, because there would be almost no tanker deliveries available for industry (other than essential foods), commerce, or domestic use, within that level. We asked officials to consider urgently what the implications would be of attempting to provide a greater volume of deliveries, both from the point of view of resources and of the legal powers available under the Emergency Powers Act.

The Unit will continue to keep the developing situation under close review, and I will keep you informed.

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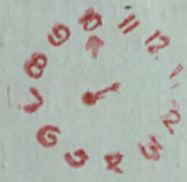
I am sending copies of this minute to our colleagues in E, and to the Lord Chancellor, Secretaries of State for Defence, Scotland, Wales, Northern Ireland, Social Services, Education and Science, Paymaster General, Attorney General, Minister of Transport and to Sir Robert Armstrong.

all this may have been overtaken by today's events, but precautionary planning is still essential

10 December 1979

CONFIDENTIAL

11 DEC 1979



Mr. Wilson
Mr. Horder
Mr. Lyman



Prime Minister

This letter warning:

Mr. Horder is right to
alert the CCU.

SECRETARY OF STATE FOR ENERGY
11, WHITE HALL, LONDON SW1A 2JQ
01 211 6402

CONFIDENTIAL

Rt Hon William Whitelaw MP
Secretary of State for the
Home Department
50 Queen Anne's Gate
LONDON SW1H 9AT

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31 November 1979

Ice Litter

PROSPECT OF INDUSTRIAL ACTION IN THE OIL INDUSTRY

I am writing to you as Chairman of the Civil Contingencies Unit to say that the current round of wage negotiations between the oil companies and their tanker drivers is not going well.

Shell are in the lead on these negotiations, and their drivers have rejected an offer of about 20%. In the course of next week, or later if negotiations are prolonged, we should know if there is a real prospect of industrial action on the part of their drivers. The drivers of other major oil companies, who have rejected comparable offers, will probably fall in with whatever is decided by the Shell drivers. The differences between the employers and the unions are narrow and most companies believe that the drivers are anxious to avoid industrial action. But we need to be ready for the worst.

After the experiences of the last two winters I understand that contingency plans including the use of troops and the requisitioning of vehicles for dealing with widespread industrial action by tanker drivers are reasonably well developed; but in a full scale strike it would not be possible to maintain more than 30% at best of supplies. Should matters worsen during the course of next week, or later, my Department will report the situation to the Unit which will no doubt wish to review its plans. In the past tanker drivers have deferred the threat of strike action until after Christmas and I understand that the oil companies expect that this pattern would be repeated if agreement were not reached in the interval.

Quite separately, Shell who have 20% of the market, are having difficulty with their drivers over the use of contractors' vehicles. This particular dispute, if it is not speedily resolved, could in due course spread to other companies.

As to refinery workers, settlements have already been reached or are likely very soon in all current cases, with the sole exception of Shell.



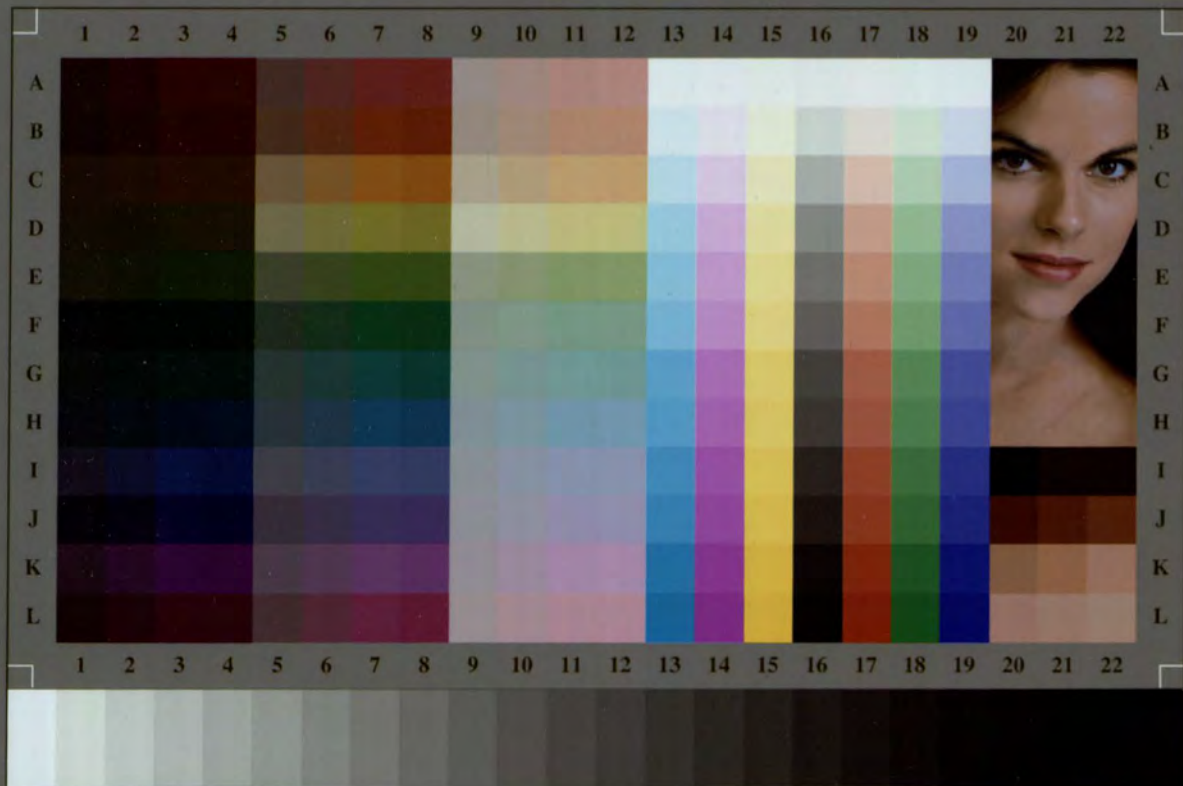
We could have some difficulty here; but it is too early as yet to forecast.

I am copying this to the Prime Minister, to Ministers whose Department are represented in the CCU, and to Sir Robert Armstrong.

D A R HOWELL

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