

Evidence on pay  
Treasury EFL.



7<sup>th</sup> 3-42  
Prime Minister's Nat  
Ind  
From 6 months -> pay.

CONFIDENTIAL

Disruption  
MR LANKESTER  
Content of Railway Policy

RAILWAY PAY

6%  
- agreement 4%  
- productivity  
W. J. Parker.

You asked if we could get additional information for the Prime Minister's use this morning when Mr Fowler raises the question on railway pay in E.

2. The only immediate useful document is Mr Fowler's minute of 27 March to the Prime Minister about pay. Transport have now however amplified this to me. The key points are:-

(a) The EFL calculations assume 8% for pay this year.

(b) As Mr Fowler told the Prime Minister last night, BR think they will be £100m, or thereabouts, down on their trading results this year. Without offsetting action this will carry straight through to the EFL. Parker does not believe BR can offset the £100m by their own efforts.

(c) BR have an arbitration agreement with their staff which gives the right of unilateral access to the BR staff Tribunal. The awards of the Tribunal are however only binding if both sides have agreed the reference. The history of the Tribunal's previous awards does not fill the Department of Transport with confidence. If the Railway unions were to exercise their right of unilateral access so that a non-binding award emerged it would nevertheless be very difficult for the Railways to ignore it.

(d) 1% on pay costs BR roughly £15m a year.

(e) Of the three pay options mentioned to the Prime Minister last night by Mr Fowler, those based on staging (7% now + 4% at the turn of the year, or 6% now + 2% in October), are designed to keep within 8% though the first option would raise the base pay for next year's negotiations by 13%. The "freeze" option was designed to reflect directly the EFL position.

  
P Le CHEMINANT

8 April 1981