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RAILWAYMEN'S PAY

The recommendation of the Railway Staffs National Tribunal (RSNT) announced today for employees of British Rail is that they should have 8% from 20 April (the normal anniversary date) and another 3% from 1 August. With some additions also recommended to the London Allowance and the minimum earnings level, this would represent an effective increase of something over 10% in pay rates in the current year, but of course the starting point for next year is raised by over 11%.

These recommendations are not binding on the British Railways Board, who had offered 7% and had provided for 8% in their budget. Every one per cent on pay for all the Board's staff costs £16m in a full year. So the recommended rises would cost the Board over £30m on their 1981/82 EFL, but some £65m over the 7% offer in a full year. This comes at a time when the Board have just reported further uncovered losses rising to £70m.

I have asked Sir Peter Parker to let me have urgently his best appreciation of the position.

The immediate impact of the RSNT recommendations will be on the separate negotiations about pay on the London underground which will reach some sort of outcome - probably expensive - over this weekend. We cannot influence that, but the outcome could affect the handling of the question of BR pay.

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We shall need to give very clear guidance to the British Railways Board about our position, when we have Sir Peter Parker's appreciation and have seen the outcome on London Transport.

I will report again as soon as there are further developments.

Copies of this go to the Home Secretary, the Chancellor of the Exchequer, the Chancellor of the Duchy, the Secretaries of State for Industry, Employment, Environment and Trade and to Mr Ibbs and Sir Robert Armstrong.

NORMAN FOWLER
16 July 1981

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