

From: Gordon Taylor
Member of the Greater London Council
for Croydon Central
Deputy Leader of the
Planning and Communications Policy Committee,
Chairman of the London Transport Committee

K.S. I have copied it to
August Madsen
Derek

^{Transport}
MEMBERS' LOBBY
THE COUNTY HALL
LONDON SE1 7PB

Mr Derek Howe
10 Downing St.

7.6.79

r. M. [unclear]
or. M.

Dear Derek,

Enclosed are the briefing notes I have prepared on the threatened London Transport underground strike.

I have made these fairly full which is partly due to the several parties with a very direct interest in this dispute.

I shall be happy to provide any further information that you might require.

Kind regards
yours sincerely
Gordon

BACKGROUND-BRIEFING NOTE ON THREATENED LT UNDERGROUND STRIKE FOR JUNE 18 1979.

PREPARED BY G.W. TAYLOR 6 JUNE 1979.

Responsibility of the GLC and LT Executive

The LT Executive has a statutory responsibility to operate an adequate transport system for London. The GLC is responsible for establishing the policy of LT and providing finance. The GLC is not responsible for the day to day management of LT which includes industrial relations.

Background

LT is divided essentially into two businesses, buses and underground railway.

In the annual wage rise, the bus side settles first, followed by the railwaymen, who await the annual BR settlement deals before they themselves settle with LT.

Each year LT submit revenue and capital budgets for GLC approval and the 1979 revenue budget allowed for a 5% pay increase in line with the previous Government's pay policy.

Bus Settlement

Busmen belong to the TGWU and following the January's road haulage strike, where the haulage drivers received a 17% approximate increase, it was recognised that the 5% figure allowed in the budget would have to be exceeded. Any increase above 5% would affect the LT budget. (A 1% pay increase adds approximately £2m per annum to LT wage costs). Because the budget figure was going to be exceeded, LT discussed with the GLC the basis of an offer to be made to the busmen and it was agreed that a basic pay rise of under 10% plus an extra few percentage to be covered by self-financing productivity deals could be met. In the event, the busmen agreed to a basic rise of 9.8% plus productivity which will cost LT approximately 12%.

Railwaymen

Railwaymen with LT belong to one of three unions. The largest is the NUR with about 9,000 members, ASLEF 1,700 and TASSA 3,000. Approximately 50% of the drivers are NUR, the rest being ASLEF. The NUR is the union causing the difficulty in reaching agreement with LT. On the NUR Executive are 18 representatives from BR and 2 from LT - thus decisions reached by the NUR Executive on LT matters are made by a majority of non-LT members.

Recently BR settled with the NUR which we understand gives the men an effective increase of 11-13%. LT have offered their railwaymen the same basic increase as the busmen plus a package of productivity deals which would give the men an increase of about 13-14%.

As is customary, leading grades at LT have been offered as good as or slightly better rates than the comparative grades in BR. The original LT offer was rejected by the union negotiators on 31 May who counter-claimed for a straight 17% increase without any commitment to improve productivity. LT then repackaged their proposals without

significantly increasing their total cost and put the revised proposals to the unions who again rejected them. The Executive of the NUR turned down this revised offer. A further meeting between LT and the unions for Tuesday 5 June was rejected by the unions. On 1 June the Executive of the NUR through their assistant secretary, Charles Turncock, issued a call for an indefinite strike by their members to start on June 18. It is not certain whether ASLEF and TASSA would join this threatened strike. As far as the operation of the underground is concerned it is not material as it would not be possible to run trains in the absence of NUR signalmen.

Present Attitude of LT

LT are very concerned at this militant turn of events by the railmen who have not been on strike since 1926 and have in previous years been more reasonable to settle with. LT are not inclined at present to move from their position because of the very wide gap which exists between their offer and what the men are claiming. One other fact in this situation is that the busmen have made it quite clear that if the railmen receive more than the present offer then they themselves will be back for more money. LT feel that without some new initiative or give in the present situation a strike may well take place.

Attitude of the GLC

The GLC are supporting a very firm line but recognise the adverse effect on London's economy, life, and LT finances should a strike take place.

Attitude of Government

Soundings obtained by the LT Executive Chairman, Ralph Bennett, via Peter Baldwin, Permanent Secretary of the MOT, indicated Government approval of the GLC/LT firm line being taken. This was further reinforced when the GLC Director-General spoke to the ~~Permanent~~ Under-Secretary at the DOT, Mr. Lazarus.

Effects of an Underground Strike

This would depend on its length. It is difficult to estimate how long a strike would last but it could be for 5 to 6 weeks. This is not generally a chosen time of the year for strikes as, with the few weeks that have elapsed since the start of the new tax year, the men have not much in the way of tax rebate to come and the holiday season is impending with consequent pressures from their families.

Approximately 2 million Londoners per day use the underground so that the necessary journeys with the trains out of action would have to be made by buses, BR, and private transport. The majority of dislocation would occur North of the Thames. Whilst it is difficult to assess the actual effect on London's economy there is little doubt that some damage would result together with a great deal of passenger inconvenience.

Effect of Strike on LT

- 1) Finance - The underground is highly capital intensive and profitable. Closing it down would result in an anticipated direct loss of revenue of about £2m. per day. A lengthy strike of say 6 weeks would show a loss to LT of say £20m. which loss would exacerbate the already difficult financial situation.

- 2) Post-strike - During a strike there will be a loss of staff who are in any event difficult to recruit. Hence post-strike services would suffer. Also a strike is likely to sap the morale servicewide, particularly of middle management and this in turn would affect the efficiency of the re-start service. Neither point need be disastrous but certainly a strike would not be conducive to the more co-operative attitude of the staff which is required as de-manning proceeds in the years ahead.

BR are planning to cut back in services on Southern Region to meet fuel restrictions. BR management are due shortly to meet with other men to discuss the cutbacks. The feedback is that the men will try to resist these cuts which could affect their overtime and rest day working. If BR men feel strongly about this a situation might arise where BR men, particularly ASLEF, within the London area, take sympathetic action with their LT colleagues. This might affect BR commuter services to London, thus making travelling even more difficult for Londoners.

ACAS

Yesterday, June 5, John Cope, Chief Industrial Relations Manager, LT, was invited to the MOT to have an informal discussion with a representative of ACAS, with a view to ACAS having informal talks with the NUR to see if a basis could be established for continuing negotiations.

Financial Situation of LT

The present GLC policy for LT has three criteria: to hold present LT service levels, permit fares to rise with inflation, and to maintain fares subsidy constant.

Labour costs amount to 76% of total LT costs so that wage increases in real terms above inflation create a situation where the GLC policy could not be held. To meet this changed situation the options are:- to increase fares, increase subsidy or reduce services or a combination of these.

In view of the energy problem, it is likely to be considered undesirable to cut services. In any event, cutting underground services is unlikely to be the chosen option due to the high capital investment in use, the possible continued profitable running of the underground and the small savings likely to occur from cuts in underground services.

Political Implications

There is a feeling within the railway unions that over recent years the NUR has taken too moderate a line in wage negotiations particularly in comparison with ASLEF. Because of this, the NUR may have decided to flex its muscles somewhat by taking on LT which they might consider as a softer option than BR. Within this context there is the understanding that after ASLEF's centenary year, which comes up shortly, ASLEF may join the TGWU. This would have the effect in the BR wage settlement of ASLEF then being the big brother to the NUR which completely reverses the present situation. The NUR may feel that before this happens they need to establish a more militant pose with a view to retaining their membership. At the present time three other wage settlements are on the boil with some post office workers, the engineers and power station workers. This may or may not have some connection with the NUR attitude as far as LT is concerned. There may be a desire to take on the Government in one or all of these negotiations.

Conclusion

LT are just having a fares increase of 8.5% (June 17). This however will not cover any increased costs above 5% arising from any 1979 pay increase. If LT settle with the railmen on the same basis as the busmen a further fares increase as soon as possible (September 1979) in the range of 10 to 13% is inevitable, even after using all LT cash reserves. The claim submitted by the LT railmen is substantially larger than the recent BR settlement. If LT were to concede the railmen's demands it would add a further £20m. per annum to their wage bill (£5m. to railmen £15m. to busmen). This would be equivalent to a 40% increase in tax and ratepayers support to LT services or an impossibly high further fares increase. This would throw an unacceptable extra burden on the farepayer and/or ratepayer.

JW Taylor.

Addendum

THE FINANCIAL EFFECT OF PAY NEGOTIATIONS

Cost of Pay

- 1) Current LT payroll costs £320m. a year
 - 2) Increase if settlement costs 12%
in line with LT's offer £38m. a year
 - 3) Increase if settlement to bus and
rail is in line with rail claim
(say 18%) £58m. a year
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Effect on Fares

- 4) Increase in fares to meet 2) 15%
 - 5) Increase in fares to meet 3) 25%
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Alternatively, Effect on Precept

- 6) Current level of tax and rate borne
support to running trains and buses £52m.
 - 7) Current GLC precept (increased by 2p
in April 1979) 19p
 - 8) Increase in precept to meet pay costs
in 2) 2p
 - 9) Increase in precept to meet pay costs
in 3) 3p
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Pay Levels

- 10) Current pre-increase LT bus average
weekly earnings (with overtime) £99.25
- 11) Current pre-increase rail average
weekly earnings (including relatively
more lower grades and less overtime
than buses)..... £93.69