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Transport
CLIVE to see
+PA
MS



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

✓ Mr Walford
Mr Ingham
Mr Hoskyns

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PRIME MINISTER

Tin Lankester Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON
SW1

Not good news. We
will keep in touch

16 April 1980

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Dear Tim

You ought to know that there is a serious risk of a strike on London buses and underground next week over this year's pay settlement.

Negotiations with the tubemen are due to take place late on Tuesday, 22 April and with the busmen on 23 April. London Transport do not believe that either will accept less than the railway settlement which is likely to be not less than 18%. But they cannot afford, on their present budget as approved by the GLC, more than 12%. They are already in difficulty because of the increase in fuel prices and lower traffic receipts because of the drop in the number of tourists. If they had to settle at 18%, the extra 6% would increase their costs this year by some £25m or more. This would probably involve a fare increase in September, provided they were content to recover the money over a whole year's operation - and thereby incur a deficit this calendar year - of at least 8%.

There is we understand an unusual degree of militancy amongst the bus and tubemen at present and London Transport's present feeling is that if they offer only 12% or 13%, a strike could start on Thursday, probably affecting both the underground and buses.

Mr Fowler will be in touch with Sir Horace Cutler over the next few days and will keep the Prime Minister in touch with developments. In the meantime we have alerted the Civil Contingencies Unit.

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I am copying this letter to John Chilcot, Richard Dykes
and David Wright.

Yours

Gene

MRS E C FLANAGAN
Private Secretary

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