



10 DOWNING STREET

From the Private Secretary

20 August 1981

*file RB
cc As below
+ Wolfson
Hoskyns
master*

RAIL STRIKE

The Prime Minister held a meeting here this morning to discuss the threatened rail strike. Those present were your Secretary of State, the Secretaries of State for Industry and Employment, the Financial Secretary, Treasury, the Minister of State for Energy, Sir Peter Baldwin (Department of Transport), Mr. Wake (Department of Employment) and Mr. Moyes (Cabinet Office).

Mr. Fowler reported that discussions between the Railways Board and their trades unions which have been taking place since the beginning of this week under the auspices of ACAS appeared to have made good progress and were to be resumed later today. Although no formal announcement had been made on the position reached so far by any of the three parties to the talks, he understood that the unions were now prepared to concede the five changes in working practices which the Railways Board has been seeking, namely driver-only train operation, more single manning of trains, a commitment to the introduction of the "trainman", more flexible rostering and the introduction generally of open stations. Taken together these changes in working practices would enable BR to reduce its manpower requirement by 6,000 on top of the reduction of 28,000 which had already been achieved towards the Railways Board's target of a reduction in manpower of 35,000. These measures, if finally agreed, would save the Railways Board about £30 million per annum against the cost in a full year of £40 million for the extra 3 per cent pay award which had been recommended by the Railways Staff National Tribunal and which the Railways Board had already agreed to pay subject to binding agreements on the five productivity improvements mentioned above. The only obstacle to agreement now seemed to be the date from which this extra 3 per cent should be paid. The Railways Board's present position was that it should be paid from 1 January 1982, but they would probably be pressed to compromise - payment dates of 1 September, October and November were mentioned at various points in the discussion - as a means of achieving agreement. If BR were eventually to agree to payment from a date earlier than 1 January 1982 they would insist on detailed productivity agreements being signed before the money was actually paid, and the award would therefore probably be backdated. The cost in the present year of payment earlier than 1 January would probably be in the range £9-13 million, for which BR would not be able to find offsetting savings. He was seeing Sir Peter Parker later today and hoped that it would be possible for him to authorise

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Sir Peter Parker to seek to conclude a settlement on this basis. The direct costs of a rail strike would be very much greater than the likely costs involved in achieving a settlement on the lines he had described. But if, in the event, BR and the unions failed to reach agreement, contingency plans to cope with the consequences of a rail strike were well advanced and the problems which had emerged so far were being tackled.

The Prime Minister, summing up the discussion, said that the meeting was agreed that your Secretary of State should authorise Sir Peter Parker to seek to conclude an agreement on the basis which had been described. Ministers recognised that BR might have to compromise on the date from which the extra 3 per cent was to be paid as a means of reaching agreement, and that this might involve a small increase in BR's External Finance Limit for this year, probably in the range of £9-13 million. But this was a price worth paying to avoid a rail strike. However, it was essential that binding agreements should be concluded on the five productivity improvements sought by BR before the money involved began to be paid. If agreement were reached on this basis both ACAS and BR's negotiators would have done a good job. However, there were many other desirable productivity improvements to be achieved on the railway and it would therefore need to be made clear to BR at some stage that productivity improvements agreed in the context of pay could not also be used as justification for railway electrification; further productivity improvements would be required before any electrification schemes could be approved. If in the event agreement was not reached between BR and the unions, Ministers should meet again early next week to review the position.*

I am sending copies of this letter to the Private Secretaries to those who attended this morning's meeting, to John Halliday (Home Office), Brian Norbury (Ministry of Defence) and David Wright (Cabinet Office).

M. A. PATTISON

Anthony Mayer, Esq.,
Department of Transport.

*The Prime Minister asked that those present at the meeting should be available for a further meeting at 1130 on Monday 24 August if negotiations broke down.

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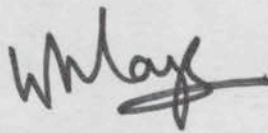
F.O

MR

MR PATTISON

cc Mr Cloke

I attach a draft letter for you to send to the Department of Transport recording the main points at the Prime Minister's meeting this morning. I shall let you have a separate letter dealing with the points made about coal stocks etc as soon as possible.



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20 August 1981

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DRAFT LETTER FOR MR PATTERSON TO SEND TO MR MAYER, DEPARTMENT OF TRANSPORT

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Mr Fowler reported that discussions between the Railways Board and their trades unions which have been taking place since the beginning of this week under the auspices of ACAS appeared to have made good progress and were to be resumed later today. Although no formal announcement had been made on the position reached so far by any of the three parties to the talks, he understood that the unions were now prepared to concede the five changes in working practices which the Railways Board has been seeking, namely driver-only train operation, more single manning of trains, a commitment to the introduction of the "trainman", more flexible rostering and the introduction generally of open stations. Taken together these changes in working practices would enable BR to reduce its manpower requirement by 6000 on top of the reduction of 28000 which had already been achieved towards the Railways Board's target of a reduction in manpower of 35000. These measures, if finally agreed, would save the Railways Board about £30m pa against the cost in a full year of £40m for the extra 3 per cent pay award which had been

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recommended by the Railways Staff National Tribunal and which the Railways Board had ^{already} agreed to pay subject to binding agreements on the five productivity improvements mentioned above. The only obstacle to agreement now seemed to be the date from which this extra 3 per cent should be paid. The Railways Board's present position was that it should be paid from 1 January 1982, but they would probably be pressed to com promise - payment dates of 1 September, October and November were mentioned at various points in the discussion - as a means of achieving agreement. If BR were eventually to agree to payment from a date earlier than 1 January 1982 they would insist on detailed productivity agreements being signed before the money was actually paid, and the award would therefore probably be backdated. The cost in the present year of payment earlier than 1 January would probably be in the range £9-13m, for which BR would not be able to find offsetting savings. He was seeing Sir Peter Parker later today and hoped that it would be possible for him to authorise Sir Peter Parker to ^{seek to} conclude a settlement on this basis. The direct costs of a rail strike would be very much greater than the likely costs involved in achieving a settlement on the lines he had described. But if, in the event, BR and the unions failed to reach agreement, contingency plans to cope with the consequences of a rail strike were well advanced and the problems which had emerged so far were being tackled.

The Prime Minister, summing up the discussion, said that the meeting was agreed that your Secretary of State should authorise Sir Peter Parker to seek to conclude an agreement on the basis which had been described. Ministers recognised that BR might have to compromise on the date from which the extra 3 per cent was to be paid as a means of reaching agreement, and that this might involve a small increase in BR's External Finance Limit for this year, probably in the range of £9-13m. But this was a price worth paying to avoid a rail strike. However, it was essential that binding agreements should be concluded on the five productivity improvements sought by BR before the

money involved began to be paid. If agreement were reached on this basis both ACAS and BR's negotiators would have done a good job. However, there were many other desirable productivity improvements to be achieved on the railway and it would therefore need to be made clear to BR at some stage that productivity improvements agreed in the context of pay could not also be used as justification for railway electrification; further productivity improvements would be required before any electrification schemes could be approved. If in the event agreement was not reached between BR and the unions, Ministers should meet again early next week to review the position.

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