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Transport

MR HOSKYNS

cc Mr Duguid
Mr Scholar

ASLEF Dispute

I think you should see the attached note from David Howell, which preceded his report to Cabinet yesterday about the prospects for a resolution of the ASLEF dispute. I have been reflecting on it, and have discussed prospects at different levels with the Department of Transport, and you may find it helpful if I set out what seems to be the only way forward - which is not a particularly attractive one.

In his penultimate paragraph, Mr. Howell says that we are not yet in a position to head off a long dispute; and that at some stage some third party intervention may be essential.

I understand that Peter Parker believes that the dispute must continue for at least another two weeks before ASLEF will be ready to participate in a negotiation for a settlement. Peter Parker presumably reckons that time is on the Board's side. It is certainly true that financial pressures on ASLEF members will build up: I am advised that they do not qualify for tax rebates, since they are still earning at least four days a week, and that they are at present losing £20 per day of strike (an average of £50 a week, since they do not normally work every Sunday). As long as commuter morale holds up - i.e. political pressures on the Government for a settlement are sustainable - BR's judgment is probably right. The down-side risk seems to me to be the possibility of concurrent trouble, either from ^{NUR or} LT, but that risk is not yet substantial. We are of course losing coal endurance, for which we shall pay next November, but I think that loss is not so much as to warrant our not making the maximum effort to get BR on a more productive and efficient path.

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If, then, we can last for another fortnight, and ASLEF is then prepared to talk seriously, the issue becomes what mechanisms should be used for the negotiations. Transport officials and BR seem to be agreed that the mechanism must be an agreement between BR and ASLEF to accept binding arbitration (ASLEF's position at present, of course, is that they will not accept that any arbitration should be binding, and that BR must pay up first). The mechanism for bringing about binding arbitration would be ACAS, and they would almost certainly want to use Lord McCarthy. Transport admit that, although there are examples of McCarthy having come down on the Board's side, he has tended to split the difference in favour of ASLEF on the main issues; and, of course, it is difficult to see how he could admit that there were any flaws in the settlement he brought about last August. The way round this may be through careful drafting of the terms of reference for the arbitration, making it clear that one side of the issue is the 3 per cent, but that the other side of the issue is not whether but when and how to introduce flexibility rostering. That, I suspect, will be the diet upon which ACAS conciliators will have to feed in the small hours of the morning.

There is some fantastic publicity for BR's case in needing to reform their manning procedures in the centre pages of today's Sun; but I am advised by Transport that they are not at all sure the stories by these two young train drivers will stand up, and that ^{may} they have criminal records.

J. M. M. VEREKER

22 January 1982

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ASLEF DISPUTE

This week's intervention by ACAS, under pressure from Sid Weighell, may have been premature. At yesterday's talks, the Railways Board were ready to accept a quick and binding arbitration, with payment of the three per cent when the result had been accepted by the unions and applied, (the identity of the arbitrator remaining to be settled). This might have proved to offer an acceptable solution but all the union side had to offer was non-binding arbitration, after payment of the three per cent, and with TUC good offices to secure acceptance of the arbitration result. There can only be slim hope of further progress today, and we must prepare ourselves for further disruptions of rail services next week, at least on the present pattern.

The Board have very little room for manoeuvre, if they are to sustain - as we must wish - the very firm management position and pressure for necessary changes which they have built up. They must certainly limit to the very minimum whatever concession they eventually have to make to secure a settlement, and that can only be right when the ASLEF leadership has been moved away from its present intransigence. I therefore do not foresee an early conclusion. If ACAS have failed to secure progress this week, it would presumably be some time before they could usefully intervene again. The public position that Mr Len Murray has taken reduces any prospect that the TUC can do much either. There could be no point in the Railways Board going to the top level of their negotiating machinery (the Railways Staff National Council) when the ASLEF position is simply that any move away from the eight-hour day is non-negotiable. So the prospect is fairly bleak.

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The exact costs of the dispute to the Board are difficult to assess at this stage, since it will not be clear for some time how much revenue has been wholly lost. But they are of the order of £3-4m for each day lost. Against this, the individual ASLEF members are sacrificing some £20 a day net (the union does not pay strike pay). Sir Peter Parker will consult me fully before taking any steps to escalate the dispute, since that could only be sensible if the action they take is fully justified in business terms and is also likely to hasten the resolution of the dispute. But the Board may need on Sunday week, if ASLEF strike that day, to bring in only those NUR and TSSA members for whom there is genuine work and so to deprive the majority of their expected Sunday duty. For my part, I do not think it would be right at this juncture to consider suspending payment of grant to the Board, since that would be a step forcing them to escalate the dispute.

There is therefore a prospect, even if the miners' pay is settled, of a continuing erosion of the coal stock levels at power stations, to an extent that it might not be possible to recover fully during the summer. However, we obviously have to avoid letting this be seen as any sign of weakness. In my judgement, the more immediate source of concern to us must be the attitude of the London commuters; I shall be considering with the police further measures to ease traffic next week, and Kenneth Clarke and I will both continue to be active in showing that we are doing all we can to ease the commuters' problems. I regard this as the most sensitive point in our position.

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I am sure that we must continue to distance ourselves from the details of the dispute, which is one between the Board and the Union, and emphasise our positive policy towards the railways. Once a satisfactory settlement has been reached, we shall of course come under immediate and very strong pressure from all sides of the industry for further railway investment, and we shall have to deal with that at that time. Meanwhile I am making it clear to the Board that there is no slackening in the stipulations we have made and I am re-enforcing this by requiring them to re-consider the claim they have submitted for grant in 1982, which shows further unexplained rises in operating costs. The handling of these matters requires special care at this juncture, so as to not lend any colour to suggestions that we are forcing the Board in the present dispute.

In sum, this week's events show that the opportunity to head off a long dispute has not yet come. At some stage some third party intervention may be essential. But we believe the British Rail Board is right and we cannot therefore hope to make progress until ASLEF are convinced that their present refusal to move at all will not succeed. While the dispute lasts we must do everything we can to maintain the morale of commuters and keep coal losses to a minimum. And of course, ACAS will go on trying and we shall have to watch carefully here to ensure that their efforts do not put the Board at a disadvantage.

I will be ready to give Cabinet a brief report tomorrow on the latest position, and I will circulate an updated

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guidance note to colleagues. Meanwhile I am sending copies of this only to those Ministers who attended your meeting on 12 January, that is to say the Home Secretary, the Chancellor of the Exchequer, and the Secretaries of State for Defence, Energy and Employment; and to Sir Robert Armstrong.

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DAVID HOWELL
20 January 1982

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