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Coal File

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PRIME MINISTER

Coal and the Railway

BACKGROUND

At your meeting on Monday the Secretary of State for Energy was asked to report quickly on the endurance that power station coal stocks might offer in the event of an all-out rail strike, with:-

- (i) NUR drivers moving the maximum coal to the power stations by rail;
- (ii) no co-operation from the NUR but maximum deliveries of coal by road by civilian drivers; and
- (iii) Servicemen moving coal by road.

He was also asked to consider to what extent the NUM might continue to co-operate under each of the above scenarios.

2. The following other work was also commissioned at Monday's meeting:-

- (i) the Secretary of State for Energy to investigate what is the maximum level of coal that can be delivered to the power stations by road and water-borne transport;
- (ii) the CPRS to consider, in consultation with the No 10 Policy Unit and the Departments of Transport and Employment how a wedge might be driven between ASLEF and its membership and between ASLEF and other key trades unions;
- (iii) the Secretary of State for Transport to consider the options open to the Government in respect of the limit on BR's temporary borrowing; and



- (iv) the Secretary of State for Industry to consider with the Chairmen of British Steel and British Leyland whether the trades unions in these industries could be persuaded that the long-term implications of a continued or escalated ASLEF dispute were sufficiently serious to pressure ASLEF to compromise.

#### Power Station Coal Stocks

3. The level of power station endurance is critical to judgements on the tactical handling of the ASLEF dispute. At Monday's meeting the Secretary of State for Energy said that power station endurance could be stabilised at about  $4\frac{1}{2}$  weeks with immediate maximum power station oilburn (which Ministers authorised) provided that the ASLEF strikes continued on the same pattern; but that if the railway were to close completely immediate cuts in electricity supplies equivalent to about a 3-day week would be required.
4. Power station coal stocks currently stand at  $13\frac{1}{2}$  million tonnes - equivalent to at least 5 weeks endurance at normal levels of electricity supply. Power station coal consumption is currently about 2.0 million tonnes/week, but it should begin to decline quite rapidly from early March; by early April it is likely to be about 1.6 million tonnes/week.
5. Maximum oilburn (equivalent to 800 000 tonnes of coal per week) and the present levels of coal delivery by road (250 000 tonnes per week) together provide about half of the weekly power station coal requirement. Thus even if there were an immediate shutdown of the railway power station coal stocks should last for about 10 weeks (ie. to at least mid-April); and it should be possible to endure almost indefinitely the present pattern of ASLEF strikes, albeit at a weekly net cost of £40 million for the necessary power station oilburn.
6. Power station endurance would be increased in the event of a complete rail shutdown if more coal than at present could be moved by road, which ought to be possible in a crisis. Previous work by MISC 57 suggested that the Services had a theoretical capacity to move 750 000 tonnes of coal per week by road. If anything near this could be achieved by Service or civilian drivers endurance might be as much as 15-20 weeks.



7. Even if the NUM did not co-operate in the movement of coal by road and none moved in this way leaving power stations only maximum oilburn and their own coal stocks, endurance ought to be about 8 weeks.

8. Once power station coal stocks are exhausted drastic electricity supply reductions seem inevitable in the event of a complete rail shutdown if fresh coal deliveries from the pits are successfully prevented. But on any reasonable assumption about power station coal stocks and deliveries this is some way off.

ASLEF

9. I understand that the CPRS is likely to conclude that the only realistic options are:-

- (i) let the dispute continue as at present; or
- (ii) escalate it quickly to the point of closing the railway down completely.

They and the other Departments involved judge other possibilities, e.g. generous redundancy terms, to be unrealistic or in some cases counter-productive.

10. There seems little doubt that ASLEF could continue the present pattern of strikes for a long period. The men appear to be solidly behind the Executive; and their financial losses, although not insignificant, are probably sustainable for some time yet. It is therefore possible that commuter morale could start to crumble first.

11. But a decision whether to escalate would depend on the one hand on likely power station endurance and on the other hand on how long ASLEF might hold out in the face of the complete shutdown of the railway, which had no apparent impact on power station endurance. An early shutdown of the railway followed after a short period by a carefully-planned management ballot might prove effective. But it is a high-risk strategy.



## HANDLING

12. Ministers are to table papers at the meeting tomorrow. Once colleagues have had an opportunity to study them you will want the Secretary of State for Transport to report on the latest position on the railway dispute, and the Secretary of State for Energy to report on power station coal stocks.

13. I suggest that you consider power station coal stocks first. The main questions seem to be

- (i) What is current endurance?
- (ii) What is endurance likely to be in the event of a complete rail shutdown but with maximum road deliveries and maximum oilburn?
- (iii) Would the NUM co-operate in road deliveries by civilians? or by Servicemen?
- (iv) If not, what would maximum endurance then be in a complete rail shutdown?
- (v) How low can power station coal stocks be allowed to drop before supply cuts become inevitable?

If there is any doubt about the present and likely future position MISC 57 might be instructed to report quickly.

14. You might then turn to the options in respect of the ASLEF dispute. You will want Mr Ibbs to report on the CPRS' work. The Secretary of State for Transport and the Secretary of State for Employment will wish to comment. The main questions seem to be

- (i) Are the only realistic options escalation or continuing with the present dispute?
- (ii) How long might ASLEF maintain the dispute at its present level? What would the impact be on commuter morale? What further public pressure can be brought to bear on ASLEF (about eg the future of the rail network) without antagonising the NUR?
- (iii) Is escalation an option given likely power station endurance? If so, what is the best timing and approach? How long might a complete stoppage last?



You will want to invite the Secretary of State for Industry to report on the scope for the trades unions in the steel and car industries to pressure ASLEF to settle and on the implications for industry of a complete rail shutdown. If a complete shutdown seems desirable or unavoidable you will want the Home Secretary to arrange for the CCU to consider the implications quickly.

15. Finally, you will want to consider the options once BR's temporary borrowing limit is exhausted, although an immediate decision is not required on this. Ministers were concerned at Monday's meeting to find ways in which BR might borrow against its assets without Government guarantee or otherwise linking increased borrowing with faster asset sales. You will want the Secretary of State for Transport to report on the options.

#### CONCLUSIONS

16. You will want to record conclusions about

- (i) power station endurance, or about the need for further work by MISC 57 to clarify this;
- (ii) about whether attrition or escalation is the best strategy for the rail dispute;
- (iii) if escalation about the need for a quick review by CCU of the implications and for urgent discussions about tactics between the Secretary of State for Transport and Sir Peter Parker; and possibly
- (iv) the options for increasing the limit on temporary borrowing by BR.

17. You will also want to agree with the Secretaries of State for Energy and Transport what is to be said to the full Cabinet.

ROBERT ARMSTRONG

Cabinet Office

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