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PRIME MINISTER

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BRITISH RAIL - ASLEF DISPUTE

I am attaching the report by officials that we commissioned. It is necessarily speculative, but provides, I think, a useful basis for us to think about the decisions that we may have to face.

I talked to Sir Peter Parker on 2 March, and made it clear that the Government does not exclude the tough option of facing up to further industrial action on the railways. He fully understands our view that everything possible should be done to influence the attitudes of the drivers towards flexible rostering; and that, if further industrial action is in prospect, he should aim so to handle affairs that he can give Ministers a chance to consider the Board's proposed course of action. I told him that we would want to have the Board's considered views on a way through a further strike, and in particular their judgement of how long industrial action might have to be sustained for the Board to have a good chance of bringing a dispute to a successful conclusion.

At our meeting on Monday, 15 March, I suggest we consider:-

- i. whether there is any more work that we wish to commission from officials. One possibility is to ask officials to consult steel and chemical industries about the effects of an all-out rail strike (see paragraph 28 of the main paper and Annex VI);

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- ii. the extent to which we would be prepared to back the Board in a further dispute; and
- iii. whether there is any more guidance that we wish to give to the Board at this stage.

I suggest that we ask officials to prepare a further paper for us as soon as the RSNT findings are available; and that we aim to hold another meeting as soon as the Board can tell us what their proposed course of action would be on these findings.

I am sending copies of this minute to the Chancellor, the Home Secretary, the Secretaries of State for Industry, Employment, Energy and Scotland, and to Robin Ibbs and Sir Robert Armstrong.

*JG.*

DAVID HOWELL

11 March 1982

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BRITISH RAIL - ASLEF DISPUTE

Report by the Official Committee on Railway Policy

1. This report is by a group of officials from Department of Transport, Treasury, Department of Employment, No 10 Policy Unit and CPRS.

PART I - THE PRESENT POSITION

2. In the coming weeks the British Railways Board (BRB) may need to consider courses, in its dispute with ASLEF over flexible rostering, which could lead to a total stoppage of BR rail services. The exact circumstances cannot be predicted: this report tries to provide Ministers in advance with the groundwork for decisions.

The issue in dispute

3. As part of necessary improvements in productivity, the Board seek to introduce greater flexibility into the rostering of footplate staff who are at present entitled to be rostered on five weekdays each week, for turns of eight hours each. More flexible rules have been agreed for guards. The standard working week for guards has been reduced from 40 hours to 39 hours. This change for footplate staff has been deferred. The issue is described more fully in ANNEX I.

Timetable

4. The position is
- a) the BR proposals for flexible rostering for footplate staff have been put into the normal negotiation machinery;
  - b) they are to go to the Railways Staff National Tribunal (RSNT), at a hearing starting on 15 or 16 March, on terms of reference already agreed (ANNEX I);
  - c) the recommendations of the RSNT are likely to be available early in the week beginning 22 March; it is open in principle to the parties to agree beforehand that the RSNT recommendations be binding, but ASLEF have refused to agree to this and the recommendations will accordingly not be binding;
  - d) the settlement date for the annual pay negotiations is 19 April; the Unions have submitted claims for

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'substantial' increases.

Accordingly, BRB will need to decide their course of action on flexible rostering soon after 21 March.

#### Attitudes of Board and Unions

5. BRB is determined to recover lost ground and to win real productivity improvements from ASLEF. They are concerned to retain the support of NUR and TSSA and such commitment as there is from the TUC. Sir Peter Parker has made clear his personal commitment to success on this issue. Other members of the Board are thought to feel the same way. The Secretary of State for Transport has told the Chairman that in the Government's view the tough option of fighting a national strike is not excluded, but the Board would need to establish a clear issue on which to fight and to have a clear idea of a way through. The Government would wish to have the Board's considered judgement of how long a strike might have to be sustained to produce a good chance of winning. The Board are also aware of the Government's expectation that the cost of the January/February industrial action should be accommodated within their 1982/83 EFL.

6. The NUR leadership is keen that the BRB should secure from ASLEF an agreement on flexible rostering very little different from the one they have already made for guards. NUR must be a party to a new agreement for footplate men, since they represent some of them. They believe that the BRB/NUR agreement is beneficial to their members, and they have been making strenuous efforts to get this message over and to quell unofficial action by some guards who object to flexible rostering. They will want an early settlement of the issue so that they can press ahead with pay negotiations. A failure to introduce flexible rostering for footplate staff similar to that agreed for guards would be seen as a serious setback for the NUR leadership. The position of TSSA leadership is close to the NUR's though less directly engaged.

7. ASLEF have continued to resist any worthwhile concessions. In the negotiations they have maintained the line that they will not be a party to giving up the 8-hour day. They clearly aim to put pressure on BR to make concessions. It is hard to judge how far the ASLEF Executive would push this obduracy. There was good evidence, from their own conduct and from BR reports of the attitude of the men, that in January/February the membership was very unwilling to move to an all-out strike. But there were few signs of cracks in loyalty to the leadership in the intermittent strikes. The men will have recovered some of their lost earnings, and may be ready to support renewed industrial action. Flexible rostering would have little impact on earnings, but would tighten up work demands on the men - see ANNEX I. It is not

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totally clear why ASLEF should resist so strongly changes that have already been accepted by the NUR, but ASLEF may have more to lose from productivity improvements. Further loss of membership could put at risk the continued existence of an independent ASLEF. Facts on ASLEF and its membership are at ANNEX II.

8. The TUC's support for ASLEF in the recent dispute was only on the grounds that BR should honour the agreement to pay the 3%, which was not formally conditional on productivity changes. They have said nothing about the merits of flexible rostering, but since they were a party to the agreement at ACAS on 17 February they can be expected to support whatever the arbitration recommendations are. The extent to which they could influence ASLEF, should the need arise, is probably limited. They failed to persuade ASLEF to give evidence to the McCarthy arbitration in February.

#### PART II - POSSIBLE OUTCOMES FOLLOWING RSNT ARBITRATION

9. The courses open to BRB and their merits, and the issues which might be presented for Ministers, will depend very much on the content of the (non-binding) recommendations of RSNT.

10. Three possible outcomes are considered below. It is likely that the RSNT conclusions will not produce a totally conclusive endorsement of either the Board's position (option A) or of ASLEF's position (option B). But the Board will have to decide whether they are acceptable or not, which means that they will then have to face up to many of the issues presented by options A and B.

11. Certain factors are common to the different scenarios. Whatever the recommendations, a period of further discussion is likely, if only to clarify the details of the award. But the Board will need to decide quickly whether it is worth pursuing those discussions for any length of time, or whether they are likely to prove fruitless, or obscure the issue, or lead to pressure on the Board to make concessions to ASLEF. The Board would want to avoid this, especially if the recommendations were favourable to them.

12. But the Board will not want to take precipitate action which could expose them to accusations of perpetrating a lock-out, which might form a rallying cry for other unions to support ASLEF. The Board may wish to make an early statement of their intention of imposing flexible rostering, but they will have to draw up new rosters for drivers before imposing them. This could be done depot by depot, but it might be mid-April before they were ready to impose new rosters. This delay would give the Board extra time to explain their position to drivers. At some stage, however, ASLEF may call for intermittent industrial action eg strikes on two days a week, or in different regions. The Board would then have to decide whether they should escalate the dispute. The views

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of Ministers would be critical in these circumstances, and the Board must be in no doubt what they are.

13. The introduction of the 39 hour week is a complicating factor. In the 1980 pay agreement the Board accepted a commitment to reduce the standard working week to 39 hours from 1 November 1981, providing this was within the context of discussion of measures which would minimise the cost. Flexible rostering is an important ingredient in that. The 39 hour week is not in the RSNT's terms of reference, but questions about its implementation will no doubt feature in the evidence to the Tribunal, and in any subsequent negotiations.

14. Finally, both parties will be influenced by the impending pay negotiations (see ANNEX V). The unions will want to start negotiations, but the Board's present position is to reserve any offer until after the issue of flexible rostering is settled. Win or lose, the Board are going to have to take a tough stance in the pay negotiations. This itself could spark further industrial trouble, but this might not be for some time as negotiations could be expected to proceed through the established machinery.

A. The Recommendations are Acceptable to the Board

15. This case assumes that the recommendations are so close to the agreement already reached between the Board and the NUR/TSSA and so specific that they can be immediately endorsed by BRB. ASLEF would then be under considerable pressure to accept them, not only from NUR/TSSA, but also from the TUC and ACAS, and no doubt the media. That may succeed, in which case no issues will present themselves immediately to Ministers.

16. ASLEF may reject the recommendations, insisting on keeping the 8-hour day. Or ASLEF may seek modifications (negotiation following RSNT recommendations has not been uncommon). The first issue for BRB may be whether they would be prepared to accept any modifications of the recommendations in negotiation.

17. Faced with an ASLEF refusal to accept RSNT recommendations favourable to BRB and NUR, the Board may need to consider actions that could lead to further industrial action. ASLEF might well call for industrial action if the Board announce its intention to impose new rostering arrangements. Or action could be delayed until the Board attempts to introduce new rosters, depot by depot or in groups of depots. It seems most unlikely that ASLEF would opt for a complete stoppage; they would probably prefer to limit action to intermittent strikes, perhaps on the recent pattern.

B. The Recommendations are Unacceptable to the Board

18. Given the recent record of the RSNT, the possibility cannot be excluded that the eventual recommendations will be so close to the present ASLEF position as to present difficult choices for the Board and the Government. If BRB accept the recommendations this would probably cause the NUR to re-open negotiations on flexible rostering. The BRB weakness being exposed, very slow

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progress would then be made on all the other productivity initiatives being negotiated. The Chairman, and possibly other Board members, might go. Ministers would need to consider how their policies towards the railways should be amended to contain the financial support. The setback on the railways would have wider repercussions on the handling of industrial matters on other fronts.

19. The Board must try hard to avoid such a defeat. They could reject the recommendations, which would not be binding, and still seek to impose new rosters.

20. The Board would have greater difficulty in winning a confrontation in the face of adverse recommendations, especially if they lose NUR support. The NUR, whose agreement would be undermined by the RSNT recommendation, would face an acute dilemma over whether to support BRB. The Board would no doubt seek to attack the credibility of Lord McCarthy as a mediator publicly, but there is no doubt that if ASLEF 'win' at RSNT, the prospects of securing ASLEF members' agreement to flexible rostering, and of retaining public support, will be more doubtful. The alternative course is for the Board to accept the result, perhaps refuse to introduce the 39 hour week, and adopt a tough approach in the ensuing pay round.

### C. The Recommendations are not Conclusive

21. The recommendations may not clearly be favourable to either side. There might be recommendations of principle as a basis for further negotiation, or for changes in stages subject to trial periods, or for changes linked to other conditions. The possible permutations under this category are numerous. The risks of entering into inconclusive negotiations would be large. The attitude of the NUR would be critical. But if ASLEF refuse to accept any such recommendations, then the Board can confront ASLEF once again on the simple clear-cut issue of refusing to move from the 8-hour day. In that case they ought to be on strong ground, and the situation could develop in a similar way to when the recommendations were immediately satisfactory to the Board.

### PART III - EXITS FROM AN ALL OUT STOPPAGE

22. There are various circumstances in which BRB might judge their best course to be one with a high risk of a partial or complete stoppage of BR rail services. There would then be little, if any, room for conciliation or mediation - and further attempts by ACAS might be confusing - and little prospects of change by the ASLEF executive. However brought about, the two most likely exits from a strike would be acceptance of BR's terms by enough of the men, in defiance of the union, or acceptance by BRB of ASLEF's terms. The latter would be very damaging to the Board, and could be to the Government, particularly if it appeared to be the Government that had brought

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about the ending of the strike.

23. There is thus a high premium on BRB explaining their proposals to the men, and convincing them of the advantages. What they have done so far is at ANNEX III. Since on an all-out stoppage the already limited contact with the men would be lost, there could be advantage in facing further intermittent stoppages.

24. Once they have embarked on industrial action, the ASLEF executive cannot be expected to change their position even in the face of pressure from NUR and ACAS and lack of TUC support. Their attitude in the recent dispute suggests that they would be prepared to endure intermittent industrial action lasting months, and that passage of time would only strengthen their resolve.

25. ASLEF members fully supported the executive in the recent dispute, and there is no reason yet to suppose they would not do so again. They may well see the loss of "easy" turns (see ANNEX I) as more important than the advantages of flexible rostering. A campaign by BRB to explain these advantages may have difficulty in convincing the drivers, especially in the face of counter-propaganda from the ASLEF executive. The drivers could persist with intermittent action, say reducing average weekly take-home pay from £100 to £60, for quite some time. A complete stoppage would leave them with no pay, strike pay or tax rebates, but we do not know how quickly this would cause difficulties to enough members to make them give in. This is something on which BR's judgement would be needed. The circumstances and atmosphere surrounding the shutdown, and the perceived determination of BRB (and the Government) would be important influences. It is difficult to know whether the fact that half the men are over 50 would be in BRB's favour or not. They may be more concerned not to jeopardize their jobs, but may equally be more able to cope with the financial strain of a stoppage.

26. The ability of BRB to endure any industrial action will depend on the Government's attitude to the consequences for BRB's finances. As an industry permanently dependent on grant they are kept on a very tight rein with little room to manoeuvre. The railways' finances are in difficulties already (see ANNEX IV). A £40m overshoot of the 1981/92 EFL of £920m is now expected, and there will be continuing net revenue losses in 1982/83 (at least £50m) resulting from the January/February industrial action. The EFL of £950m for 1982/83 was going to be very difficult to achieve even before the recent losses, but the Board have been told that they are expected to absorb the losses within the £950m figure. It is doubtful whether the Board could absorb the losses resulting from further industrial action.

27. The Board would also face severe cash flow difficulties in the event of further industrial action. More temporary borrowing could be necessary at an early stage, and a point might be reached where the Government had to provide cash-flow deficit grants, with a correspondingly increased responsibility for business decisions.

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In the event of a total strike, Ministers would need to consider suspending the PSO grant paid for passenger services. (See ANNEX IV.)

28. The effect of a prolonged shutdown on coal stocks at power stations is described in a separate paper. The direct effect of a rail strike on other industries is described in ANNEX VI. The areas which would be most seriously affected are iron and steel and chemicals. But individual firms in other sectors might also be seriously affected where oil supplies were disrupted. However, further consultations with industry will be required, in the case of chemicals and oil supplies in particular, before the extent of disruption and its consequences can be accurately assessed.

29. The previous dispute did not appear too disruptive to people travelling to work or on business, but the spirit shown by London commuters in the recent dispute cannot be taken for granted. The effects were quite severe for many who rely on BR. Companies paid for some to stay in hotels, at considerable cost; others slept in offices; yet others faced hours of travelling by road, sometimes taking 3-4 hours each way. Given a complete shutdown, many could find the disruption extremely trying. Their willingness to bear with the inconvenience would be linked to their conviction that the Board would win the dispute. A defeat for BR, after further industrial action, would arouse anger with the Board, and probably the Government.

30. A complete stoppage would be cheaper than intermittent strikes for the Board (costing some £6m a week rather than £14m in the recent dispute - see ANNEX IV). But unless the Board felt confident of the Government's financial backing in a further confrontation, they might see themselves in a "no winner" position and throw in their hand.

31. A complete shutdown might force ASLEF members to give in more quickly, and so the Board would stand to lose less in the short-term. But the long-term effects on traffic, particularly freight, would be severe.

32. The Board will certainly consult Ministers before taking action to convert intermittent industrial action into a full-scale stoppage. Ministers will want a full assessment of the prospects of a Board victory; the Board may want assurances about financial backing. This could be important for wider reasons. If the short-term financial penalties of fighting a strike are all visited on the industry, other nationalised industries' management may be quick to draw the moral.

33. This suggests that the factors improving the prospects of BRB bringing an all-out stoppage to a successful conclusion are a clear issue on which they can be seen by the public as substantially in the right, NUR (and, if possible, TUC) support, firm and clear

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backing from the Government, and as good communication with the men as can be achieved. A refusal by ASLEF to give up the 8-hour day despite arbitration recommendations that they should do so could provide such an issue. But the BRB would need assurance of full and continuing Government support, financial and moral.

PART IV - COMMUNICATIONS WITH BRB

34. Ministers will want to minimise the risk of misunderstanding, particularly seeing that the Board's prospects of success may depend in part on the promptness and firmness with which they act. So Ministers may wish to ask for clear proposals from BRB if they contemplate actions that could lead to further industrial action, covering:-

- the issue on which they will stand
- the support they expect from NUR and others
- plans for communication with the men
- estimate of likely length of the stoppage
- likely exits from a strike

It would follow that BRB would need to handle matters as far as possible so as to give Ministers time for consideration.

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BRITISH RAIL - ASLEF DISPUTE

ANNEX I

FLEXIBLE ROSTERING

Brief History

1. When the 1981 pay settlement was agreed last August, the Unions undertook to negotiate the introduction of 6 productivity measures. These productivity measures were related to the commitment in the 1980 pay settlement to introduce the 39-hour week at minimum cost to the Board. Flexible rostering was one of these measures, and negotiations about it were supposed to have been concluded by 31 October. From the start, ASLEF refused to move from the principle of an 8-hour day. They also argued that the wording of the agreement committed them only to negotiate about flexible rostering, and did not commit them to introducing it.

2. The BRB reached an agreement with the NUR and TSSA in December 1981, but had still made no progress with ASLEF. Rather than pursue the issue through the railways' negotiating machinery, they decided to confront ASLEF on the grounds that ASLEF had not honoured their agreement to negotiate arrangements for introducing flexible rostering. Since BRB saw the pay and productivity agreements as linked, they therefore withheld the 3% of the August agreement due to be paid in January (and backdated to 1 August) from ASLEF members. At the same time they deferred implementation of the 39-hour week (which was to be brought in in January) for ASLEF members.

3. ASLEF contested the agreements were not formally linked and that they had honoured the one on productivity. They organised intermittent strike action against their members not being paid the 3%. ACAS appointed Lord McCarthy to arbitrate on the dispute in February when BRB and ASLEF remained locked in conflict. BR gave evidence to this inquiry, but ASLEF refused on the grounds that its terms of reference should be solely concerned with the August pay agreement and contain no reference to productivity, which was an entirely separate issue.

4. Lord McCarthy recommended that BRB should pay the 3%, ASLEF resume normal working, and that negotiations should be resumed on flexible rostering. He laid down a timetable for taking the issue through the negotiating machinery at an accelerated rate if agreement could not be reached and terms of reference for eventual arbitration. Meanwhile, introduction of the 39-hour week would be deferred for ASLEF members.

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What is flexible rostering?

5. At present, drivers have an agreement entitling them to work 5 eight hour shifts each week between Mondays and Saturdays. (Sunday and rest-day working is additional to the standard week, and in railway terms is not referred to as overtime.) In practice, drivers are rarely working for the full 8-hour period because timetable requirements do not fit this shift pattern. But drivers are paid for at least 8 hours, whatever the actual time worked. It is the guaranteed 8 hours' pay per shift that ASLEF have so far refused to give up. BRB wants shifts to last for between 7-9 hours, averaging out at 39 hours per week. The Board would still be guaranteeing a minimum 39 hours' pay a week.

What will flexible rostering cost ASLEF members?

6. British Rail do not expect the introduction of flexible rostering to have very much effect on the take-home pay of drivers. Flexible rostering should allow them to bring in the 39-hour week without adding to the overtime worked. At present BR drivers work on average only 58 minutes overtime a week. If all rostered overtime were worked at normal rates by longer turns, the gross pay reductions would average less than 60 pence per week. But some unrostered overtime could increase (where trains run late, and so beyond the rostered turn).

7. BR's view is that ASLEF members' concern is not about loss of earnings but about the loss of "easy" turns. At present a driver, when signing on for a turn, is guaranteed 8 hours' pay. If the rostering arrangements mean that he can be scheduled to operate trains for only the first  $6\frac{1}{2}$  hours of an 8-hour turn, then his supervisor may send him home after  $6\frac{1}{2}$  hours, but he will be paid for 8 hours. In future, such turns would be reduced to 7 hours, and an hour of work would be added to other turns.

Implementation of flexible rostering

8. The arrangements already agreed with NUR provide for local (ie depot) negotiation on the new rosters. If agreement cannot be reached locally, there is an arrangement for outstanding problems to be referred up to the sectional council. If agreement cannot be reached there, then the Board have made it clear to NUR that they reserve the right to implement the new rosters. So far nearly 70% of guards' depots have agreed the details of the new rosters.

Financial and manpower effects of introducing flexible rostering

9. BR have not given any separate estimates of the financial benefits from flexible rostering because it has always been linked with the introduction of the 39-hour week. Flexible rostering has been seen as the minimum cost way of introducing the 39-hour week. Without flexible rostering BR estimate that introduction of the 39-hour week would cost them £5m a year in extra staff costs for footplate staff, and require about 500 additional posts.

10. The most recent figure available for footplate staff is 24,167

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on 6 February 1981. (This included drivers, drivers' assistants and trainees.) Flexible rostering and a shorter working week, BR say, would mean little change to this figure in the future. The Department of Transport have estimated that there might in fact be some 1,000+ job reductions. (This would also mean greater financial benefits than BR have revealed. BR are probably under-stating these for tactical reasons.)

11. BR plan that over a 5 year period perhaps 4,000 footplate jobs will be lost as a result of the package of productivity measures and business changes. This 4,000 is part of a larger figure of 38,000 total reduction in railway staff over the 5 years. Because the main savings on footplatemen are caused by the single manning proposals, it is envisaged that assistant drivers would probably be reduced at a faster rate than drivers, but BR cannot quantify this.

Terms of reference for RSNT arbitration on flexible rostering

12. Negotiations in RSJC (Loco) and RSJC have been unsuccessful. The issue will now be put to the RSNT, probably on 15,16 March in the following terms:-

"To ask the Railway Staffs National Tribunal ... to consider ... the proposals of the British Railways Board for the implementation of sub-paragraph 2(c) of the 1981 Productivity Understanding to footplate staff and to award".

Sub-paragraph 2(c) reads:-

"Negotiations shall take place to establish variations to the rostering agreements with a view to introducing some flexibility around the 8-hour day, but without producing unreasonable variation in the length of each working day or week."

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BRITISH RAIL - ASLEF DISPUTE

ANNEX II

FACTS ABOUT ASLEF

The Union

1. ASLEF is a small Union with a declared membership of 27,000 at end 1980. The Union represents the vast majority of BR's drivers, their assistants and trainees, about 24,000 in all, as well as about half of London Transport underground train drivers. Of BR drivers, only some 1,600 are members of the National Union of Railwaymen (NUR) but about 280 of these are thought to have dual membership with ASLEF.

2. The Union is tight-knit with a nine man executive, of whom only seven are active (one vacancy and one sick), representing nine district councils and two hundred and fifty branches. The General Secretary, Ray Buckton, is not a voting member of the executive. Executive committee members are elected for a three year term of office by a block voting system at district council level. The full time officials are also elected. The Executive Committee is left wing orientated, has the power to order industrial action including a strike, and any withdrawal of labour must have their consent. An annual assembly or 'special assembly' of delegates can also control industrial action.

ASLEF membership in BR

3. ASLEF represents about 90 per cent of drivers. The average age of drivers on BR is high: over 32 per cent are aged 55 or over and over 50 per cent are aged 50 or over.

Earnings and financial effect of action

4. The drivers earn relatively good wages, with mileage bonuses and unsocial hours payments, although trainees and assistants, who represent about 25 per cent of ASLEF members in BR, earn less.

5. ASLEF does not pay strike pay. Broadly speaking, drivers were losing about 40 per cent of normal pay at the recent level of industrial action. Typical figures are:

	<u>Gross</u>	<u>Take Home</u>
Normal average excluding Sunday	£134	£94
Normal average including Sunday (35% of drivers per week)	£172	£119
Estimated average for week with two strike days and no Sunday work	£84	£62

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This represents an average weekly net loss of £40.

About 70 per cent of drivers are weekly paid, but 30 per cent are four-weekly paid.

6. In an all-out strike, the average weekly net loss would be just over £100. In the new tax year, there would be no tax rebates.

7. Although information is scant, many ASLEF members are thought to have some supplementary income, and many probably have working wives.

#### ASLEF members' attitudes

8. Very little is known about the attitudes of the individual members of ASLEF. Because of the nature of the work - driving trains away from depots - BR management has little daily contact with the membership. The drivers merely clock on and off at the start and finish of the shift, and they enjoy considerable autonomy, eg to swop shifts, etc without management interference. Unlike the miners and steelworkers, ASLEF members live amongst the general community which (London commuters apart) is not greatly affected by the strike and cannot be relied on to put pressure on them. Their distribution right across the country and their working pattern makes it difficult to sound out their views through opinion polls, etc.

9. From the little that is known about ASLEF members' attitudes, they appear solidly behind their leadership. The best assessment by BR management in the recent stoppages was that their primary worry was about their current financial loss, and the threat of losing advantageous working practices such as shift switching. The possibility of job losses does not appear to concern them, nor does the financial damage to the railways; nor do they mind ASLEF's isolation. Their attitude is one of considerable loyalty to their leadership. However, the ASLEF membership were conducting the dispute on a fairly low key basis - little random disruption and little evidence of awkward tactics or non-co-operation with management on working days, eg leaving trains in the wrong place. BR reported that resolutions received by the ASLEF executive from branches showed votes of 80/20 against an all out strike.

#### ASLEF leadership and Officials' attitudes

10. The left wing ASLEF leadership were solidly against the BR stance and voted by only 4 to 3 against an all out strike. There is no evidence of dissension at lower levels among officials of the Union. The districts are believed to vary in their attitudes, the Midlands being felt to be more moderate than say Scotland. The only open opposition to the strike is from a few well known maverick members.

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Trades Union Relationships

11. BR operate a closed shop for all staff other than management and senior officers. This is strictly enforced. Under TUC auspices, a Railway Federation of Unions was formed last year. This has two parties, NUR and ASLEF (TSSA decided against joining). One of the most important features of this co-operation is an agreement designed to end poaching and competition for members in BR. The NUR is no longer to recruit 'staff within the existing line of promotion to train driver' and is to encourage NUR members entering this line of promotion to transfer to ASLEF. Thus, effectively the existence of the NUR driver may die out, with the agreement of the NUR.

12. Although the Railway Federation of Unions was formed last year, relations between the NUR and ASLEF are not, and never have been, good.

13. The relationship of unions affiliated to the TUC on organisation and membership issues is governed by recommendations adopted at the Bridlington Congress in 1939 ("the Bridlington Agreement"). These provide that there should be agreements between unions on 'spheres of influence' and transfers of members; that no member of an affiliated union should be accepted into membership of another without inquiry if the first union objects; and that no union 'shall commence organising ... in respect of any grade of worker ... in which another union has the majority of workers employed and negotiates wages and conditions, unless by arrangement with that union'. The TUC's rules provide for a mandatory inquiry into any dispute between unions on such issues and for the suspension and finally expulsion of any union which does not observe the TUC's findings. There can be little doubt that the TUC would rule against the NUR if it recruited ASLEF members or sought to extend its organisation of train drivers employed by BR. In any case, it is highly improbable that Sid Weighell could be persuaded to do so and, even if he were, that the NUR Executive which has become fairly left wing would agree to be party to the destruction of another union.

Redundancy arrangements

14. BR already has a redundancy scheme which, whilst not as generous as the coal and steel schemes, pays substantially above the statutory minima. In the first 36 weeks of 1981, some 3,335 BR employees took redundancy at a cost of £18m. Maximum payment under the scheme is £20,000 and the average payment is £6,000. However, the basic problem is not one of persuading BR drivers to leave, but is one of actually reducing the number of jobs. This reduction depends on the negotiations to change rostering rules and train manning agreements, etc, as well as on changes that will reduce the number of trains being run. In any event, given the age profile of the ASLEF membership, natural wastage will reduce driver numbers fairly rapidly over the next few years unless there is a significant increase in the number of new recruits.

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BRITISH RAIL - ASLEF DISPUTE

ANNEX III

COMMUNICATIONS WITH STAFF

1. This annex summarises a note provided by BRB of their efforts to communicate the benefits of flexible rostering to staff.

Before the Dispute

2. BRB wrote to all staff in August stressing the importance of the productivity measures, and the August and September editions of their house magazine "Rail News" carried major articles describing the various productivity initiatives in general terms. Local managers were also given information so that they could explain to staff the outline proposals. Under agreements with the unions, detailed descriptions of changes in working conditions and their benefits can only be given to the men after agreement on the principles has been reached at national level. (NB. The Board rely heavily on the unions to do this, and NUR have been striving hard to inform their members and keep them in line.)

During the Dispute

3. Personal communication with ASLEF members is difficult in normal conditions because drivers are dispersed through many depots and most of their working hours are spent away from them. During the dispute, ASLEF barred formal contacts locally between managers, supervisors and drivers. Also ASLEF mounted a fierce campaign against flexible rostering through union channels.

4. The Chief Executive wrote 3 letters in January (two to all staff, one to drivers only), describing flexible rostering and its benefits. A leaflet for all footplate staff was also distributed to all depots. There were special articles in "Rail News".

Face to Face Communications

5. Local managers have been provided with a series of management briefs about flexible rostering, and sample rosters have been circulated for display at depots. (How far local managers have been able to talk to drivers is not clear.)

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Conclusion

6. BR claim that staff are understanding how flexible rostering will affect them much better as a result of their continuing efforts to inform them, and that this is leading to a greater level of acceptance. But rosters are worked out individually at each depot, and each can take a month to produce. Until staff see how specific rosters affect them, they will not fully understand its effects.

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BRITISH RAIL - ASLEF DISPUTE

ANNEX IV

BR'S FINANCIAL POSITION

1981-82

1. Following the ASLEF dispute, the Board is expected to overshoot its 1981/82 EFL of £920m by £40m. The Secretary of State for Transport announced on 4 March that there would be a corresponding reduction in the 1982-83 EFL, and that to allow time for all the necessary adjustments to be made, the temporary borrowing limit would be increased from £110m to £150m.

1982-83

2. The Board's budget for 1982 implied an external financing requirement for 1982-83 £40m above the EFL of £950m. They have been examining the ways in which this excess is to be avoided. The strike in January and February has added substantially to the problems they will have to deal with, since they will have to offset both the overshoot of £40m on the 1981-82 EFL, and contain the continuing net loss of revenue resulting from the strike, which is estimated to be at least £50m during the year. This will require stringent economies, possibly higher and earlier fare increases and accelerated sales of assets.

Consequences of further dispute

3. The immediate loss of net revenue resulting from the 6 week disruption in January and February was some £75m. Further disruption on the same pattern of strikes on three separate days would cost some £14m a week in immediate losses of net revenue over and above the cost of running the railway normally. The additional immediate losses from total closure would be less - about £6m a week (see Appendix).

4. Any form of sustained industrial action, but particularly a total closure, would have severe continuing effects on the business. The effect on freight traffic would be particularly serious. It is very doubtful whether the cost of any further disruption could be contained within the EFL.

5. A further strike would have immediate implications for the Board's cash position, which is already under strain. Without Government backing, the Board could not afford to withstand any prolonged industrial action. This could be given by authorising a further increase in the temporary borrowing limit and, if necessary, backing for the Board's other debts. But the

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Board's debts could not be allowed to mount indefinitely, and it would be necessary to keep under review whether the proper course would be to cease lending. In that event, the only practical course would be for the Government to make cash flow deficiency grants to enable the Board to meet its obligations. (That might require legislation.) It would be for consideration whether the operation of the PSO grant system should be suspended.

6. The railway financial review, which is expected to get under way shortly, will have to consider the effect of the ASLEF dispute on the Board's finances, in addition to the underlying problems of rising costs and business performance which had already become apparent last year. The report of this review will form a basis for Ministers to reach final decisions on the 1982/83 EFL, on the longer term policy and financial issues. It may, however, be necessary once the results of the present negotiations are known and before the review is completed, to take interim decisions to maintain a satisfactory financial regime for the shorter term.

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## APPENDIX TO ANNEX IV

## COST OF ASLEF DISPUTE

	£m per week		
	(1) normal operation	(2) 3-day strikes	(3) close rail- way, pay non-ASLEF basic rates
Revenue	34	15-18	0
Wage costs:			
ASLEF	3.5	2	0
non-ASLEF	26	25	17
Total	29.5	27	17
Fuel (for trains)	4	2.5	0
Other costs			
(incl rent, rates, police and materials)	16	16	4.5
depreciation	2.5	2.5	2.5
Total costs	52	48	24
Trading loss before interest & grant	18	30-33	24
Deterioration on normal operation, and there- fore on EFL		12-15 (say 14)	6

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BRITISH RAIL - ASLEF DISPUTE

ANNEX V

BR: PAY 1982/83

The Claim - 1982/83

1. The Unions have submitted formal claims for a "substantial increase" in the current pay round. The settlement date is 19 April 1982.

The Board's Position

2. The Board's present plan is not to make any offer while the current issue on flexible rostering is outstanding. The pay assumption underlying the Board's 1982 budget is for an average increase in basic rates of 5½%. With this assumption the Board's total pay bill increase in 1982/83 would be about 5%, given on the one hand the costs in 1982/83 of other-flow-through effects of earlier settlements, and on the other the budgetted manpower reductions. The 5½% on basic rates represents a standard award of 4½% plus 1% representing specific payments to those directly affected by the productivity changes resulting from the 1981 pay settlement. Clause 3 of the 1981 understanding on productivity stated: "It is re-affirmed that specific rewards will be negotiated for those staff whose responsibilities are directly affected under these agreements". In their evidence to the recent McCarthy Committee of Inquiry the Board said: "If in the event variable day arrangements more than offset the cost effect of the shorter week, then, as was made clear in Traffic section negotiations and in keeping with Clause 3 of the ACAS understanding the Board would examine the possibility of recognising this in benefits to the groups concerned".

The Pay Settlements in 1980/81 and 1981/82

3. The 1980 pay award was agreed between the Board and the Unions at RSNC. The original settlement was 16% from 21 April 1980 plus 4% from 30 June 1980. Following an objection from the NUR it was finally agreed that the full 20% should be paid from 5 May 1980. RSNT was not involved and indeed had not been involved in general pay settlements between 1975 and 1981. In April 1981 the Board offered 7% at the RSNC. The Unions referred the claim unilaterally to RSNT (the decision was not therefore binding) which recommended an 8% pay increase from 20 April 1981 and a further 3% from 1 August. The Board offered to implement the 8% rise from the recommended date and to apply the 3% from a date to be agreed provided there was evidence of a commitment to specified initiatives to increase productivity. This led to a breakdown of negotiations

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and notice of an all-out strike by NUR and ASLEF from 31 August. Subsequent events led to the recent recommendations of the ACAS Committee of Inquiry under Lord McCarthy and the negotiations following those recommendations are still in play.

The likely course of the 1982 pay settlement

4. Even on the assumption that the RSNT recommendations on flexible rostering are in the Board's favour and acceptable to ASLEF it remains unlikely that the Board will be able to make an offer which meets the aspirations of the Unions for a "substantial" increase. The railway staff settlement comes at the end of the pay round. A number of settlements in the public trading sector in the current round are round about 7.5%. The following table sets out settlement in selected industries for 1980, 1981 and 1982. The percentages represent the increase in average earnings and not the increase in the wage bill, which is affected by actual manpower figures. It should be noted that the settlement for railmen is virtually the last in the pay round and runs from April to April.

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Miners	18%	9.7%	7.4%
Water workers	21.4%	12.3%	8.8%
LTE Busmen	20%	11.5%	
NBC Busmen	18.5%	7.5%	6.6%
Municipal Busmen	19.5%	7.5%	7.8%
Electricity supply manuals	18%	11.7%	(5½ to 7% offer rejected )
Gas supply manuals	18%	11.7%	(6.8% offer)
Railmen	19%	11%	-

In the private sector comparable figures are:-

Manufacturing industries (average)	17%	9%	6%
Non-manufacturing industries (average)	19.5%	9%	7%
Weighted average	18.5%	9%	6.5%

It should be noted that although the 1980 pay settlement for railmen was 20% this applied exceptionally from a start date of 5 May 1980 until 20 April 1981 and worked through as 19% on average earnings for the year. The increase in the BR bill for wages and associated costs for 1980/81 worked out at 18.7%. The increase in the BR bill for 1981/82 will, on the very latest estimate, work out at 7.9%. The 11% increase was in two parts - 8% for the whole year and 3% payable from the beginning of January 1982 backdated to the beginning of August 1981. The wage bill in 1981/82 will have been reduced as a result of the considerable drop in manpower numbers. In the last two pay rounds, public sector pay generally increased by 29.2% (calculated by inclusion of the rail settlements) while rail pay in isolation rose by 33.2%

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5. In theory it could be argued that BR would have to raise basic rates by only 4.3% in order to match the cumulative level of settlements elsewhere. But the rail Unions will no doubt argue that their pay in the periods before 1980 had been artificially depressed by the previous administration's incomes policies. The table in the Appendix to this Annex of average weekly earnings of full-time men (in the top 25 categories) shows the extent to which railwaymen have fallen in the pay league since their high point in 1976 albeit showing a slight recovery following the 1980 pay settlement.

6. If the Board's offer for 1982 does not satisfy the Unions and negotiations within RSNC fail, there could again be a unilateral reference by the Unions to the RSNT with a non-binding recommendation purely on the amount to be paid.

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BRITISH RAIL - ASLEF DISPUTE

APPENDIX TO ANNEX V

AVERAGE GROSS WEEKLY EARNINGS: FULL-TIME MEN

	<u>April 1981</u>	<u>April 1980</u>	<u>April 1979</u>	<u>April 1976</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
1. Coalface workers	165.3	153.6 (1)	126.7 (1)	80.7 (3)
2. Print compositors	164.2	132.0 (7)	109.8 (7)	74.3 (8)
3. Steel erectors	162.9	141.8 (3)	116.1 (4)	81.6 (2)
4. Print machine minders	155.2	131.2 (9)	106.5 (9)	70.9 (21)
5. Dockers	153.8	146.5 (2)	125.6 (2)	83.5 (1)
6. Gas fitters	150.7	131.6 (8)	96.8 (-)	72.6 (15)
7. Electricity workers	150.7	138.2 (4)	105.6 (12)	74.4 (7)
8. Site electricians	143.9	133.6 (6)	113.8 (5)	76.0 (5)
9. Print machine assistants	140.6	120.7 (21)	111.4 (6)	71.1 (20)
10. Maintenance fitters	140.4	128.7 (11)	106.2 (10)	72.9 (12)
11. Electricians	138.6	127.4 (12)	103.1 (18)	72.4 (16)
12. Chemical workers	137.3	125.5 (13)	104.8 (15)	72.6 (14)
13. Seamen	136.4	134.1 (5)	117.0 (3)	73.5 (11)
14. Cable linesmen	135.1	110.9 (-)	94.1 (-)	65.4 (-)
15. Crane drivers	135.1	123.6 (14)	105.8 (11)	73.6 (10)
16. Platers/shipwrights	134.6	120.7 (20)	105.4 (13)	76.2 (4)
17. Skilled welders	133.9	121.8 (17)	105.0 (14)	74.1 (9)
18. Heating fitters	133.7	121.0 (19)	98.7 (25)	63.8 (-)
19. Train drivers, motormen	132.9	115.2 (-)	98.9 (24)	74.5 (6)
20. Plumbers and pipefitters	132.9	118.6 (23)	99.4 (23)	68.5 (-)
21. Bus and coach drivers	131.6	117.4 (24)	93.1 (-)	71.6 (18)
22. Signalmen/shunters	130.6	114.4 (-)	95.8 (-)	72.8 (13)
23. Ambulancemen	130.3	129.8 (10)	86.5 (-)	71.3 (19)
24. Lorry drivers	127.8	120.1 (22)	100.8 (19)	67.5 (-)
25. Electrical fitters	127.7	106.2 (-)	91.3 (-)	72.0 (17)

NB. Figures may be affected by the timing of wage settlements, for example the April 1981 figure does not reflect the BR April 1981 wage settlement. Figures in brackets denote previous rankings. Foremen and supervisors are excluded.

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Source: DE New Earnings Survey

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BRITISH RAIL - ASLEF DISPUTE

ANNEX VI

THE IMPACT OF A RAIL STRIKE ON INDUSTRY AND COMMUTERS

Industry

1. Rail transport now accounts for only a small proportion of total freight movements. Thus in general an all-out rail strike, even if prolonged, is more likely to cause inconvenience and additional costs to manufacturing industry as schedules are disrupted and goods are switched to road transport, than major reductions in output. But in those areas where oil supplies could be disrupted (see paragraph 5 below), some firms could be seriously affected.

2. The industrial sectors where an all-out rail strike would probably have a severe impact are iron and steel production and chemicals. These are discussed below. The impact on power station coal stocks is the subject of a separate report.

Iron and Steel

3. The major iron and steel works are designed to be served by rail, and it would therefore be difficult for road transport to move the volume of material required to sustain production. Moreover, even where steel production could be continued, past experience indicates that it would be more economic for BSC to reduce or suspend production than to continue to make steel for stock. Thus an all-out rail strike could have an immediate and serious effect; within a week production might be halved, and by the end of four weeks BSC might well have virtually ceased production. Private sector steel production would also be seriously affected by the lack of scrap supplies and of semi-manufactures from BSC. But the impact on manufacturing industry would be very much less severe because stocks are high (at the end of December 1981 stock were sufficient for 15 weeks current consumption) and because imports, which account for 25 per cent of United Kingdom steel consumption, should still be available.

Chemicals

4. Certain major chemical companies rely on the railway for bulk carriage of basic chemicals as part of the process of distribution to industry. The vehicles required are specialised, and it is therefore impossible for most of this traffic to be transferred to road. The levels of stocks of these chemicals held at distribution points is not known, but production could be affected after a week or so. Without consulting industry it is also impossible to assess how serious the knock-on effects might be, but since the disruption of inter alia industrial gases would be disrupted, the effects could well be serious.

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BRITISH RAIL - ASLEF DISPUTE

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