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Prime Minister

P.0735

MR SCHOLAR

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IMPACT OF A RAIL STRIKE ON POWER STATION COAL STOCKS

As background to next week's Ministerial discussion about the McCarthy Report, I attach a report by the Official Group on Coal (MISC 57) which discusses power station endurance in the event of a rail strike and the impact of such a strike on power station coal stocks next autumn. The main points are:

i. In the event of an early rail strike power station endurance would not be less than 20 weeks and could be very much higher.

ii. If there were an early rail strike lasting for no more than 8 weeks or so, power station coal stocks could still be increased as planned to the maximum level physically possible, or very near it, by November. To achieve this, increased power station oilburn might be necessary after as well as during a strike. A protracted rail strike, particularly one starting late in the summer, could make it impossible to rebuild stocks by November.

2. As further background, Ministers may wish to look again at the Civil Contingencies Unit's report (circulated by the Home Secretary with his minute of 30 March to the Prime Minister) on the impact of a rail strike on iron and steel production, the chemical industry and oil supplies - the sectors which previous work identified as most likely to be affected by a rail strike. I understand that the Departments most directly concerned have no new information to add to this report.

3. I am sending copies of this minute to the Private Secretaries to the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Energy, Industry, Defence, Scotland, Transport and Employment and to Sir Robert Armstrong and Mr Sparrow.

P L GREGSON

7 May 1982

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THE IMPACT OF A RAIL STRIKE ON POWER STATION COAL STOCKS

Note by the Official Group on Coal

(MISC 57)

INTRODUCTION

1. This report:
 - i. sets out likely power station endurance in the event of an early rail strike; and
 - ii. discusses the impact of such a strike on the level of power station coal stocks by the autumn

as background to Ministers' consideration of the issues raised by the forthcoming report on flexible rostering from the Railway Staffs National Tribunal. The impact of a rail strike on industry is discussed in the report by the Civil Contingencies Unit circulated with the Home Secretary's minute to the Prime Minister of 30 March 1982.

POWER STATION ENDURANCE

2. It is difficult to predict what form further industrial action on the railway might take. It is by no means certain that ASLEF would call an all-out strike, but lesser forms of industrial action might so disrupt operations as to leave the BRB with no choice but to close the railway system down. We have therefore adopted the arbitrary working assumption for the purpose of analysing the impact on power station coal stocks that all deliveries of coal by rail might cease from 17 May.
3. The effect of a rail strike on power station endurance and coal stocks next autumn would also depend on the extent to which the National Union of Mineworkers (NUM) would be prepared to co-operate in the delivery of coal to the power stations by other means of transport. This is difficult to forecast, although a pointer to the likely attitude of the miners themselves is that pithead coal stocks are now high and in at least a few cases storage capacity

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might be exhausted after perhaps 3-4 weeks of a rail strike if coal was not delivered by other means. Once storage capacity was exhausted production at some pits might have to be reduced or stopped; and although other work would be available for the miners, their earnings would be reduced. We have, therefore, considered the following two possibilities:-

- i. full co-operation from the NUM in increased road deliveries of coal and in the continuation of deliveries by conveyor, inland waterway and coaster; and
- ii. no co-operation from the NUM. This is unlikely to result in a complete ban on coal deliveries. The more probable result is that deliveries by road, conveyor and water-borne transport would be allowed to continue at their normal levels, but not to increase.

4. In the event of an all-out rail strike from 17 May power station endurance in England and Wales might be as follows:-

	million tonnes of coal (or equivalent) per week	
	with co-operation from the NUM	with no co-operation from the NUM
total coal deliveries	0.58	0.33
average weekly power station consumption	1.3	1.3
shortfall	0.72	0.97
maximum oilburn	0.4	0.4
power from Scotland	0.08	0.08
weekly reduction in stocks	0.25	0.49
Estimated useable power station coal stocks by 17 May	18	18
Theoretical endurance	over 70 weeks	over 36 weeks

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5. Even in the worst case of a complete ban by the NUM on the movement of coal, power station endurance would be over 20 weeks.

6. The cost of maximum oilburn might be £30 million per week.

POWER STATION COAL STOCKS NEXT AUTUMN

7. Ministers have already decided to aim for coal stocks at the power stations of 24 million tonnes in England and Wales (about 27 million tonnes including Scotland) by the autumn. The impact on this of further industrial trouble on the railways would depend on the form that any further industrial action took, its duration and the extent of co-operation from the NUM (see paragraph 3 above). The weekly reduction in planned power station coal stocks in England and Wales in the event of an all-out rail strike from 17 May might be as follows:-

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	million tonnes of coal (or equivalent) per week	
	with co-operation from the NUM	with no-cooperation from the NUM
coal - by road	0.35	0.1
- by conveyor and water-borne transport	0.08	0.08
- imports/by coaster* from UK pits	0.15	0.15
	0.58	0.33
Planned level of coal deliveries	1.95	1.95
	1.37	1.62
shortfall		
maximum power station oilburn	0.4	0.4
power from Scotland	0.08	0.08
	0.89	1.14
net weekly reduction in planned coal stocks		

* Any increase in imports would be at the expense of deliveries by coaster from the North East to Thameside power stations; imports through other ports would probably be blocked by the miners, the dockers or the railwaymen.

8. Thus a four week all-out rail strike might reduce planned power station coal stocks by between $3\frac{1}{2}$ and $4\frac{1}{2}$ million tonnes. Provided that a super-accelerated rate of delivery could be resumed quickly after the end of a rail strike this reduction in stocks could be made good and total power station stocks of 24 million tonnes achieved by November, through the continuation until then of the present super-accelerated rate of coal delivery, without the need for any increase in power station oilburn over the summer. If, however, the NUM were to refuse to co-operate with super-acceleration in September and October some increase in power station oilburn might prove necessary at that stage (as well as during the rail strike), in order to achieve maximum power station coal stocks by November.

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9. An eight week all-out rail strike might reduce planned power station coal stocks by between 7 and 9 million tonnes. This shortfall could almost certainly only be made good by some increase in power station oilburn during the summer as well as during the rail strike, even if super-acceleration proved possible in September and October. But at this stage it is impossible to predict how much extra oilburn might prove necessary.

10. In general these assessments would stand for rail strikes beginning later than our arbitrary assumption of 17 May; in most cases a reduction in the period following a rail strike during which power station coal stocks could be rebuilt would be largely offset by higher coal stocks when the strike began. But that might not prove to be the case in the event of a lengthy rail strike starting significantly later in the year eg. August or later.

POWER STATION ENDURANCE IN SCOTLAND

11. In the event of a rail strike, the shortfall in coal deliveries to the power stations in Scotland could largely be made good by increasing deliveries by road. Even if the NUM were to block the delivery of coal by road and conveyor, it would still be possible, by maximising power station oilburn, to maintain electricity supplies at normal levels, to export maximum power to the CEGB and to run power station coal stocks down only very gradually. The cost of such oilburn would be of the order of £3 million per week.

12. If it were to prove necessary because of a rail strike for the SSEB to export power to the CEGB through the interconnector during the summer, it might not be possible for power station coal stocks in Scotland to reach the maximum physically possible level by the autumn. But endurance could be substantially extended by introducing power station oilburn.

Cabinet Office

6 May 1982

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10 DOWNING STREET

(1)

Prime Minister

McLarney / Rail / Coal meeting.

I attach some of the papers for this meeting,
Now arranged for Wed morning.

I have invited provisionally

Home Secretary

Transport Secretary

Energy "

Chief Secretary

Employment "

Scottish "

Defence "

Industry "

Robert Armstrong

Peter Gregson + Cabinet Office note-taker

John Sparrow

Agree?

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Prime Minister

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~~MR. SCHOLAR~~

If a strike is inevitable
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it would be best to have it soon.

BR: The McCarthy Report

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(attached) I do not think the Prime Minister need read the report of the McCarthy Tribunal, which has been sent to you under cover of Mr. Howell's Private Secretary's letter of today; there is a good deal of small print which MISC 72 has been over once, and a considered analysis of it will be available in time for the Prime Minister's meeting planned for Wednesday morning. But I think the Prime Minister ought to know that, in my view, Mr. Howell's first reaction to it may give a slightly misleading impression of the extent to which the Report takes the matter forward.

It is certainly true that the Report clearly and unequivocally endorses the principle of flexible rostering. But the safeguards and qualifications do considerably more than "somewhat inhibit the most advantageous application" of the recommendations. Apart from the easily quantifiable safeguards - flexibility limited to not more than 20% of rosters exceeding 8½ hours, the majority of rosters being less than 8 hours, no reallocation of work between depots, and "specific rewards" for staff whose responsibilities are directly affected - there is a provision for flexible rostering to be negotiated and introduced at local level, and to be referred up to the normal negotiating machinery in the event of disagreements there. McCarthy says that for the first six months of such a period of disagreement, the new rosters should be deferred, and the position thereafter is unclear. If, therefore, ASLEF adopt the tactic of accepting the Report (which they will find difficult, because it means accepting the end of the 8 hour day) there is plenty of scope for them to obstruct matters almost indefinitely in such a way that the benefits of flexible rostering are not achieved.

I doubt if they will

There is one other point which I think the Prime Minister should have in mind as background to her consideration of the award. That is, that everything now points to the inevitability of some form of industrial action on BR, but not until the summer. The implementation of flexible rostering, the intractable nature of this year's pay round, the BREL closures and the single manning of the

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Bedford-St. Pancras route, all provide potential flashpoints; but the McCarthy Report provides sufficient opportunities for ASLEF prevarication to make it most unlikely that matters will come to a head before July. If, in practice, things move slower still - and on the railways, they tend to - there is now a possibility of the one scenario which MISC 57 has identified as threatening our strategy for dealing with the coal-miners, namely an extended period of disruption on the railways in the two months leading up to the NUM pay negotiations. Among all the other factors which Ministers will have to weigh in determining their strategy for coping with BR issues over the next few weeks, it must not be overlooked that time will not be on our side.

J.M.M.

J.M.M. VEREKER

7 May 1982

SECRET

Friday, May 7, 1982

RAILWAY STAFF NATIONAL TRIBUNAL DECISION 77

Decision 77 is concerned with the proposals of the British Railways Board for the introduction of 'flexible rostering' to footplate staff.

The Tribunal's decision is that the parties should agree to a system of flexible rostering for footplate staff subject to the terms of a 'safeguards and Criteria Agreement', which it specifies in its award and is summarised below. The Tribunal also recommends the modification of existing national agreements dealing with the 8 hour pay guarantee and 'double manning'. (See paragraph 207).

By 1985 such an agreement would represent a saving of about 2% a year of footplate labour costs. (See paragraph 140).

The Tribunal finds that ASLEF's proposal to operate within limits set by the present national agreements, would add to overall labour costs. For this reason they cannot be said to offer the necessary improvement in productivity. (See paragraph 135).

But the Tribunal says it is all too well aware of the genuinely held concerns of ASLEF and its members about the effects of the Board's proposals. The ASLEF fear that flexible rostering would represent a worsening of its members conditions. (See paragraph 142)

The Tribunal's solution is therefore to make flexible rostering, on the lines suggested by the Board, dependent upon prior agreement to a series of safeguards and criteria covering such matters as hours of work, overtime earning levels and existing agreements and practices. These safeguards are designed to meet all the significant fears and concerns of the ASLEF. They provide an effective alternative to the 8 hour guarantee agreement.

The Tribunal suggests:

'taking the Board at its word: what the Board says will not happen, and has not happened in the case of guards, we propose should be guaranteed'

The Tribunal has always sought to provide solutions "compatible with the maintenance and improvement of productivity and efficiency".

The Board is justified in believing "that if they are to obtain the essential capital for investment and modernisation which they require from Government they must be able to demonstrate that they are making progress in implementing the 1981 Undertaking on Productivity".

Unless progress is made on the question of flexible rostering:

'The future outlook for the railway system and railwaymen is bleak and unpromising ... Yet nothing we have said is intended to justify unilateral action or confrontation. We have done our best to bridge the very considerable difference which we found between the parties ... Further improvement is up to them'.

The specific proposals of the Tribunal may be summarised thus:-

1. Safeguards and criteria

a. Hours of Work

The majority of turns should not be above 8 hours. Not more than 20% of turns should normally be above 8½ hours.

Successive turns in excess of 8½ hours should not normally be worked by drivers without agreement. There should be no increase in the number of turns signed on or off between midnight and 5.00 am. There should be no increase in the travel problems for drivers getting to and from work.

Flexible rostering need not lead to greater uncertainty concerning future work pattern and the availability of time off.

Drivers should not have to work a significant increase in the amount of overtime because of working spare turns, special trains, public holidays or weekends.

Rostered rest days should be guaranteed.

b. Earnings

There should be no significant variation in the earning levels of drivers.

c. Local Agreements and Practices

There should be no significant effect on local agreements and practices.

d. Mutual Exchanges

Drivers should be able to continue exchanging rosters without undue difficulty.

e. Medically Restricted Work

The amount of work available for medically restricted drivers should not be significantly reduced.

f. Limiting Assumptions

It should not involve any alteration in the allocation of work to depots, traction training, changes in existing link structures or compulsory redundancies.

Nor will it involve any change in permitted driving time.

2. Procedures for resolving disagreements

Particular rosters should be decided jointly by Local Departmental Committees.

If disagreement arises new rosters should be deferred.

The position to be reviewed after six months.

The parties should agree an extension to the period unless there is evidence of a large number of disputes.