



10 DOWNING STREET

From the Private Secretary

13 May 1982

Dear Anthony,

THE RAILWAYS

The Prime Minister held a meeting at 11.30 a.m. yesterday to discuss your Secretary of State's minute to her of 10 May, which circulated a report by the Official Group on Railway Policy (MISC 72). Also before the meeting were the Home Secretary's minute of 30 March to the Prime Minister, attached to which was a report by the Civil Contingencies Unit on the impact on industry of a rail strike; and Mr. Gregson's minute to me of 7 May, attached to which was a report by the Official Group on Coal (MISC 57) on the implications of a rail strike for power station coal stocks. Those present at the meeting were the Home Secretary, the Secretaries of State for Industry, Transport, Energy and Employment, the Chief Secretary, Mr. Sparrow (CPRS), and Mr. Gregson (Cabinet Office).

Your Secretary of State said that the report of the Railway Staff National Tribunal (RSNT) had broadly favoured the principle of flexible rostering but had proposed a number of safeguards which not only might reduce the financial benefits of flexible rostering but also offered ASLEF the opportunity to delay its introduction for a considerable period, even if they were now prepared to accept it in principle, which was far from certain. The ASLEF national executive committee was meeting that day to discuss the RSNT report. It was possible that they might reject it outright.

The British Railways Board (BRB) clearly could not acquiesce in a further rejection by ASLEF of flexible rostering. If, therefore, the ASLEF annual conference rejected the RSNT recommendations, the BRB would seek to impose flexible rostering. The timing of doing so was for consideration, but the BRB's present inclination was to wait until July before doing so, so that flexible rosters could be introduced simultaneously at a large number of depots. As set out in his minute, major industrial trouble was also threatened in other parts of the railway. The NUR had threatened to strike over the proposed closure of three major railway workshops; the TSSA was opposed to the major reductions in administrative staff being sought by the BRB; and

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the pay negotiations would be bound to be very difficult. Serious industrial trouble therefore seemed inevitable. He had discussed the situation with the Chairman and senior members of the BRB. Their present inclination was to seek to bring matters to a head early in June. Ministers therefore needed to decide what further guidance, if any, to offer to the BRB.

In discussion it was argued that it was for the BRB, not the Government, to proffer advice in the first instance as to what course of action to follow. None the less, the BRB would rightly expect advice from the Government at some stage on the implications of industrial action for the national interest. Before Ministers could properly consider this question they would need to have from the BRB a written assessment of tactics and timing for handling the present pay, productivity, and industrial relations problems; the range of options available would need to be set out, and the likely costs, consequences and outcome of each.

It was further argued that, subject to further consideration in the light of this assessment, there was much to be said for the conclusion that, if industrial action was inevitable, it would best begin in June. Power station coal stocks were now high and increasing, but a rail strike starting later than about the beginning of July might not allow adequate time for coal stocks to be rebuilt by the autumn. Moreover, in June electricity consumption and coal production were both low; and at that time of year the impact of a strike on commuters would be lessened. It might, however, prove difficult for the BRB to bring matters to a head early, if it were to be judged that that was the best tactic. A confrontation over pay might be most likely to attract public support for a firm stand by the BRB, even if their offer was very low or nil. But the trades unions would be likely to refer the dispute to the RSNT thus delaying the start of any industrial action until the autumn. Since no new money was available for British Rail, and their existing financial situation, following the industrial action earlier this year, was poor, the BRB would need to make clear from the outset that what (if anything) they could offer on pay was necessarily determined by their financial situation, and that there could be no question, in these circumstances, of allowing the negotiating machinery to over-ride their stance. Such an announcement, coupled with a low or nil pay offer, would be bound to lead to early industrial action, but the public presentation of such a stance would need careful consideration.

The Prime Minister, summing up the discussion, said that the Secretary of State for Transport should seek from the British Railways Board a written assessment of tactics and timing for handling their current pay and industrial relations problems, setting out the options available. Once that had been received, Ministers would need to meet again to assess the situation and to consider what further guidance, if any, the Government should offer to the Railways Board. In the meantime, however, and as a background to the BRB's own assessment, the Secretary of State

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for Transport, in consultation with the Chief Secretary, Treasury, should make clear to the Railways Board that no extra money was available. The Board would have to live within existing financial limits. The Railways Board should also be discouraged from assuming that success in withstanding industrial action would result in additional finance for investment later; the achievement of significant improvements in productivity, and the funds which they would release for economically and commercially sound projects, should be a sufficient incentive to the Board to adopt a robust stance. The Official Group on Railways Policy (MISC 72) should consider urgently the consequences of simultaneous industrial action on the railways and London Transport and the steps that might be taken, by both Government and the private sector, to alleviate them, including, in particular, the use of volunteers and issuing guidance on car-sharing. The Secretary of State for Industry should arrange for urgent and discreet consultations with the chemical industry about the impact of a rail strike on the distribution of industrial gases and the steps that might be taken to alleviate this. In the event of a rail strike, it would be important to take early steps to conserve power station coal stocks, including, in particular, maximising power station oilburn, coal deliveries by road and the transfer of electricity from Scotland through the interconnector.

I am sending copies of this letter to the Private Secretaries to the Home Secretary, the Secretaries of State for Industry, Energy, Employment, Defence and Scotland, the Chief Secretary, Treasury, and to Sir Robert Armstrong and Mr. Sparrow. I should be grateful if they would ensure that it is circulated within Departments on a strictly need-to-know basis.

Yours sincerely,

Michael Scholar

Anthony Mayer, Esq.,
Department of Transport.