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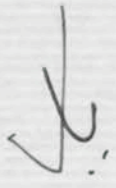
cc Mr Mount

BR

We discussed briefing for Prime Minister's Questions this afternoon on BR. You should I think see the attached record of yesterday's meeting between Mr. Howell (supported by Mr. Sparrow) and Sir Peter Parker. It does not take us a great deal further forward; indeed in some ways it takes us backwards, because the Board's enthusiasm for taking on all the unions at once is clearly less than ours. You will note the way in which "help with Shildon" (ie Government help) is becoming an increasingly central issue.

In the light of all this, I think that the Prime Minister ought to take the opportunity, if it is presented at Question Time, to increase public awareness of the need for rapid implementation of cost saving measures as a precondition for any of the other aspirations of the unions. We agreed that this should be done without the Prime Minister being committed to any particular proposal, such as the closure of Shildon. A possible form of words might be:

"The handling of these issues is for the BR Board, within the financial constraints established by the Government. The railways are a loss-making industry, and improved working practices and greater efficiency must be achieved quickly."


J.M.M. Vereker
25 May 1982

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NOTE OF MEETING ABOUT BR INDUSTRIAL RELATIONS
24 MAY 1982

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Present

Secretary of State
Mr Eyre
Sir Peter Baldwin
Mr Lazarus
Mr Palmer
Mr Mayer

Sir Peter Parker
Mr Reid
Mr Rose

Mr Sparrow government
Mr McKenzie ; and the

*urgency of getting in with
a strike does not seem to be
properly understood.*

1. The Secretary of State said that the options paper produced by the Board on 19 June had been very helpful. He and his colleagues had recognised the arguments that had taken the Board to their proposed Option 4 and in principle were ready to back the Board on their chosen course. Against this background he wanted to re-emphasize however that there was no prospect of the Government offering any advance commitments on future investment by the Board.

MCS 25/5

2. To be prepared for the possibility of a major strike the Government needed to look at BR's proposed tactics in detail and to be clear as to what they entailed.

3. There were three major areas he wanted to explore at the meeting. The first was timing. If there was a strike, how would it start and when would it start? How long was it likely to last? What thoughts had the Board about ensuring that things moved quickly? Would the meeting of the Rail Council on 1 June bring matters to a head? If the strike was about pay rather than the imposition of flexible rostering, how would that happen? And if it was about pay, how could the Board prevent the pay issue from being taken to RSNT?

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4. The second issue was the presentation of the issues at stake both to the unions and to the public at large. He and his colleagues appreciated the case for going for Option 4. This would however involve taking the Shildon closure issue head on. His own view was that the more any fight could be about flexible rostering and Bedford-St Pancras rather than Shildon, the better. There was no question of suggesting that BR should climb down on Shildon. The point was that in presentational terms it was important not to put Shildon at the forefront. Was it possible for public support of the NUR position on Shildon to be eroded through ^{banker} redundancy terms? Was it possible to get any major export orders to provide at least an extension of work at Shildon?

5. The third issue was how would the strike end. Last week Sir Peter Parker had suggested that the most probable way to secure a conclusion was through attrition. What was the room for making a pay offer at the end of the strike? What sort of terms would BR envisage as acceptable for an eventual return to work? Would, for instance, a low single figure pay settlement in exchange for specific agreements on new working rules do the trick? And what face-saver might there be for the unions?

6. Sir Peter Parker said that of the three issues the first to consider was how the strike might be concluded. What did the Board want to achieve? The Board's Option 4 in their paper of 19 June was the logical way forward. But it was very risky. It would unite both ASLEF and NUR. But they were entirely different in their whole approach to industrial relations. It made the outcome of going for Option 4 extremely unpredictable. If having gone for Option 4 there was a short strike, then after it the Board would revive their balance sheet of change approach and generally try to continue the progress being made before the strike to get a cost effective and modern railway. His own feeling, however, was that Option 4 would lead to a long strike lasting two or three months. Given the

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enormous differences between the attitudes of the NUR and ASLEF there could even be two ends to such a strike. There could well be some sort of compromise with NUR. But with ASLEF there might well be a fight to the finish. Ideally his own view was that BR should be fighting NUR and ASLEF separately. But BR did not now have the funds to do this.

7. Mr Rose said that the timetable of any strike would depend very much on how the issue of the closure of the BREL workshops was handled. There were two possible face-savers for the NUR. The first was a delay to BR's plans to close the Sildon and Horwich works and the second was an expression of confidence by the Government about the future of the business, through general commitments for further investment.

8. The timetable for Option 4 started on Friday, 28 May with the meeting of the RSNC. The Board were considering two options to put to the unions. The first was that there would be a pay offer for 1982 only when the unions had delivered on their 1981 productivity commitments. The second was to make the unions a substantive pay offer but tell them that it would not be paid until the 1981 productivity commitments had been delivered. There might be just a general discussion at the RSNC leaving matters to be brought to a head on 1 June at the meeting of the Rail Council.

9. Whatever happened ASLEF would be told that new rosters were going to be posted as from Sunday, 4 July in line with the recommendations of the McCarthy report. It would not be possible to bring the flexible rostering issue to a head much before then without giving everyone the impression that the Board were spoiling for a fight. In other words local depots at least had to have the chance of considering the Board's proposals and ironing out any particular practical problems on the new rosters.

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10. With the NUR the situation was more complicated. If BR climbed down on BR workshop closures, then the NUR might defer threats about striking until their conference at the end of June. If, however, the Board maintained their present line on the BR workshop closures, then it was likely that at their Executive Meeting on 7 June a decision would be taken to ban overtime and to go for other guerilla tactics in the period leading up to the NUR conference. Only at the conference would any decision be taken on whether or not to go for an all out strike.

11. Mr Sparrow asked whether it was indeed possible for BR to control the timing of events on industrial action. If there was an element of control, what timing would in fact BR prefer?

12. Sir Peter Parker said that he would like to move as fast as possible with ASLEF. Imposing flexible rostering as from 4 July would almost inevitably lead to strike action by ASLEF immediately thereafter. The position with NUR was different. He was still balancing the options on what to do. If there was a move on Shildon by the Board, then it might be possible to hold off from a battle with NUR for some time. He recognised there was a political interest in bringing matters to a head very quickly on all fronts. But from a business point of view it would be much better to hit ASLEF alone. A successful dispute with ASLEF would, he was sure, make it much easier to bring NUR along on their productivity commitments.

13. Mr Sparrow said that as he saw it the essence of Option 4 was that a pay offer would only be made when progress had been made by the unions on all the outstanding productivity commitments of the 1981 pay round. Would a statement to the effect precipitate industrial action immediately?

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14. Mr Rose said that such a statement would precipitate industrial action immediately, especially if there was no softening up by the Board at Shildon. But as Sir Peter Parker had just said the industrial action taken immediately was more likely to take the form of an overtime ban which would be difficult for the Board to counter.
15. Mr Sparrow said that if the tactics preferred by the Board were to separate ASLEF and NUR, then this seemed to be more like Option 2 than Option 4. He could see that, if this was the favourite option, there was a case for softening on Shildon. But this in turn brought the risk of not giving BR the savings they needed so badly and of industrial action by the NUR soon after the end of the industrial action by ASLEF when issues were brought to a head with NUR.
16. Sir Peter Parker said that the snag with Option 2 was that it did not go far enough. He still wanted to make very quick progress on productivity with NUR. His own view was that this could be done by dealing with ASLEF separately and first.
17. In sum, it would be preferable to go for Option 4 in two stages dealing with ASLEF first. If, however, the Board had no assurances that there would be help with Shildon, then with BR's finances in their present state the Board would have no choice but to go for Option 4 immediately. The consequences of doing this were going to be an inevitably long and major strike with all the unions. BR would throw away all the progress that had been made with NUR in recent years. Any propaganda battle with NUR would be extremely difficult to handle. They would inevitably say that they had co-operated at all stages with BR, had been held up by the ASLEF dispute on the outstanding productivity issues, and that despite all the help had received nothing by way of commitments from Government on the future of the railways. The Labour Party and the TUC would also

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join in on NUR's side. All in all despite his own personal preferences he felt that Option 4 being imposed immediately was the only choice open to the Board in its present financial position. Any other option would need the express co-operation of the Government.

18. Mr Sparrow said that for the Government to reach a view on BR's proposals for the handling of the industrial relations issues facing it, they would need more specific advice from the Board. What issues would precipitate a conflict with the unions? When would these issues come up? How long would a strike last? What were the costs likely to be of such a strike for the Board both in financial and other terms? What other alternatives to Option 4 would the Board like to consider? What would the cost of such a package be? And what contribution would the Board require from the Government? The Government wanted to back the Board but needed to know more to be able to understand what the Board was seeking to achieve. It was vital that BR were committed to their chosen course.

19. The Secretary of State said he would appreciate a note from the Board about the implications of the three basic possibilities. The first was Option 4 with the unions reacting by calling for industrial action as from mid-June. The second was Option 4 but with a promise to consider the NUR representations on Shildon further. This would lead to an ASLEF strike over flexible rostering as from 4 July and probable NUR all out action after its conference which ended in the first week of July. The third was Option 4 split into two stages by the Board deferring action on Shildon.

20. Sir Peter Parker said he would appreciate a clear view from the Government as to whether it was prepared to take the strain on Shildon, that the operation of Option 4 could not be done without Government assistance. That said he was sure it was the best way forward.

21. It was agreed that there would be a further meeting on Thursday, 27 May.

R A J Mayer

R A J MAYER
PS/Secretary of State

27 May 1982