



SECRET

cc IV

Prime Minister

*Workshop
ASLGT=
Pay.*

*Sheldon
def. =*

*ASLGT - joint.
Prod Pay.
deferred
but 2.*

THE RAILWAYS

The Immediate Future

The Railways Staff National Council (the top negotiating body) is to meet on Friday, 28 May. At it, the British Railways Board (BRB) will have to take a position on flexible rostering, pay, and matters outstanding from the 1981 productivity understanding. Workshops closures, which figured largely in our discussion last Thursday, would not be on the agenda at that meeting.

The BRB have written to the unions calling them to a meeting of the Rail Council (the top body for consulting on major policy issues) on Tuesday, 1 June. It is not certain that any or all of the unions will attend. If the meeting takes place, the Board would need then to take a clear position on the workshop closures. If that meeting does not take place, the Board would need to make clear their position on the workshop closures during next week.

The NUR has stated publicly that their Executive has decided to call industrial action unless by 7 June the Board have withdrawn their proposals for workshop closures, and made a pay offer. They have not said what form the industrial action would take, or when it would start.

The NUR Conference starts on 28 June, and lasts for two weeks. While the Conference is in progress, it is the decision making body of the Union, and the Executive has no function.

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The date on which the BRB judge that it is best managerially to impose flexible rosters on drivers, allowing a brief but reasonable period of notice, is 4 July.

Options

I attach a further paper by the Board about the handling of the issues over the coming four weeks, the ground on which they would prefer to fight, and the possible outcome of a strike. The Board are naturally very concerned that circulation of this paper is closely restricted.

My discussion with Sir Peter Parker and his colleagues since our last meeting has shown differences in resolution amongst Board members, and some muddled thinking. It has elicited the Chairman's view that if he had an entirely free hand on timing, and no financial constraints, he would much prefer to isolate ASLEF from the other unions, take them head-on, and defeat them. It would be necessary to make major concessions meanwhile to the other unions to bring this about. But the costs of this option, in terms of money, acquiescence in delay and managerial credibility, are too high, and the Board does not have the freedom or resources to choose it.

So effectively the choice for the Board is -

- a. their option three - to concentrate the dispute on grounds of pay and productivity, while trying to push ASLEF into the front; or
- b. their option four - to fight the dispute on all the grounds including the workshop closures, which may push the NUR to the front and allow ASLEF simply to follow in their wake, but may have a better chance of bringing on the dispute two or three weeks earlier.

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Workshop Closures

In line with their preference for option three in their paper, the Board now envisage that they might defer for a short spell the issue on closures, ostensibly to seek export orders. There is in fact no prospect that BRB could win exports on a scale to keep Shildon and Horwich properly employed. The position they report is as follows. Kenya is seeking bids for an order for some 400 wagons, which would be awarded in the autumn. I think we should decide urgently whether to offer aid in this case, and I have taken this up with the ODA. This order alone would not justify keeping Shildon open, but would show evidence of Government support. Nigeria is also seeking bids for 950 wagons, the contract also to be awarded in the autumn. We could not contemplate extending aid to Nigeria, and if the Board are to bid for this order, they must do it on their own.

Whether to defer for a limited period the closures at Shildon and Horwich is now a tactical decision for BRB. They would defer the benefits of closure, and also the costs of redundancies. The only argument for deferment is that they will stand a better prospect of fighting the coming strike on clear ground, with the spotlight on ASLEF and productivity, and that the additional cost of deferring for a short time the workshop closures is worth paying for the better prospect it gives of a successful outcome for a major strike this summer.

I suggest we should make it clear to British Rail that we regard that decision as for them. The Board's present disposition is to defer the workshops' issue. The consequence could be a deferment possibly to 4 July of the beginning of the strike. I consider I should now press Sir Peter Parker yet again to see whether he can advance that date.

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Duration of Strike

There is no better view of the likely duration of the strike. The Board's paper says that it must be at least four weeks. In discussion they say it could be up to three months. I believe the latter estimate is more likely.

Aims and Objectives

The Board's paper also sets out their aims and objectives for the termination of the strike. I suggest that this is the main matter that we now need to consider.

The Board do not commit themselves to a view on the level of eventual pay settlement, which must form part of the terms for ending the strike. On productivity the general line of their thinking is to provide a relatively easy course for the NUR on the issues affecting them, and a very hard line, insisting on full delivery, on all the issues affecting ASLEF. This might perhaps in theory lead to agreement with NUR before ASLEF. But on the evidence provided by the Board so far I am not convinced that it is practicable or acceptable. It will in any event be an extremely difficult hand for them to play. The Board will need to keep in close touch with us on this aspect of their proposals and to develop their ideas more fully and clearly. We cannot, however, hold up matters for better particulars at this stage.

London

The latest report from London Transport is that the divisions between TGWU (who drive the buses) and NUR (on the Underground) have now reopened. This much reduces the risk of concerted action on buses and underground together. But, by the same token, it could increase the risk of action on the

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Underground being concerted with action on BR. LT have moved to reduce this risk. Because of the rate of wastage they have been able to assure the unions that they do not expect compulsory redundancies. They have also deferred their proposed timetable changes to 21 June. They believe the risk of concerted action between BR and underground workers is in consequence less than evens.

Conclusion

I am confirmed in my view that Sir Peter Parker and his Board must now confront a major strike. They will effectitvely commit themselves over the next few days. We now have a better view from them of their plan, though it is still sketchy and in places obscure. I believe we must now back them to the hilt. A united and determined Board could now make major gains and we must reinforce them in whatever ways we can. If they cannot command our backing we must tell them now, so that they can withdraw: but I do not think we could ask Sir Peter Parker and his colleagues to accept the total loss of credibility that would entail.

I therefore recommend that I should now speak to Sir Peter Parker to the following effect:

- i. tactical decisions on workshop closures are for the Board;
- ii. we accept and support his conclusion that he needs to confront a major strike, with total shutdown of the railway; but he must start soon;
- iii. he should therefore examine again whether he can bring earlier than 4 July the imposition of flexible rosters for drivers;

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- iv. he must develop further the definition of his minimum terms for ending the strike, when he has seen the first reactions of the unions.

I am copying this minute to the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Industry, Employment, Defence and Scotland, and to Sir Robert Armstrong and Mr Sparrow.

RAJ Mayer

DAVID HOWELL

25 May 1982

(Approved by the Secretary
of State and signed in his absence)

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1982 - INDUSTRIAL RELATIONS

1. The Board's preference for Option 4 of the earlier memorandum i.e. to insist upon implementation of Flexible Rostering, other 1981 Productivity items, Workshop closures and rationalisation was based upon the summary of advantage shown. A further and more detailed comment follows about that Option and also the possibility of successfully adopting Option 2 (the continued isolation of A.S.L.E.&F.).

2. What issues will precipitate the conflict?

<u>Issue</u>	<u>Trade Union</u>
1. Board makes no pay offer for 1982	- all Trade Unions
2. Board insists on delivery of outstanding 1981 Productivity items	- N.U.R. and A.S.L.E.&F.
3. Flexible Rostering for Footplate staff implemented following R.S.N.T. 77	- A.S.L.E.&F. (but N.U.R. have around 1,600 Footplate staff members)
4. Rationalisation of B.R.E.L. including Works closures	- N.U.R. (T.S.S.A. and C.S.&E.U. also involved)
5. Board makes a 1982 pay offer linked with Productivity	- N.U.R. and A.S.L.E.&F. (the Unions would probably try to go to arbitration)

3. What are the likely timescales for possible conflict?

1. No pay offer at R.S.N.C. on 28 May leads to conflict around middle of June with all Unions. (The form of action will vary, e.g. T.S.S.A. may simply withdraw from on-going consultations; N.U.R. may additionally ban overtime working. This is minimal action pending the case going to R.S.N.T. but the present strength of feeling in A.S.L.E.&F. and N.U.R. is such that further industrial action, including withdrawal of labour, could well occur).
2. Board insists at R.S.N.C. 28 May the delivery of all outstanding Productivity items leading in the case of N.U.R. to possible conflict against the principle and specifically in respect of Driver Only Operation of St. Pancras-Bedford local services, negotiations on which are proving difficult. The timing of this conflict would depend upon whether the Board set a date for implementation whereas the N.U.R. would expect this to be progressed through R.S.N.T.

In the case of items, other than Flexible Rostering, affecting A.S.L.E.&F., they would be likely to follow, rather than lead, the N.U.R.

but we don't want this!

● Are there alternatives within Option 4?

● The Board's preference for Option 4 is well known and the tactics to pursue this option are heavily dependent on what is said to the Unions at R.S.N.C. on 28 May and the statements given at the B.R. Council meeting on 1 June. The first date will see the Board's response to the Pay Claim, and the 1 June meeting is an attempt to gain the involvement of the Unions in dealing with the Board's financial difficulties.

If Option 4 is not pursued in this way the problems do not disappear and the Board's approach becomes fragmented.

The attached Appendix shows Option 4 and variations, described as Options 3 and 4.

6. Conclusion

The available options are summarised on the attached statements as options 2, 3 and 4.

Clearly option 2 is unsatisfactory in that it fails to meet the Board's basic objectives and creates an unacceptably high price in both the short and long term.

The difference between options 3 and 4 is essentially one of tactics. By giving some limited deferment of the B.R.E.L. programme and time for further discussion and exploration of export possibilities, the N.U.R. may be inclined not to take immediate total action thus maintaining, initially at least, the isolation of A.S.L.E.&F. This would mean that the dispute would be first with the A.S.L.E.&F.

Consideration has been given to the possibility of achieving the same result with N.U.R. by promising generous severance terms for the B.R.E.L. staff involved (rather than deferring the closure decision) but this, we believe, would exacerbate the position with N.U.R. leadership rather than ameliorate it.

why ?
The Board remains convinced that the ultimate objectives can only be achieved by the measures outlined in option 4 but as a tactical move designed to maintain separation between N.U.R. and A.S.L.E.&F. for as long as possible, will move initially with the proposal to defuse the emotion of the B.R.E.L. scene. Clearly tactics must be revised in the light of emerging events but the ultimate objective must remain.

7. Assessment of Likely Outcome

An all out strike would have serious consequences for the railway industry and cause considerable anxieties amongst the staff. However it would be unrealistic to expect the Trade Unions to "surrender unconditionally" and the Board has to consider on what terms a settlement could satisfactorily be made.

/Continued.....

7 Assessment of Likely Outcome (Cont'd)

The following factors are relevant:-

1. An improvement in pay (i.e. the conditional offer made at the beginning).
2. The productivity items - to consider the minimum position acceptable to the Board.
3. The B.R.E.L. rationalisation proposals - this will probably have been eased in the maximum possible way at the beginning.

We need, therefore, to establish the minimum acceptable position to the Board on the six initiatives:-

1. Open Stations - as the N.U.R. have co-operated and experiments are progressing this should be brought to a conclusion.
2. Driver Only Operation - Passenger Trains - if agreement with the N.U.R. is not possible for the Bedford-St. Pancras service, accept reference to R.S.N.T.
3. Flexible Rostering - N.U.R. to complete implementation of the agreement reached.
- A.S.L.E.&F. - implementation of R.S.N.T. decision progressively on a depot basis from 4 July. No room for manoeuvre.
4. Easement of Single Manning - (i) single manning up to 9 hours with Flexible Rostering. No room for manoeuvre.
(ii) Resume negotiations with N.U.R. and A.S.L.E.&F. for completion before settlement.
5. Driver Only Operation - non-Passenger Trains - specific trials to be in operation within three weeks of resumption of work.
6. Trainman Concept - negotiations completed and agreement reached before settlement.

There is, however, another vital ingredient - some expression of confidence in the future of the railways; a future based upon effective use of assets and manpower which agreement on the productivity initiatives would herald. It will be essential, therefore, that the Board is able to associate with these positive statements that delivery of productivity will be matched by a better renewals and investment profile.

Option 2

2
ISOL
ASLE&F

ACTION

(a) At RSNC on 28 May inform ASLE&F that Flexible Rostering for Footplate staff to be implemented sequentially from 4 July, 1982.

(b) Offer pay increase of 'x'% from date 'y'. Outstanding 1981 Productivity items to pursued through procedure (RSNT if necessary).

(c) Inform TU's before 7 June of Board's decision to defer Workshop closures and rationalisation until such time as Government and BRB have fully investigated export opportunities.

PROBABLE CONSEQUENCES

(a) Possible official industrial action by ASLE&F from mid-June; certain action from 4 July; unofficial action possible 29 May onwards.

(b) and (c) Unconditional pay offer and easement of BREL position placates NUR and effectively isolates ASLE&F.

COSTS (NETT WORSEMENT)

(a) £25m. per week unless escalates to total closure, then £5.8m. per week.

(b) Delay on productivity items £35m. p.a. *

(c) Reduced overheads not realised £18m. p.a.
Surplus workforce £6m. p.a.*

*These are not immediate costs in the short term but any delay in achieving the productivity initiatives delays the introduction of the cost benefits.

Option 3

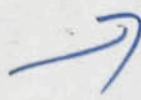
OPT ACTION PROBABLE CONSEQUENCES COSTS (NETT WORSEMENT)

3
EASEMENT
OF BREL
ONLY

At RSNC on 28 May inform
(a) ASLE&F that Flexible
Rostering for Footplate
staff to be implemented
sequentially from
4 July, 1982.

(a) Possible official industrial
action by ASLE&F from mid-June;
certain action from 4 July;
unofficial action possible
29 May onwards.

(a) and (b)
£25m. per week, unless escalates
to total closure, then £5.8m.*
per week.



(b) Offer pay increase of
'x'% from date 'y' provided
all six of 1981 Productivity
items have implementation
agreed.

(b) Provide Unions with united
front; may lead to co-ordinated
joint action, from mid-June.

(c) Inform TU's before 7 June
of Board's decision to defer
Workshops closures and
rationalisation until such
time as Government and BRB
have fully investigated
export opportunities.

(c) At best, cause re-think by
NUR on industrial action or
referral to Annual Conference;
would isolate any NUR action to
pay only, with likely delay
until after Conference
(i.e. mid-July).

(c) Reduced overheads not
realised £18m. p.a.
Surplus workforce £6m. p.a.
(approx.)

*This figure could be greater
if some staff costs cannot
be avoided - see para. 4.

Strike
£1k - 0 +
No cash - not in our interest

Option 4

OPTION

ACTION

PROBABLE CONSEQUENCES

COSTS (NETT WORSEMENT)

4
STAND
FIRM -
NO
EASEMENT

At RSNC on 28 May inform
(a) ASLE&F that Flexible
Rostering for Footplate
staff to be implemented
sequentially from
4 July, 1982.

(b) Offer pay increase of
'x'% from date 'y' provided
all six of 1981 Productivity
items have implementation
agreed.

(c) No change in Board's
position on BREL workshops
closures and
rationalisation.

(a) Possible official industrial
action by ASLE&F from mid-June;
certain action from 4 July.
unofficial action possible
29 May onwards.

(b) Provide Unions with united
front; may lead to co-ordinated
joint action, from mid-June.

(c) Ensures NUR action, from
14 June.

(a) £25m. per week unless
escalates to total closure,
then £5.8m. per week.*

(b) and (c)
Assuming total closure as a
result of combined actions =
£5.8m. per week.*

*This figure could be greater
if some staff costs cannot
be avoided - see para. 4.