

SECRET

copy No. 1 of 11

Prime Minister

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THE RAILWAYS

I saw Sir Peter Parker with Mr Reid and Mr Rose this afternoon. Mr Sparrow was with me. I made to them the points on which we agreed at your meeting yesterday evening.

The matter which had particularly concerned us was their proposal to make a specific though conditional pay offer to their unions tomorrow. I had arranged for our very strong concern on this point to be put very firmly to them before their Board meeting this morning. The Board's conclusion which Sir Peter Parker reported to me was that it was tactically better to make a low offer (5% payable from September), but on two specific conditions. The first is delivery by the unions of the productivity commitments outstanding from last year. The Board feel this would give a much clearer position to explain both to the public and to the workforce in the event of a strike. The second, new condition, which was not in the Board's paper, was that this offer would be explicitly subject to continued normal operation of the railway. In other words, if the money available is used up as a result of industrial action, it will not be there for pay increases. This is a different approach to the one adopted earlier. Sir Peter Parker feels it gives the added leverage on the unions. In the light of the way he now intends to present the pay offer, and our wish not to get into detailed tactical negotiations with the Board, I did not feel able to press him further. The Board are clearly set on their chosen course. They do not think that McCarthy will become involved because they will make it clear at the outset that the pay offer is non-negotiable.

For the rest, he confirmed that they will offer the unions a review of the distribution of work between the workshops which would defer for 6-9 months the final decisions to close Shildon and Horwich.

They fully accepted the need to bring matters to a head as soon as possible, and to prevent things from dragging on to September/October. They saw a strike, if it comes, starting in early July at the latest and confirmed that that was indeed the right strategy

SECRET

SECRET

from the business point of view. They doubt whether matters will come to a climax at the meeting with the unions tomorrow; the unions are more likely to refer matters to meetings of their executives in 7-10 days time. The meeting of the Rail Council on 1 June has been cancelled because NUR and ASLEF refused to attend. Sir Peter Parker readily agreed to arrangements for keeping us in close touch with their tactical preparations and strategic planning and to the need for further precision of the Board's minimum objectives to secure an end to the strike. They will provide us with further briefing on the various hazards such as the possibilities of legal challenge to imposing the new rosters or to sending men home as being in possible breach of their terms of employment.

Now that the course is being set for what could be a long and bitter strike it is important that in our public utterances we should support the objectives to which the Board are working and their efforts to attain them. I hope colleagues will agree that they will consult me on what they propose to say in public speeches about the railways.

I will report on developments as they occur.

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

JH.
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DAVID HOWELL

27 May 1982

SECRET

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27 MAY 1982

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Michael Scholar Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

27 May 1982

Dear Michael,

I attach a copy of the note to which Mr Palmer will be speaking to Bob Reid at 10 am this morning. The British Rail Board meeting to decide their tactics at the meeting of RSNT will take place at 11 am this morning. We are due to meet Sir Peter Parker at 15.30 this afternoon. I will let you know what happens.

I am copying this letter to Bill Moyes.

Yours,

Anthony Mayer

R A J MAYER
Private Secretary

SECRET

The Secretary of State accepts the Board's appreciation that they must be ready to face a major and possibly prolonged industrial dispute, and recognises the wider effects. He will accept the Board's choice between Options 3 & 4 so far as the short-term handling of the workshops are concerned.

He expects the Board to plan their course of action with the fullest regard to their financial constraints. They must recognise that they cannot count on more money from the Government to finance a more expensive course.

It is for the Board to decide the immediate tactics.

It would however seem unwise in the extreme for them to make any specific pay offer immediately, even one with conditions attached to it, when their position is that they have not had delivery on most of the productivity commitments of last year and on one issue which has been through the whole machinery there is still fundamental dispute with the unions concerned and the Board cannot now judge what their financial position will be by the time these matters have been satisfactorily resolved.

Given the continuing uncertainty as to how these matters will be resolved, the Board will give themselves the strongest position the sooner they can move to get the issues clear and open.

The Secretary of State looks forward to hearing from Sir Peter Parker this afternoon the outcome of the Board's deliberations.

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