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cc DV  
Trappal  
Prime Minister (2)

OVERSEAS DEVELOPMENT ADMINISTRATION  
ELAND HOUSE  
STAG PLACE LONDON SW1E 5DH

Mus 11/6

Telephone 01-213 5409

From the Minister

10 June 1982

Dear David,

MW

RAIL CONTAINER WAGONS FOR KENYA

Thank you for your letter of 3 June about the rail wagons for Kenya.

My officials expect to complete their appraisal of the developmental aspects of the request for ATP support for an order for 400 rail wagons for the Kenya Railways Corporation (KRC) next week. We are expecting further information from our Development Division in Nairobi within the next few days which will enable us to decide what we think is the appropriate number of wagons required by KRC. We foresee no developmental objections in principle to the supply of this type of wagon to Kenya. Indeed, they should considerably benefit the Kenya economy by facilitating the growth of container traffic and promoting more efficient movement of Kenya's imports and exports via Mombasa port. But to achieve maximum developmental benefit, the supply of wagons must accord with the projected increase in rail container traffic. According to information presently available it seems that 400 wagons may be considerably in excess of KRC's operating requirements.

My officials are also seeking certain information from the Department of Trade in order to finalise their recommendations on this case. We need to have revised costings for BRE-Metro's application (together with delivery schedules and proposed phasing of ATP expenditure); full details of Standard Wagons' application; the views of DOT (and DOI) on the relative merits of each applicant and the basis on which any ATP offer should be made; and confirmation that this application is afforded top priority for the limited ATP funds available. The Treasury's final view on this case also awaits DOT's clarification of certain points. DOT officials are aware of your wish for an early decision on this ATP request and I know that Arthur Cockfield will ensure that this information is sent to us as soon as it is available. DOT's ability to respond promptly will of course much depend on the speed with which BRE-Metro and Standard Wagons can supply the information required from them.

/I am therefore

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I am therefore hopeful of being able to reach a decision on this case soon. As indicated in my letter of 26 May, an ATP offer in support of this contract would certainly not guarantee Kenya's placement of an order with a British company. It would however enable UK suppliers to compete more effectively with their foreign competitors and assure the Kenya Government of our confidence in the UK product.

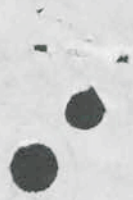
I am as before copying this letter to the recipients of yours.

Yours,  
Neil

NEIL MARTEN

The Rt Hon David Howell MP  
Secretary of State for Transport

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DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

*Prime Minister (2) of JV*

*To be aware.*

*MUS 4/6*

The Rt Hon Neil Marten  
Overseas Development Administration  
Eland House  
Stag Place  
LONDON SW1E 5DH

- 3 JUN 1982

*Dear Neil*

Thank you for your letter of 27 May about the rail  
wagons for Kenya.

I was not aware of the need for further information from  
BRE-Metro, and I shall press them to provide it urgently.

The fact that there is a private sector British competitor  
is in my view helpful, rather than a disadvantage. There could  
be no clearer message to BREL and their unions than to lose  
this order in fair competition with the private sector. At  
present they can complain that they face unfair competition  
from overseas suppliers. I should like BR to be in a position  
to tell the unions that they have received such Government  
support as they can legitimately expect in seeking this order -  
and that their success or failure depends on their own ability  
to compete effectively. I certainly seek no preference for  
BR over the private sector, and I am sure BR will recognise  
the dangers of building false hopes on the mere availability  
of an ATP offer. But a clear decision one way or the other  
would undoubtedly make their stance easier.

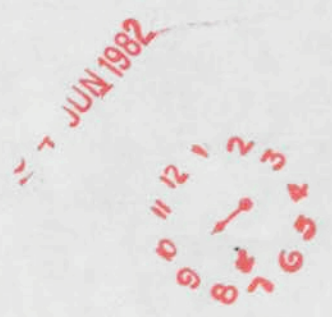
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The negotiations with the unions are, as you will know, continuing. I should again like to press therefore that you should reach your view on this case as soon as you possibly can.

I am copying this as before.

*Yours ever*  
*David*

DAVID HOWELL







Transport.

RAILWAY STAFF NATIONAL COUNCIL  
28 MAY 1982

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British Rail today offered to increase railway pay by 5 per cent from 6 September 1982, provided that negotiations on the items contained in the 1981 productivity agreement have been completed by 30 July 1982.

Mr. Clifford Rose, BR Board Member for Personnel, told the Railway Staff National Council that the Board's serious financial position made it impossible to increase pay from 18 April, a year after the last increase. He also warned that the 5 per cent pay offer would have to be withdrawn if BR did not maintain a full and continuous service to its customers - any disruption would further prejudice the Board's financial position.

The 1981 productivity items included flexible rostering for footplate staff which the Railway Staff National Tribunal recommended should be implemented subject to certain safeguards.

The Board continues to seek a national agreement with ASLEF on flexible rosters, but in the meantime, flexible rosters - prepared in accordance with the RSNT criteria - are being issued in readiness for implementation.

The other 1981 productivity items related to train manning agreements and the introduction of the trainman concept.

28 May 1982



## 1981 PRODUCTIVITY INITIATIVES - PRESENT POSITION

### 1. Open Station Concept

No problems have been encountered on this initiative. Two pilot schemes are in operation and a third scheme in Eastern Scotland is due to start in mid-June.

### 2. Flexible Rostering

Agreement was reached with NUR and TSSA and implementation of the variable day rosters has already taken place for the great majority of staff affected. ASLEF have not accepted the recommendations of the Railway Staff National Tribunal for the implementation of flexible rostering for footplate staff.

### 3. Single Manning of Traction Units

Management original proposals have been revised and simplified but negotiations were delayed by the failure to reach agreement with ASLEF over Flexible Rostering. RSNT decision 77 found in favour of single manning up to 9 hours.

### 4. Manning of Passenger Trains

NUR are willing to talk in terms of a "changed role" for the guard but have not been prepared to accept the Board's proposition of no guards. The Board have suggested a Joint Working Party to study the operation of the services but neither NUR nor ASLEF have been prepared to take part in such a working party.

### 5. Manning of Non Passenger Trains

On 12 May the Board and NUR examined the Port Talbot - Llanwern freight service to determine how a pilot scheme might operate. The NUR are still considering the results of the visit

### 6. Trainman Concept

In November 1981 the NUR and ASLEF met and discussed inter-union and membership issues surrounding this initiative. Subsequently NUR made a proposal to ASLEF which the Board believe would accommodate the ASLEF viewpoint on union membership. Discussion has been delayed since then by the dispute earlier this year.



## THE RAILWAY TRIBUNAL VERDICT ON FLEXIBLE ROSTERING

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The decision of the Railway Staff National Tribunal after examining the Board's proposals for the introduction of flexible rosters for footplate staff was a vindication of BR's often-stated position that the understanding on productivity reached in August 1981 is intended to lead to a form of flexible rostering which does not add significantly to unit labour costs, but ultimately reduces them, without unreasonable variation in the length of the working day or week.

In essence, the Tribunal ruled that the Board's proposals meet this test, whilst the ASLEF alternative of achieving flexibility without changing existing agreements does not, since it would increase costs.

The Tribunal recommended that the parties agree a system of flexible rostering for footplate staff subject to a range of safeguards covering such matters as hours of work and overtime earnings, which largely reflect facts and assurances given by the Board. Flexible rosters will be a matter for local negotiation in accordance with existing procedures, and provision is made for a review after six months, as in the agreement made for guards.

The Tribunal also recommended modification of existing national agreements on the guaranteed 8 hour day, and on double-manning of locomotives, to allow single-manning for turns up to 9 hours.

Flexible rostering and the shorter working week are inter-related, and in the absence of agreement on flexible rosters, the shorter working week remains outstanding.

The position now is that ASLEF drivers are putting in 40 hours a week to earn the same basic pay earned by other railwaymen for a 39 hour week (37 hours in the case of clerical staff), whilst flexible rosters offer a 39 hour week and specific rewards to be negotiated for staff whose responsibilities are directly affected under productivity agreements.

The critical importance to the railway of making better use of working hours is stressed by the Tribunal in commenting that: "failure to agree any proposal for more flexible rostering by improving drivers working time will seriously affect the Board's ability to obtain essential capital it urgently requires for investment and modernisation. This is bound to have severe consequences for railway services and jobs".

The Tribunal comments finally: "It is essential for the future of the railways that progress is made on the remaining items to which the parties were committed in the productivity understanding. It is also essential that these extremely important and far-reaching issues are approached in a spirit of realism, and with a willingness to find a basis for agreement rather than confrontation".



MEETING THE  
CHALLENGE OF  
CHANGE

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- 1979 The current struggle to achieve change in working practices and produce a more efficient railway began two-and-a-half years ago, in November 1979, when the Board presented a paper, "Challenge of the 80s", to the trade unions.
- 1980 Key items from this paper were incorporated in productivity commitments which formed part of the 1980 pay agreement. In return for increases in basic rates of pay of 20%, the unions agreed to set up consultation programmes on a wide range of proposals by 31 May 1980: first, to implement schemes to reduce staff in marshalling yards and parcels depots in line with traffic demand, plus similar savings in administrative staff. Second, to develop programmes for reduction of marshalling yards and parcels depots, and further administrative savings, as soon as possible and not later than April 1983. Third, the trade unions agreed "to continue the discussions/negotiations already begun on changes in national agreements and working practices, with a view to early completion".

The date was May 1980 and the items already in negotiation then included manning agreements and flexible rostering. Another significant part of the 1980 pay agreement was the Board's acceptance of a commitment to introduce the 39 hour week (37 hours for salaried staff) from November 1981, providing this was done in the context of discussion of measures to minimise the cost effect. In the negotiations it was made clear that such measures meant variability around the eight hour day.

- 1981 But despite the clear commitments given to continue negotiations, no real progress was made on any of the items to change working practices by the time the 1981 pay negotiations started.

They ended in a Railway Staff National Tribunal hearing which recommended pay increases of 8% from April and a further 3% from August.

The Board had offered 7%, and faced with a deteriorating financial situation had no alternative but to say that it could not find the money to implement the Tribunal decision unless there was more progress with productivity initiatives. The trade unions threatened strike action and the help of ACAS was sought to resolve the situation. The ACAS discussions ended with two separate but linked understandings on pay and productivity.

The Board agreed to increase rates of pay by 8% from April, with a further increase of 3% payable in January 1982, but backdated to August 1981. The introduction of the shorter working week was deferred from November 1981 until January 1982.



The Board's acceptance of this understanding followed an understanding that there would be trade union commitment to negotiate on six specific productivity items, with target dates named for agreement.

The six items included flexible rostering and easement of conditions of single manning, both with a target date of 31 October 1981.

In the months of negotiations that followed, ASLEF failed to honour the understanding reached at ACAS by refusing to accept any rostering arrangements which involved giving up the 8 hour day. On 16 December the Board warned the unions that the 3% pay increase due from January would be withheld unless a satisfactory agreement on flexible rostering was reached. The NUR had agreed flexible rosters for all staff except footplate grades, and on 23 December the Board said it would not pay the 3% or implement the 39 hour week for footplate staff.

1982 ASLEF took industrial action - a ban on overtime and rest day working, followed by a series of seventeen one-day strikes. Efforts were made to resolve the dispute through ACAS and the Board agreed to accept arbitration if the result was binding, but ASLEF refused. A Committee of Inquiry was set up by ACAS, under the Chairmanship of Lord McCarthy, and reported in mid-February with a procedure for dealing with the way flexible rostering was to be applied to footplate staff and a firm timetable for carrying out negotiating procedures quickly through to the Railway Staff National Tribunal. The Tribunal met to consider the Board's proposals for implementing flexible rostering on 15/16 March, and published its report on 7 May.

The Tribunal's decision was that the parties should agree to a system of flexible rostering for footplate staff subject to certain safeguards, and that existing national agreements dealing with the 8 hour day and double manning should be changed.



LCC JV

27 May 1982

## RAIL WAGONS FOR KENYA

Thank you for your letter of 26 May, in which you asked if it would be possible to reach a conclusion before Tuesday, 1 June, on the request for ATP support to help secure an order for freight wagons from Kenya.

I am afraid that it is not possible, for several reasons, to provide a final answer by that date. In the first place, the developmental case for this supply of wagons is still under consideration here in ODA and by our Development Division in Nairobi. Further information has had to be sought from Nairobi on some aspects and it may be some few weeks yet before a final conclusion can be reached. I understand that the DOT are in fact also awaiting revised costings from BRE-Metro, which were requested all of two months ago, and without these it is clearly not possible to conclude our investigations.

I would not wish you to think that this matter was being looked at with any lack of urgency. However, there has in the recent past been criticism in Parliamentary and other circles about our ATP operations in terms of their developmental justification and I have no option but to ensure that there is an acceptable case on developmental grounds for approving ATP support. The arrangements which have been set up for dealing with ATP applications among the Departments principally concerned are designed to ensure that this aspect as well as the trade and industrial arguments, including employment considerations, are adequately dealt with.

It is also of considerable importance to note that BR is not the only British competitor for this order. A private sector group (comprising Standard Wagons of Heywood and W H Davies of Mansfield) is also actively in the hunt and, on the basis of our latest information, may be more price competitive than BR. In the normal course of events, any ATP offer we made to the Kenyans would be conditional only upon the order being placed with a British contractor. It would therefore apply equally to both bidders in this case, if both were still in the field.

/It is



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It is open to us - the initiative on this rests with the Departments of Trade and Industry - to back a single British competitor and such a decision would be possible in this case. But in so doing, we would need to recognise the potential difficulties for us in giving preference to a public sector organisation over one from the private sector.

Finally, we have to bear in mind that there can be no guarantee that an ATP offer from us would secure the contract for Britain. We and BR both know that a number of other countries are fighting very hard to break into the Kenya market and there are likely to be other very attractive overt and covert offers available to the Kenyan authorities. In other words, the existence of an ATP offer does not guarantee that a contract will necessarily be secured. I cannot see that it would be in their or our interest for their relations with their unions to be soured by the holding out now of what events might prove to be a false promise.

For all these reasons, I hope you can appreciate why we do not think it would be helpful for BR to pin all their faith on this case in their negotiations with the unions. I am copying this letter to the recipients of yours.

NEIL MARTEN

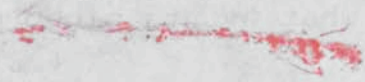
The Rt Hon David Howell MP  
Secretary of State for Transport

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It is open to us - the Institute of this nature with the Department of Trade and Industry - to back a single British corporation and then a decision would be possible in this case. But in no doubt, we would need to recognize the potential difficulties for us in giving preference to a single sector of activity over one from the private sector.

Finally, we have to look at what we have done in the past. An AIT after 1970 in our sector, and the fact that it is a fact that a number of other countries are following us. And that we have been a major force in the world for many years. It is therefore, the emphasis is on the fact that we have not only been a major force in the world, but also a major force in the world. We have been a major force in the world, and we have been a major force in the world. We have been a major force in the world, and we have been a major force in the world.



It is therefore, the emphasis is on the fact that we have not only been a major force in the world, but also a major force in the world. We have been a major force in the world, and we have been a major force in the world. We have been a major force in the world, and we have been a major force in the world.

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Secretary of State for Trade and Industry



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DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Prime Minister (2)

MUS 26/8

The Rt Hon Neil Marten MP  
Minister for Overseas Development  
Overseas Development Administration  
Eland House  
Stag Place  
LONDON  
SW1

26 May 1982

See Neil

MF

#### RAIL WAGONS FOR KENYA

As you may know, British Rail are currently threatened with national strike action by the NUR because - among other things - of their proposals to close down their capacity for railway wagon building. BR's own requirement for wagons has fallen substantially in the last year or two, and for 1983 they have concluded that they can place no firm orders for wagon building. This represents a collapse in the work load - from a rate of about 1,200 wagons a year at present - for their factories at Shildon, Horwich and Swindon, and for Shildon in particular, where BR are the only major employers the social consequences for the community will inevitably be considerable.

These are problems that have to be faced, and there is little we can or should do. BR are actively seeking export work to try to spread the problem of a run down - or at least to give best evidence to the unions of trying to do so - and are currently awaiting a decision from Government on a request for ATP support for a wagon order for Kenya. I understand that this would in any case be coming to you for decision very soon. However in view of the tense industrial relations scene, and the fact that BR must meet their unions again on Tuesday, 1 June, I would like to ask if you could possibly reach a conclusion before then. It would clearly be very helpful to BR in a very delicate situation to

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be able to say at that time that they had Government support for the Kenya order.

I am copying this to the Prime Minister, the Home Secretary, the Chancellor of the Exchequer and the Secretaries of State for Trade and Industry, and to Sir Robert Armstrong and to Mr Sparrow.

*Jan e*

*Jan*

DAVID HOWELL

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26 MAY 1982

