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~~SUBJECT~~
cc Marder

10 DOWNING STREET

From the Private Secretary

22 June 1982

Dear Anthony,

THE RAILWAY DISPUTE

The Prime Minister held a meeting this morning at 11.00 am to discuss your Secretary of State's minute to her of 17 June; the minutes of 10 and 18 June from the Chancellor of the Exchequer; the letter of 17 June from the Secretary of State for Energy to the Chancellor of the Exchequer; the letter of 18 June to me from the Private Secretary to the Secretary of State for Energy; and Mr. Gregson's minute to me of 11 June. Those present were the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Industry, Energy, Transport and Employment, the Attorney General, Mr. Sparrow (CPRS), Sir Robert Armstrong and Mr. Gregson (Cabinet Office).

Your Secretary of State said that the British Railways Board (BRB) would be meeting the trades unions tomorrow (22 June). But the chances of making progress seemed slim. The threat by the National Union of Railwaymen (NUR) to strike from midnight on 27 June had not been withdrawn, although the NUR were clearly becoming increasingly uncomfortable at being in the front line and it was, therefore, possible that the decision to call an all-out strike might be referred to their annual conference, which would begin on 28 June and last for two weeks. In those circumstances the start of the strike, which the BRB thought inevitable, would probably be delayed until 4 July, when flexible rosters were to be introduced. Copies of a letter from the Chairman of the BRB had already been sent to each member of the workforce setting out the improvements in productivity which the BRB was seeking, the benefits for the men as well as the railway and the implications of a strike. The BRB would be writing again to the workforce later this week to emphasise that staff who reported for work and as a consequence were expelled from their trade union, would not be sacked despite the BRB's closed shop agreement.

As regards London Transport (LT), the management thought that the industrial action taking place that day would gradually diminish throughout the week and that the chances of simultaneous industrial action on LT and BR were not very great. But the situation was changing rapidly. There was evidence of attempts to coordinate industrial action on BR and LT and the possibility that they would succeed clearly could not be ruled out.

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The following were the main points made in discussion:

i. The contingency and other planning undertaken so far had been on the assumption that there would not be simultaneous industrial action on BR and LT. In the light of recent developments, officials should therefore consider urgently the steps that might need to be taken in London to deal with the consequences of simultaneous all-out strikes on BR and LT in time for the matter to be considered by the Civil Contingencies Unit at Ministerial level on Wednesday;

ii. It should be made clear to the BRB that it would be most undesirable for them to conclude a separate settlement with the NUR, unless this could be on condition that NUR members drove trains thus allowing key services to be maintained. Basic training might take only about 5 - 6 weeks. In any case, about 10 per cent of train drivers were already NUR members. A separate pay deal with the NUR with no such strings attached, which meant that the railway remained closed down because of continuing industrial action by ASLEF, would greatly increase the costs of a strike. However, it was far from certain that the NUR, or the trades unions in other industries, would be prepared to cooperate. The point should also be made to the BRB that the only acceptable outcome to a strike would be the resolution of all the outstanding productivity improvements;

iii. It was possible that the NUR might have second thoughts about precipitating a national rail strike. If they did and their members were to report for work, the BRB would seem to have no option under the 1919 guaranteed week Agreement but to pay them even if there was no work for them. Similarly, if ASLEF members were to express themselves willing to operate the existing rosters the BRB would appear to have no legal grounds on which to lay them off. Primary legislation would be required to relieve the BRB of their obligations under that agreement. If the BRB were to decide to lay off staff who had no work to do because of the industrial action of others or to suspend ASLEF members for refusing to work flexible rosters, the trades unions could seek redress through the Courts, although the BRB thought that there was little chance of them doing so;

iv. In the event of a prolonged, all-out strike, the Government would have little choice but to increase the BRB's temporary borrowing limit to the extent required to meet their inescapable financial commitments. The BRB's financial position would need to be monitored regularly. It should also be made clear to the BRB that the increased borrowing would have to be repaid as soon as possible, from faster asset sales; and

v. The National Coal Board (NCB) thought that the miners would cooperate fully in maximising coal deliveries by road to the power stations during a rail strike, but that their cooperation would be withdrawn if power station oilburn were immediately to be maximised. In these circumstances the best course might be to

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delay a decision on oilburn until after the NUM Annual Conference. Little, if anything, would be lost by doing so. But the export of power from Scotland and the delivery of coal by waterway as well as road should be maximised as soon as a rail strike began.

The Prime Minister, summing up the discussion, said that it was most unsatisfactory that legal constraints on the BRB's freedom of action in relation to flexible rostering had emerged at this late stage. It would be vital to retain public support for a tough management line and for achieving the change of climate sought by the BRB. It was agreed that BRB's temporary borrowing limit could be increased to the minimum extent required to accommodate their inescapable financial commitments, the increased borrowing to be repaid as soon as possible from further accelerated asset sales. The Public Service obligation grant should be withdrawn as soon as a strike began. The Chancellor of the Exchequer, in consultation with the Secretaries of State for Transport and Employment, the Attorney General and the Head of the CPRS should urgently consider whether the legal position was as had been suggested and, if so, whether ways could be devised of circumventing the problems which had emerged. The Home Secretary should arrange for the Civil Contingencies Unit to consider urgently the chances of simultaneous all-out strikes on BR and LT and the steps that might need to be taken in London to cope with such a situation. A decision on maximising power station oilburn should be deferred until after the NUM annual conference. Other steps to conserve power station coal stocks - principally the export of maximum power from Scotland - should be taken immediately a rail strike began. The Chancellor of the Exchequer and the Secretary of State for Energy should consider further the basis on which maximum power station oilburn would be financed, should it prove necessary. Officials should review the impact on industry to clarify whether any further contingency planning might be necessary or worthwhile.

I am sending copies of this letter to the Private Secretaries to the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Industry, Energy, Employment, Scotland and Defence, the Attorney General, Mr. Sparrow (CPRS), and Sir Robert Armstrong (Cabinet Office). I should be grateful if you and they would ensure that it is circulated within Departments only to those who really need to see it.

Yours sincerely,

Michael Scholar

A.J. Mayer, Esq.,
Department of Transport.

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DRAFT LETTER FOR MICHAEL SCHOLAR TO SEND TO A J MAYER, DEPARTMENT OF TRANSPORT~~COAL AND~~ THE RAILWAYS DISPUTE

The Prime Minister held a meeting this morning at 11.00am to discuss your Secretary of State's minute to her of 17 June; the minutes of 10 and 18 June from the Chancellor of the Exchequer; the letter of 17 June from the Secretary of State for Energy to the Chancellor of the Exchequer; the letter of 18 June to me from the Private Secretary to the Secretary of State for Energy; and Mr Gregson's minute to me of 11 June. Those present were the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Industry, Energy, Transport and Employment, the Attorney General, Mr Sparrow (CPRS), Sir Robert Armstrong and Mr Gregson (Cabinet Office).

Your Secretary of State said that the British Railways Board (BRB) would be meeting the trades unions tomorrow (22 June). But the chances of making progress seemed slim. The threat by the National Union of Railwaymen (NUR) to strike from midnight on 27 June had not been withdrawn, although the NUR were clearly becoming increasingly uncomfortable at being in the front line and it was, therefore, possible that the decision to call an all-out strike might be referred to their annual conference, which would begin on 28 June and last for two weeks. In those circumstances the start of the strike, which the BRB thought inevitable, would probably be delayed until 4 July, when flexible rosters were to be introduced. Copies of a letter from the Chairman of the BRB had already been sent to each member of the workforce setting out the improvements in productivity which the BRB was seeking, the benefits for the men as well as the railway and the implications of a strike. The BRB would be writing again to the workforce later this

week to emphasise that staff who reported for work and as a consequence were expelled from their trade union, would not be sacked despite the BRB's closed shop agreement.

As regards London Transport (LT), the management thought that the industrial action taking place that day would gradually diminish throughout the week and that the chances of simultaneous industrial action on LT and BR were not very great. But the situation was changing rapidly. There was evidence of attempts to coordinate industrial action on BR and LT and the possibility that they would succeed clearly could not be ruled out.

The following were the main points made in discussion:

- i. the contingency and other planning undertaken so far had been on the assumption that there would not be simultaneous industrial action on BR and LT. In the light of recent developments, officials should therefore consider urgently the steps that might need to be taken in London to deal with the consequences of simultaneous all-out strikes on BR and LT in time for the matter to be considered by the Civil Contingencies Unit at Ministerial level on Wednesday;
- ii. ~~it was argued that~~ it should be made clear to the BRB that it would be most undesirable for them to conclude a separate settlement with the NUR, unless this could be on condition that NUR members drove trains thus allowing key services to be maintained. Basic training ^{might} would take only about 5-6 weeks. In any case, about 10 per cent of train drivers were already NUR members. A separate pay deal with the NUR with no such strings attached, which meant that the railway remained closed down because of continuing industrial action by ASLEF, would

greatly increase the costs of a strike. However, it was far from certain that the NUR, or the trades unions in other industries, would be prepared to cooperate. The point ^{should} ~~might~~ also be made to the BRB that the only acceptable outcome to a strike would be the resolution of all the outstanding productivity improvements;

iii. it was possible that the NUR might have second thoughts about precipitating a national rail strike. If they did and their members were to report for work, the BRB would seem to have no option under the 1919 guaranteed week Agreement but to pay them even if there was no work for them. Similarly, if ASLEF members were to express themselves willing to operate the existing rosters the BRB would appear to have no legal grounds on which to lay them off. Primary legislation would be required to relieve the BRB of their obligations under that agreement. If the BRB were to decide to lay off staff who had no work to do because of the industrial action of others or to suspend ASLEF members for refusing to work flexible rosters, the trades unions could seek redress through the Courts, although the BRB thought that there was little chance of them doing so;

iv. in the event of a prolonged, all-out strike, the Government would have little choice but to increase the BRB's temporary borrowing limit to the extent required to meet their inescapable financial commitments. The BRB's financial position would need to be monitored regularly. It should also be made clear to the BRB that the increased borrowing would have to be repaid ^{as soon as possible,} ~~in due course~~ from faster asset sales; and

v. the National Coal Board (NCB) thought that the miners would cooperate fully in maximising coal deliveries by road to the power

stations during a rail strike, but that their cooperation would be withdrawn if power station oilburn were immediately to be maximised. In these circumstances the best course might be to delay a decision on oilburn until after the ^{NUM} National Union of M^Ineworkers' Annual Conference. Little, if anything, would be lost by doing so. But the export of power from Scotland and the delivery of coal by waterway as well as road should be maximised as soon as a rail strike began.

The Prime Minister, summing up the discussion, said that it was most unsatisfactory ^{that} for the legal constraints on the BRB's freedom of action in relation to flexible rostering ^{had} to emerge at this late stage. The ^{retention} ~~chances of retaining~~ public support for a tough management line and for achieving the change of climate sought by the BRB, ^{jeopardised} would be ~~greatly~~ diminished were it to ^{be} ~~emerged~~ that the Board's intended course of action was unlawful. The Chancellor of the Exchequer, in consultation with the Secretaries of State for Transport and Employment, the Attorney General and the Head of the CPRS should urgently consider whether the legal position was as ^{had been} ~~the BRB~~ suggested and, if so, whether ways could be devised of circumventing the problems which had emerged. The Home Secretary should arrange for the Civil Contingencies Unit to consider urgently the chances of simultaneous all-out strikes on BR and LT and the steps that might need to be taken in London to cope with such a situation. ~~Ministers were agreed that a~~ decision on maximising power station oilburn should be deferred until after the NUM annual conference, ~~provided that the NCB was clear that the miners would cooperate in maximising coal deliveries by road.~~ Other steps to conserve power station coal stocks - principally the export of maximum power from Scotland - should be taken immediately a rail strike began. The Chancellor of the Exchequer and the Secretary of State for Energy should consider further the basis on which maximum power station oilburn would be financed, should it prove necessary. ~~Ministers noted that the impact of a~~

It was agreed that ~~the~~ BRB's temporary borrowing limit could be increased to the minimum extent required to accommodate their inescapable financial commitments. The increased borrowing to be repaid as soon as possible ~~from~~ ^{from} accelerated ~~from~~ asset sales. The Public Service obligation grant should be withdrawn as soon as a strike began.

~~rail strike on the finances of the British Steel Corporation would not be as bad as had been expected.~~ Officials should review the impact on other industries to clarify whether any further contingency planning might be necessary or worthwhile.

I am sending copies of this letter to the Private Secretaries to the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Industry, Energy, Employment, Scotland and Defence, the Attorney General, Mr Sparrow (CPRS) and Sir Robert Armstrong (Cabinet Office). I should be grateful if you and they would ensure that it is circulated within Departments only to those who really need to see it.