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MR. MOUNT

c.c. Mr. Scholar ✓
Mr. Ingham

The Railways

Together with my Department of Transport and CPRS colleagues, I had another meeting first thing this morning with Peter Parker, Jim Urquart, and Sidney Hoggart (Deputy Director of Industrial Relations). The intention of this meeting was to clarify the remaining legal and the financial issues, following yesterday's meetings (which I have recorded in a separate note), but we did of course also cover the general picture.

The negotiations

Today's Financial Times story is broadly correct, except that Urquart vehemently denies that he gave ~~any~~ indication at all of willingness to bring forward the pay settlement date. The new feature about yesterday's talks with the unions was the unexpectedly conciliatory tone adopted by both NUR and ASLEF. Either, having been driven to the precipice, they have decided they do not like what they see; or, they are playing a totally cynical public relations game. British Rail appear to have acted quite constructively, without giving away the basis of their position on productivity. Their proposal that flexible rostering be introduced as an experiment in a number of regions would establish the principle, and break through the ASLEF barrier of total refusal to make progress on it; and the suggestion to run the Bedford/St. Pancras route on the basis of single-manning as far as St. Albans, and thereafter on the basis that NUR wants, would also achieve the lion's share of British Rail's objective. But the unions did no more than undertake to consult further and possibly seek further discussions with the Board, and no progress has been made with the NUR over single-manning of freight trains fully fitted with automatic brakes.

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We must expect therefore that there will be intensive discussions among the parties over the next few days, possibly at some stage involving ACAS again; at this stage it still looks likely that NUR will strike next week, but all hope of a settlement has not yet been abandoned.

Workforce Attitudes

We have been pressing British Rail for some time now through a number of channels to make serious efforts to persuade their workforce of the benefits to them of the proposed productivity changes, and of the risks to the industry of industrial action; and we have also encouraged British Rail to get some feed-back of workforce attitudes. We were assured this morning that a major effort is being made by management at all levels, and that this may be having some effect. British Rail believe that ASLEF members will always respond to instructions from their leadership; but that the majority of NUR members do not want a strike, and might bring pressure to bear for a settlement. We were shown a copy of a further letter that Peter Parker will issue to all employees tomorrow, which contains some fairly blunt statements about the position. Some of these, we pointed out, were perhaps unwise, notably the statement that there would be no pay rise (rather than that the pay offer would be withdrawn) if there was a strike, and the indication that British Rail might not be able to pay wages to those willing to work normally after more than one week if the railways were not working. The Board have commissioned some continuing opinion-sampling among the workforce, the existence and results of which they are proposing to keep highly confidential (I may be able to find out more of this from Tommy Thompson of ORC, who is I think doing it). We discussed the possibility of a management ballot being conducted at the point at which the information available to the Board showed that it would have the right results. We agreed that there would need to be continuing liaison between the Department of Transport's Information Division and the British Rail Head of Public Relations (Grant) if a strike happens.

Legal Implications

We confirmed that the legal advice available to the Government was consistent with the legal advice given to British Rail over the basis for enforcing flexible rosters. The British Rail Board are, however, more willing than Ministers to contemplate fighting this legal battle, if necessary, because they believe that the public would not stand for their sitting idly by while ASLEF collected their pay packets for doing nothing if NUR were on strike. However, they share our assessment that ASLEF members will not in the event be prepared to cross NUR picket lines.

Financial Aspects

With the authority of the conclusion of the Ministerial discussion on Monday, we confirmed to the Board that in the event of the railways not running, the PSO grant would be withheld, and that the Government would meet its obligations to prevent British Rail going bankrupt by ~~permitting~~ extra short-term borrowing. Peter Parker simply responded that there would need to be further study of the propriety of British Rail increasing its short-term debt in order to meet wage and salary bills, if it had already run out of cash.

Running the Railways without ASLEF

Ministers have often shown themselves attracted to the possibility of a separate settlement with NUR, followed by a resumption of operations without ASLEF members. We asked the Board for their reactions to it, and, frankly, they fell about laughing. There are no NUR drivers on the Southern Region, apart from two or three at Southend. It would be impossible to devise any kind of ~~profitable~~ coherently net-worked service for the remainder of the country. The scale of risks in accelerated training, or use of supervisors would be enormous. Nonetheless, we asked them to study the possibilities carefully - I mentioned, for

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instance, the possibility of merely keeping the essential services, such as the coal merry-go-rounds and nuclear waste disposal, going - and they are probably being a little over-cautious in their first reaction to a suggestion that has not hitherto occurred to them.

J. M. M. VEREKER

23 June, 1982.

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