

transport

Ref. A09070

PRIME MINISTERIndustrial Affairs

There are two main items:

- a. British Rail;
- b. National Health Service.

British Rail

2. The next important development affecting British Rail is the ASLEF Delegate Conference. However, even if the Delegate Conference rejects the recommendations of the Executive and ASLEF fails to negotiate an agreement on flexible rostering by the deadline of 2 August, the BRB will be able from that date to introduce rosters at the remaining depots. The present judgement is that ASLEF would be unlikely to try and call their members out on strike again in those circumstances.

3. There remain two difficult issues:

- i. the outstanding productivity commitments (which concerns the NUR at least as much as ASLEF), and this year's pay offer;
- ii. the Government's stance on investment in the railways.

4. On i. the present position is that these matters have been referred by the unions to Lord McCarthy's Railway Staff National Tribunal (RSNT). Lord McCarthy is due to have a meeting on 3 August and to report in September. The BRB are considering whether it would be advantageous to try and reach a quick deal with the unions on outstanding productivity commitments and pay, in preference to letting the RSNT machinery run its course. The Chancellor of the Exchequer's Group (MISC 80), at its meeting today, thought that the BRB should be encouraged to pursue this option, although they were not optimistic that the unions would forgo the opportunities for delay and compromise afforded by the RSNT machinery. The Group agreed that it would have to be made clear to the BRB that the Government would wish to have the opportunity to comment on the proposed terms for such a deal, and particularly on the level of the pay offer.

5. On ii. the Secretary of State for Transport accepted, following discussion in MISC 80, that pressure, whether from the unions or from the unions and the BRB jointly, for the Government to approve more investment in the railways, and particularly the electrification of the East Coast line, would have to be held off until the productivity issues were settled and Sir David Serpell's Committee had reported. The position would have to continue to be that worthwhile investment proposals could be considered in due course on their merits in the light of evidence that the investment was likely to be put to efficient use and about the size of railway which could be afforded.

National Health Service

6. Information available so far about the first two days of the NHS

strike taking place from Monday to Wednesday of this week suggests that the action has not been as effective or as well supported as during the one-day strike in June. Sympathetic action by Civil Servants appears to have been much less, involving about 110 staff, mainly in the DHSS, on Monday (compared with 550 in June) and only 4 on Tuesday. There are unlikely to be any new developments in the near future. The Royal College of Nursing will not complete its ballot on the revised offer to the nurses until 20 August. Meanwhile the Secretary of State for Social Services will be arranging for paid advertisements to put across the facts relating to the offer to the nurses in particular, subject to agreement with the No 10 Press Office as to exactly how this should be done.

7. There is also the question of the longer term pay arrangements for nurses and other NHS groups. The Chancellor of the Exchequer reminded the Secretary of State for Social Services in MISC 80 today that it would be undesirable for the Government to be drawn into more specific ideas at this stage, especially since Ministers had not yet agreed collectively on their attitude to the Megaw Report. When the Chancellor of the Exchequer has the first meeting of his new Group on the Megaw Report (MISC 83) next week, it will consider not only the initial line which the Government should take with the Civil Service unions, but also the line which should be adopted towards the Megaw recommendations in dealings with other public service groups, such as those in the NHS, who may have an indirect interest.

HANDLING

8. You will wish to invite brief progress reports from the Secretaries of State for Transport and for Social Services. It should not be

