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Transcript 2
Prime Minister

Prime Minister

MCS 14/3

BR: RAILWAY STAFF NATIONAL TRIBUNAL

mr

1. I now have a firm indication of what Lord McCarthy's Tribunal will recommend when they report tomorrow.

2. McCarthy will recommend a pay supplement for driver-only operation on the Bedford/St Pancras line of £6 per shift - £1 more than the Railways Board offered. The Tribunal will also recommend immediate payment of the withheld 6% pay increase to NUR and TSSA members on the grounds that they have broadly co-operated in productivity changes. But I gather McCarthy will tell ASLEF that they must make further productivity concessions before the withheld 6% can be triggered for their members. He may well also add that the supplement for operating Bedford/St Pancras should not be paid until the trains are running.

3. I have made it plain to the Railways Board that we expect them to pay no more to get the Bedford/St Pancras line going than can be justified commercially. The Board assure me that that is and will remain their stance. Getting the new service into operation, with driver-only operation, is expected to yield a gross annual saving of £0.5m. This would be reduced by £100,000 a year by the £5 a shift payment the Board have already offered ASLEF plus the supplements the NUR have already accepted. The extra £1 per shift that McCarthy will recommend would add about £15,000-£20,000 a year to the pay bill.

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In deciding how to respond, BR will have in mind not only the interests of their customers on Bedford/St Pancras (whose patience is long since exhausted), but also the prospects for driver only operation on the rail freight business where the potential benefits are far more important.

4. I have consistently made it clear to the Board that they must take a firm line in response to McCarthy. On my instructions, my officials reinforced that message this morning. At the moment, the Board have a powerful lever in the withheld 6%; I have left them in no doubt that they must not relax their grip on it until they are satisfied that the unions will deliver the productivity gains BR have been seeking and which are long overdue.

5. I am copying this to the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Scotland, Industry, Energy, Employment, Trade and the Environment, and to Sir Robert Armstrong and Mr Sparrow.

JH.

DAVID HOWELL

14 March 1983



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MR SCHOLAR

cc Mr Mount
Mr Owen

FORTHCOMING REPORT OF THE RAILWAYS STAFF'S NATIONAL TRIBUNAL
(McCARTHY)

The latest report from the McCarthy tribunal, expected tomorrow, will recommend an extra £1 a shift for driver-only operation on the Bedford-St Pancras line; and that the outstanding 6% be now paid to the NUR and TESSA, but not to ASLEF until further progress has been made on the productivity measures outstanding, notably flexible rostering, on which ASLEF is still dragging its feet. BR is understood to be content with an extra £1 a shift, which will probably cost less than £20,000 a year but will save £½ million a year on costs. It is not yet known if the NUR will accept it.

Mr Howell will probably be reporting all this to the Prime Minister shortly, together with his view of the merits of the award. The Department of Transport attach great importance to driver-only operation, not only on the Bedpan line but also in BR's freight business. They are likely to say that BR should accept the award provided that the NUR cause no further difficulties about driver-only operation.

The RSNT is, believe it or not, the last possible stage of the industrial relations procedure. The recommendation is non-binding, and if it is not accepted there is no further mechanism for resolving the dispute.

As with all McCarthy reports, I think we would be well advised to examine the small print before reaching a judgement about whether BR should accept it; but at present I remain doubtful about the need for BR to make any further concessions at all.


14 March 1983