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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

17 May 1984

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Transport

Nick

BRITISH RAIL PAY

Will AT?

You wrote to me on 16 May reporting the latest developments in the railways pay dispute.

I accept that Bob Reid may have to relax his stance on productivity if that is the only way to avoid industrial action and secure a real chance of a settlement for the railways while the coalminers' dispute continues. I also agree that he should be given negotiating flexibility up to a ceiling of 4.9 per cent. But he should not go higher: we need to preserve the appearance of a differential between the offer of 5.2 per cent made to the miners and the level of other public sector settlements. If it proves impossible to reach a settlement for the railways on this basis, I hope Bob Reid will do his utmost to ensure that talks are not broken off, and that a further negotiating meeting is arranged before 30 May.

Copies of this letter go to the recipients of yours.

NIGEL LAWSON

Nigel

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Prime Minister ^①

Agree to Ridley's proposals?

AT 16/15

MR. TURNBULL

Yes

British Rail Pay

If the British Rail Board could secure a settlement at or below 4.9%, with the productivity conditions largely intact, against the highly charged background, we should be well satisfied. It is important that BR retains the productivity conditions. They are central to BR's whole approach, and have been circulated to every employee. The most important condition, involving the saving of 2000 footplate staff, is to be retained intact. BR envisage relaxing the other two conditions - driver-only operation on passenger and freight trains.

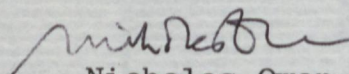
The concession on freight trains is a modest one. BR propose to proceed, from 1 August with driver-only operation on two routes on which trials were conducted successfully, but they will offer to repeat the trials on a third route, where the earlier results were inconclusive. On passenger trains, BR aim just to secure cooperation on the installation of the technology to allow driver-only operation. This is a more substantial concession, but it offers a way of getting the NUR off the hook of their 1983 conference resolution not to agree to productivity conditions.

There is a reasonable chance that BR could succeed. Mr. Buckton and Mr. Knapp, and their respective Presidents, appear willing to talk. The delayed start of the railwaymen's work-to-rule suggests that the leadership hoped that BR will come forward with a new offer. The fact that Sunday working would be excepted from the work-to-rule suggests that the leadership are not sure about

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their ability to carry their membership, which relies heavily on Sunday overtime. BR management took the initiative last Friday to forestall an attempt by the militants to present the Board as bent on decimating the railways.

We recommend that Nicholas Ridley should give Bob Reid the room for manoeuvre he asks for.


Nicholas Owen

16 May, 1984.

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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

16 May 1984

Dear Nigel

RAILWAYMEN'S PAY

At the meeting of MISC 101 last Monday we were much concerned that the pay dispute on the railways should not lead to major disruption which could coalesce with the action of the striking miners. I have now discussed with Mr Reid the way forward. He is of course much concerned to avoid if possible the situation in which the militant elements in the railway unions would be able to force confrontations with management whose consequences could not be contained. At the same time, it is vital to him that he should not surrender the strong position he has built up on the need for productivity improvements and changes. This is of course also very important to us, since any suggestion of weakness on the rail front might be thought to imply a weakening of resolve on coal.

Mr Reid has therefore reformulated his productivity requirements. On this basis, he is optimistic of gaining ASLEF's agreement to the most important of the three

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conditions (easement of single manning, worth 2000 jobs). The other two conditions - which concern driver-only operation of freight and passenger trains - would be modified so as to secure all the changes the Board needs at this stage but without confronting the NUR with demands which they are prevented by conference resolutions from meeting. On this basis, he is indicating that he would be ready to consider improving the existing offer (which is worth 4.3%). He expects to secure the agreement of the unions to come to a further meeting of the Railway Staff National Council on Monday next.

Mr Reid's judgement is that the workforce in general are eager for an early settlement. He is reinforcing this by arranging that between now and Friday every man is individually interviewed by his manager to have clearly spelt out the Board's position.

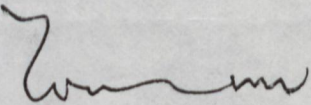
We have already agreed that the Railways Board can if need be increase their offer up to 4.6%. Mr Reid's view is that on Monday he needs to have discretion to go up to 4.9%, but the Board would not move to any figure above 4.6% except as a final one. He would settle for less if at all possible.

I am sure that we have to back Mr Reid's judgement, and if he can secure settlement before Whitsun on the rail front on these terms our general position would be very much strengthened. I hope therefore that you will see no difficulty in my telling Mr Reid that if necessary he has discretion to go up to 4.9% at the most, that this is a final figure and that it should not be offered unless it will clinch a firm settlement. I ought to tell him tomorrow, Thursday, if at all possible.

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I am sending copies of this letter to the Prime Minister and to the other members of E(PSP), the Lord President, the Secretaries of State for Defence, Scotland and Wales, the Attorney General, and to Sir Robert Armstrong.


Nicholas

NICHOLAS RIDLEY

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From the Private Secretary

17 May, 1984.

British Rail Pay

The Prime Minister has seen your Secretary of State's letter to the Chancellor of 16 May. She agrees with the reformulation of the productivity requirements which Mr. Reid is proposing. She is content also that the Railways Board should increase their offer up to 4.6%, but with discretion to go to 4.9% if it will clinch a firm settlement.

I am sending copies of this letter to the Private Secretaries to the members of E(PSP), the Lord President, the Secretaries of State for Defence, Scotland and Wales, the Attorney General, and to Richard Hatfield (Cabinet Office).

A. Turnbull

Miss Dinah A. Nichols,
Department of Transport.

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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Nigel Lawson
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

11th May 1984

Dear Chancellor,

BR PAY

Much as expected when I wrote to you on 8 May, the Railway Unions announced this afternoon that they will be instructing their members to cease all overtime and rest day working (except on Sundays), and to work to rule, from 30 May. The ostensible reason for their decision is that BR's pay offer is too low and that discussions on pay should be quite separate from those on productivity.

I have discussed this with Bob Reid. He is quite clear that the union leaders' main motivation is political and is a response to heavy pressure from the NUM.

BR will be using all possible means to get across their position to the workforce and the public. To pre-empt the unions' announcement, BR held a press conference themselves at 11.15 this morning. They stressed that:

- BR has already improved its offer from 4% to the equivalent of 4.3%;
- The negotiations had not been completed and, indeed, the Board have already offered no less than five dates for a further meeting;
- There must be further reductions in manpower over the next few years but there will be no compulsory redundancies;
- The three specific productivity conditions are not new, and one of them is still in the negotiating machinery;
- Disruption of the railway would drive away customers, threatening the longer term future of the railway and the further investment for which the unions are always clamouring;

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- The Board regard the unions' action, therefore, as premature and unnecessary.

BR will reinforce these points in contacts between local managers and the men. They will, if it seems appropriate, put their message across by national advertising in the press next week. And they will try to get the unions back to the negotiating table.

Bob Reid made clear to me that, if the unions go ahead with this action, it would probably affect services quickly and seriously. This is not only because railwaymen do very large amounts of overtime and rest day working, but also because a few militant signalmen can paralyse whole routes.

I asked Bob Reid whether there was any particular guidance the Government might usefully give. He said that the problem was BR's and that the Board must handle it. But he asked for:

a. reasonable flexibility to increase the pay offer within BR's ability to finance it; and

b. an assurance that the Government would not put pressure on him to set aside the three productivity conditions. He would strongly resist that because backing down on productivity would strike at the progress on working practices won so slowly and painfully since 1980 and make it far more difficult to achieve the further improvements that are required.

I told him that he already had our approval to go up to 4.6% and that, if necessary, I should be willing to consider, with colleagues, a marginal increase even on that figure. I also said that, if it came to the crunch, it was more important to keep coal trains running than to avoid disruption of passenger services. I believe that we should also continue to give the Board our backing to stand firm on the specific productivity conditions.

Bob Reid will keep in close touch with me. I will continue to inform colleagues of developments and we can review the position at MISC 101 on Monday.

I am sending copies of this to the Prime Minister, to members of E(PSP), to the Lord President, the Secretaries of State for Defence and for Scotland and the Attorney General, and to Sir Robert Armstrong.

Yours sincerely,

David Nichols

Private Secretary

pp NICHOLAS RIDLEY

*(Approved by the Secretary of State
& signed in his absence)*

Transport: 88 pay 178.

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AT 8/1

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DEPARTMENT OF TRANSPORT
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01-212 3434

Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

8 May 1984

Dear Nigel

RAILWAY PAY

Railway pay negotiations adjourned on 27 April on a slightly improved offer (equivalent to 4.3%), subject to the productivity conditions which BR have specified from the outset.

The NUR and ASLEF, acting jointly, are now threatening a campaign of limited disruption in support of their pay claim. An all-out strike call seems unlikely. The unions are not expected to take a firm decision on industrial action before the NUR and ASLEF Executive Councils meet on 10 May, and even then, they may only threaten disruption if BR have not improved their offer by, say, the end of this month.

BR wrote to the rail unions last week formally restating their insistence on union agreement to specific productivity improvements before the 1984/85 pay claim can be settled. Their letter was mis-interpreted in the weekend press as a new move, designed to open the way to arbitration. What, in fact, BR have done is to remind the rail unions that the negotiating process on productivity has not been exhausted, that the door remains open for talks but that pay and productivity are irrevocably linked.

Bob Reid is, of course, fully alert to the continuing importance of playing rail pay long and in a low-key while the miners are still on strike. I shall be keeping in close touch with him and will inform colleagues at once of any significant developments.

Copies of this letter go to the Prime Minister, to other members of E(PSP) and to Sir Robert Armstrong.

Lawson

Nicholas Ridley

NICHOLAS RIDLEY

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Transport A8

BR Faros

28 MAY 1984

