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

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London SW1

22 April 1985

A handwritten signature in dark ink, appearing to read 'John Villa'.

BR PAY

Thank you for your letter of 28 March. I understand that the NUR and ASLEF have both now accepted the Board's offer and that TSSA is seeking non-binding arbitration, but that Bob Reid is confident that he can avoid making any concessions on that front.

This is a very satisfactory outcome. However, it leaves in the air the issues of how BR will make progress on the various outstanding productivity issues without costly concessions on pay and when they expect to remove the Railway Staffs National Tribunal. These are issues which we shall want to discuss in E(NI) at an early opportunity.

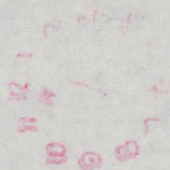
I am sending copies of this letter to the Prime Minister, Peter Walker, Norman Tebbit and Tom King, and to Sir Robert Armstrong.

NIGEL LAWSON

A handwritten signature in dark ink, appearing to read 'Nigel Lawson'.

TRANSPORT: BR Pay: Pt 8

23 APR 1985



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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

R/PSO/4322/85

25 March 1985

Prime Minister:

To note

Dear Nigel

BR PAY

Thank you for your letter of 27 March. As you know, it arrived less than an hour before BR were opening their talks with the unions and it was not possible, therefore, for me to pass on your views.

In any event, I do not think that it would have been possible for BR to wait until after our discussion in E(NI). I shall be on an official visit to India after Easter, and so the BR Corporate Plan and Performance Review will presumably not be dealt with until the E(NI) meeting planned for 25 April. BR could not wait until after that: the settlement date is 15 April.

You will want to know the report I have received on yesterday afternoon's meeting with the unions. The Board began by emphasising that the immediate priority is to restore customers' confidence in the reliability of the railway. Changes will be needed over the coming year and the co-operation of the workforce and the unions will be essential to success. Because of the miners' strike and the unions' blacking of coal movements by rail, it is exceptionally difficult for the Board to finance a pay increase this year.

As planned, the Board opened with an offer just over 4%. This was not acceptable to any of the unions. Finally, the Board offered a maximum of 4.85% plus a small addition - worth about 0.1% of the pay bill - for the lowest paid workers. They made it clear to the unions that this was their final offer and that there was no more money. They said that a settlement by Easter would be important to help restore confidence. So they called on the unions for a reply by next Wednesday at the latest.

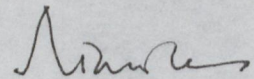
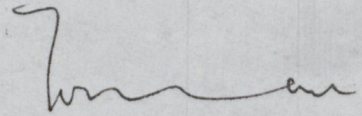
The unions agreed to refer the offer to their Executives. The NUR made it clear that they had been looking for more.

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But the Board are clear that their response to any further demands should be that they have made their final offer.

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NICHOLAS RIDLEY

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TRANSPORT: British Rail: P+8

29 MAR 1967

