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NDPM
AT 15/7

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

12 July 1985

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

John Nash

PAY: LRT BUS

You wrote to me on 9 July about the LRT's negotiations with its bus crews. I am grateful to you for keeping me in touch with developments.

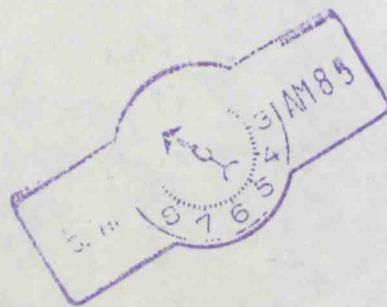
At this stage, I would only suggest that it would be helpful in the wider pay context if LRT could present its deal as a 4.9 per cent increase, with productivity commitments, rather than quote any other figure. It is not clear to me whether the 3 per cent you mention in your letter represents the maximum further payment which might be made to the bus crews once the productivity schemes were in place. Such a payment could of course only be justified by the actual delivery of the productivity increases, and it would need to be fully consistent with the EFL - nor must it compromise progress towards the revenue support target which, as you know, relies heavily on productivity improvements.

I have copied this letter to the Prime Minister, to Leon Brittan and Tom King and to Sir Robert Armstrong.

NIGEL LAWSON

John Nash

LRT: Trompork, Nov. 1983



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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

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

9 July 1985

Dear Nigel

PAY: LRT BUS

I should report that LRT have opened negotiations with the TGWU on bus pay.

LRT are offering a 4% gross increase in basic pay, or 4.35% including a £1 a week supplement for OPO drivers.

At the same time LRT are seeking to negotiate a substantial productivity deal involving a rescheduling of work attendances and a renegotiation of various service and bonus schemes, worth in total some 3% in a full year. Provided they are able to secure agreement to these schemes by specific dates later this year, they are prepared to increase their offer up to 4.9%. (The offer to LRT underground staff is currently at 4.95%).

In view of the current rate of inflation, and the going rate for wage settlements, and the potential productivity savings both this year and subsequently, I think such an agreement would be an exceptionally favourable one, and one which LRT should have no difficulty of financing within their EFL this year. I fear, however, that the chances of achieving such a settlement without an all-out strike cannot be good, especially given the fact that the TGWU consider that they now have a mandate for strike action. I am in close touch with Keith Bright and will let you know of any significant developments.

/ I am copying this letter to the Prime Minister, to Leon Brittan and Tom King, and to Sir Robert Armstrong.

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NICHOLAS RIDLEY

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