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DEPARTMENT OF TRANSPORT
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Nigel Wicks Esq
10 Downing Street
LONDON SW1

27 August 1985

Dear Nigel.

Huw Hopkins wrote to Tim Flesher on 22 August enclosing a note on the current industrial relations problems on British Rail.

I now enclose a further note by the Department which sets out in fuller detail the background to the dispute, the action which BR and the NUR might take, and the financial implications. The note is for information, and does not ask for any decisions to be taken at this stage.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Secretaries of State for Employment, Energy, Scotland, Trade and Industry and Wales, and to Richard Hatfield (Cabinet Office).

Yours,

Richard.

R A ALLAN
Private Secretary

W.H.H.

Prime Minister

DTP tell me that they have arrangements with BR that they would not take the sort of action described in §5 without informing the Dept. first.

No decisions required at this stage.

N.L.W.

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BRITISH RAIL INDUSTRIAL RELATIONS

British Railways Board (BRB) Objectives

1. The National Union of Railwaymen (NUR) conference resolutions in 1983 and 1984 said, "We therefore absolutely reinforce this policy of the Union not to enter into any further talks on productivity and this to certainly include any proposals to extend 'Driver-Only-Operation' of trains". The main objective of BRB is to force the NUR into a position where it has to return to the negotiating table so that progress can be made on a wide range of issues. The Board anyway need to make progress on Driver-Only-Operation (DOO) of both passenger and freight trains. A background note on Driver-Only-Operation is at Annex A.

BR's Action To Date

2. The Board has pressed ahead with attempts to introduce DOO services in a number of areas, particularly in the freight sector, but with little success. (See the note of 22 August.) Drivers and guards who have refused to cooperate have been sent home without pay; about 260 guards who took unofficial strike action have been dismissed.

NUR Objectives

3. The NUR's objective is to delay any change, and to obtain the best terms for any concessions they eventually make. They have sought wide support through the TUC and, in particular, from the train drivers' union ASLEF, the NUM and the TGWU. ASLEF leaders have promised (unspecified) support, but their members know that they stand to gain financially from DOO - £7.32 a shift, currently. So the solid support of ASLEF train drivers is not inevitable. There is no reason to suppose that other unions will be able to deliver any more support for the NUR than they could for the NUM. The NUM have not indicated any specific action. They could call on their members not to load coal lorries.

4. The NUR cannot expect a national strike by guards to remain solid for long when strike pay is only £1 per day, but cannot afford to 'buy' this support by paying guards the NUR "hardship"

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rate (£15.70 per day) in the event of a protracted national dispute - that would cost the NUR over £860,000 a week. So the NUR's preferred option must be to call for action short of a strike - a ban on overtime and rest-day working, selective area stoppages perhaps twice weekly - designed to maximise disruption at least cost to the union.

BRB Possible Actions

5. BRB have in recent days suggested publicly:

- a. that if there is widespread disruption they would have to close the railway
- b. that in this event, they could not continue to pay non-striking workers.

6. Under a 1919 agreement railwaymen have a guaranteed minimum week. Complying with the agreement, BRB have to pay the basic rate to those men who report for duty normally even though there is no work for them. They would need anyway to pay members of the white-collar Transport Salaried Staff Association (TSSA), whose conditions of service make it impossible for the Board to stop pay without up to six months' notice.

7. BRB's legal position on unilaterally suspending the guaranteed week was considered in 1982, during the ASLEF strike. The Law Officers' opinion then was that withholding pay could be viewed as constructive unfair dismissal and that the most that BRB could hope for is the short-term cash-flow benefit of deferring wages while litigation ran its course. It may be open to employees, or their representatives, to seek a pre-emptive injunction, which could well be granted.

8. The NUR would challenge the abrogation of the guaranteed week in the Courts, probably successfully. The Board would plead an attempt, which they would by then have made, to suspend the guaranteed week by agreement; the duress applied upon the Board and its finances by the NUR, leading to the Board being deprived of its abilities not only to earn revenue but also to fulfil

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commitments to the Government to run a railway. They would argue also that the guaranteed week was framed in 1919 to promote the decasualisation of railway labour and that its use as a weapon to secure pay during a strike falls outwith the intent of the agreement. But the Board's practice has always been to abide by the agreement.

Financial Implications

9. The Exchequer grant paid to BR is in compensation for their obligation to run the passenger railway. The issue may arise whether to suspend payment of grant for the duration of any prolonged stoppage. This was done for two weeks during the ASLEF dispute in 1982. There is no precedent for withholding grant for periods of short-term or partial disruption. Suspending grant would increase BR's temporary borrowing requirement.
10. In normal circumstances, BR loses about £15m a week, which is covered by grant. The costs of selective action are inherently unpredictable, though less than those on an all-out strike. If the railway were completely closed as a result of a guards' strike, BR's loss before grant would be £30-35m if they paid fall-back pay to other staff, and about £15m if they succeeded in avoiding the minimum guaranteed pay for all NUR staff. £15m of these losses would be covered by grant if the Government continued to pay grant at the normal rate. The cash position would be different depending on timing of other receipts and payments and would be investigated in detail at the time. However, it is clear that BR would within days have to resort to temporary borrowing. They have about £60m headroom under their present temporary borrowing ceiling of £150m. If grant is suspended, and BR continue to pay all non-striking staff, they are likely to reach this ceiling within a fortnight. BRB are currently forecasting that they will be close to their 1985/86 EFL of £918m. Extra borrowing would take them over EFL.
11. Withholding grant during the strike will not necessarily mean a reduction in the total grant payable to BR for the year. In 1982 the operation of the grant mechanism entitled the Board to claim the full amount of grant allowed by the cash ceiling. It

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would be necessary to decide later on whether to reduce the cash ceiling on the grant to prevent this from happening this time. To the extent that losses are not covered by continuation of grant, borrowing will increase and in the long run much of the interest cost will fall on the Exchequer. It is not necessary to decide at this stage how to deal with any such consequences.

12. Accordingly the financial decisions which Ministers may need to take in the next stages of the dispute are:

- i. whether to raise the Board's temporary borrowing ceiling
- ii. whether to suspend payment of grant if BRB close the network or NUR call a national strike.

Annexes

As further background, the following annexes are attached:-

Annex A - Driver-Only-Operation

B - Public Presentation

C - The Machinery of Negotiation

D - Facts and figures about the NUR

E - " " " " " ASLEF

F - " " " " " TSSA

G - The NUR ballot paper.

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DRIVER-ONLY-OPERATION

1. The duties of the guard can increasingly be undertaken by the driver as a result of advances in railway technology. In particular the introduction of fully air-braked wagons means that a freight driver can single-handedly brake a train from his cab and new suburban passenger rolling stock has sliding doors which can, again, be operated by the driver. The passenger stock also has a direct driver/passenger communication system which can be linked to the signaller where necessary. And modern track circuitry allows the signaller to monitor the progress of the train at all stages.

2. A survey in 1977 by Leeds University illustrated the need for DOO in the freight sector. This said, "British freight train crew productivity is very low by European standards, the major problem being that there are too many crew on each train". In fact, only the Italian railways had a worse record. BR estimate DOO savings of £15-20m pa by 1990, mostly in the freight sector.

3. Although Driver-Only-Operation (DOO) was first mooted in 1976 it did not form a part of BR's productivity drive until 1981. Twin ACAS Understandings on Pay and Productivity, which narrowly averted a rail strike that year, generated six productivity items of which two were associated with DOO: passenger and freight. DOO was touched on in later references to the Railway Staff National Tribunal who made recommendations on supplementary payments for DOO drivers on the Bedford-St Pancras passenger service and on the running of three trial freight train DOO services. The Bedford-St Pancras DOO service started in July 1983. BR decided to re-deploy some of the redundant Bedford/St Pancras guards as revenue collectors. They are not assigned to any particular train. The Board and NUR have still to agree on the precise number of ex-guards to be used as revenue-collectors. The 1984 BR pay deal included agreement on the principle of Bedford-St Pancras DOO, acceptance that BR would advance further DOO passenger proposals with a view to introduction from 1985 and a statement by BRB that they would want to "regularise" the operation of three freight DOO services, two of which had been piloted the previous year.

4. In 1983 the NUR Annual Conference barred its leaders from further DOO talks. This constraint was re-emphasised the following year despite the provisions attached to that year's pay settlements.

5. Given the satisfactory operation of the Bedford-St Pancras driver-only service BRB contend that the NUR have accepted the principle of DOO. BRB now have passenger rolling-stock which has been specially modified for DOO at Glasgow and Kings Cross. Guards have blacked the units and drivers (ASLEF) who have been asked to undergo DOO training have refused.

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6. In the freight sector BRB ran month-long DOO trials at 3 locations:

Immingham-Santon (BSC Scunthrope) (1983)

Port Talbot - (BSC Llanwern) (1983)

Willesden-Garston (1984)

Since July this year BRB have tried to operate these three services permanently in the DOO mode, and to run further pilot DOO services from Barking and Thameshaven oil terminals, and from Westbury (Wiltshire). ASLEF drivers have refused.

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PUBLIC PRESENTATION

1. The NUR has deployed two main arguments in public. One has been to suggest that the question of DOO has not been fully discussed within the negotiating machinery, and that the Board is thus acting precipitately and outwith the railway's constitution. The suggestion has been that the NUR is ready and willing to talk. Their second argument has sought to gain public sympathy by creating anxiety about risks to operational and personal safety in running trains without guards.

2. The Board's main arguments have been that the principle of DOO has been settled, that the unions must face up to the need for change, and that the railways cannot be run by union conference resolutions. Further talks, even if the NUR was authorised to attend them, would be useless. A major campaign has also been directed at the guards themselves in an effort to sway the ballot result. This has included paid advertising in the National press, and personal letters (at least two) to every guard. There have been frequently repeated assurances that no guard will lose his job because of DOO. Considerable effort has also been devoted to reassuring the public (there are signs of disquiet) about the safety aspects, where in fact no problem exists. The News of the World on 25 August carried an article by Sir Robert Reid (attached).

3. From the outset, the Board selected Mr John Palette, Managing Director, Personnel, as the focus for their public presentation.

BLOW THE WHISTLE ON THIS BOGUS FEAR

SUDDENLY the safety of passengers on trains has become a major talking point. Not a problem. A talking point.

It's happened in the last few days as the NUR's case for holding the public to ransom has crumbled under the pressure of exposure.

And so the leaders of the NUR avoid answering the question about how an agreement can be reached when their chief spokesman has an instruction which says—don't make ANY productivity deals.

Instead they play on the fears of the public and exaggerate the dangers of the transport system which gives them their livelihood.

War

In all my long experience of railway service, the NUR's campaign on safety is the most disgraceful example of misleading the public that I can remember.

Here are a few simple facts to hold on to as the war of words revolves around your heads.

FACT No. 1: The NUR flatly refuses to entertain,

By SIR ROBERT REID
Chairman of British Rail

let alone negotiate, any further changes in working practices on BR.

FACT No. 2: Driver only trains have been operating safely, day in day out, for over two years on the Bedford/ St Pancras line.

When has the safety of our passengers been called in question during this time?

FACT No. 3: Guards will still travel on all Inter-

City trains and on rural services, where they have an active role looking after customers and selling or checking tickets.

FACT No. 4: The only passenger trains which will lose their guards in the next two years will be Strathclyde suburban services in Glasgow and Great Northern suburban services from Kings Cross.

FACT No. 5: Because stations in Scotland are

"open" and there are no ticket barriers to pass, Strathclyde trains will all have a man on board to check tickets.

Where there are no open stations, a uniformed railway man will still travel on many trains to check tickets.

But trains will no longer be cancelled in the rush hour just because there isn't a guard.

FACT No. 6: BR will ONLY operate trains without guards when all the required safety equipment is in place.

That includes open plan well-lit trains with sliding doors and a radio telephone so that the

driver and signalman can talk to each other while the train is on the move.

FACT No. 7: The bigger savings—£20 million a year—come from running many of our freight trains without guards.

The savings will not solve the financial problems of the freight business. But they are a healthy contribution.

Dispute

Already the NUR has been forced to concede the principle of this dispute once. In 1982. That's why driver-only trains run now between Bedford and St Pancras.

Unfortunately the NUR refuse to come to terms with this breach of its gospel "Thou Shalt Always Have a Guard on Every Train."

The traditional role of the guard of protecting the train has been performed with care over the years by loyal railwaymen.

But now, under the stringent safety condi-



REID: "I'm fighting for the customer"

tions I have described, that role is carried out by others.

This frees men now employed as guards to be redeployed elsewhere doing much more worthwhile jobs, including looking after the passengers and protecting BR's revenue.

The NUR must come to terms with this change and sit down to negotiate agreements on how driver-only trains will operate, not whether.

To GUARDS' my message is a simple one. You have a written guarantee of continued employment by BR in the event of driver-only operation.

You will certainly lose

a lot of money and you could lose your job if the railway is disrupted.

To CUSTOMERS my message is an apology that once again you are caught up in a dispute about modernising the railway.

Reliable

The railway I am fighting to give you is a modern, clean, reliable railway, with service to the customer as its reason for being.

To get there we have to change the thinking of a union steeped in tradition. That's not easy, but it has to be done.

'The NUR campaign over safety is disgraceful'



NEGOTIATION MACHINERY

The objectives which were set the Chairman in 1983 referred to the need to improve the machinery of negotiation so as to speed up the process of change. So far, separate negotiating machinery has been agreed for all BR's subsidiaries (including BREL) which excludes provision for a reference to the Railway Staff National Tribunal (RSNT). Such a reference is still available to the main railway business, although the Board has put forward proposals for streamlining the machinery which include the replacement of the RSNT with joint, binding, access to ACAS. The Board would be totally opposed to this dispute going to RSNT, as it would imply that the principle of DOO remains to be accepted, contrary to their present assertion. Although Lord McCarthy ceased to be Chairman of RSNT 18 months ago, the Board and the unions have not agreed on a replacement; Lord McCarthy thus continues to take the chair on an ad hoc basis when required.

NATIONAL UNION OF RAILWAYMEN (NUR)

1. The NUR has a membership of approximately 135,000 covering staff in British Railways, London Regional Transport, National Bus Company and the road haulage and ports industries.

2. On the railways the union represents some 89,000 staff covering such grades as guards (11,000), signalmen (6,200), workshop staff, miscellaneous salaried and train and station catering. The NUR also represents about 800 BR drivers, although many of these are believed to have dual membership with the ASLEF.

Current Dispute

3. The NUR represents some 11,000 guards all of whom were balloted on 23 August. BR have sacked 260 guards at the following depots: Glasgow Central (147), Llanelli (32), Margam (44) and Immingham (37).

Earnings

4. Although guards basic rates are relatively low, premium payments (eg for unsocial hours) and high levels of overtime bring them more into line with the national average.

Typical earnings figures are:

	Basic Rate	Average Earnings	Average Hours Worked
Guard	94.65	163.99	48.5
Signalman 'A'	89.00	152.55	51
Signalman 'F'	137.50	246.51	50.8

NUR Assets

	Total Assets	£19.5 million	
including	Fixed Assets	£9.1	"
	Investments	£9.1	"
	Current Assets	£1.3	" (£0.3m cash)

Strike Pay

5. During a national strike the NUR would normally provide strike pay of £1 a day but in the current dispute those guards taking strike action have received £15.70 a day - the "hardship" rate.

ASSOCIATED SOCIETY OF LOCOMOTIVE ENGINEERS & FIREMEN (ASLEF)

The Union

1. ASLEF is a small Union with a membership of approximately 25,000. The Union represents the vast majority of BR's drivers, their assistants and trainees, about 20,400 in all, as well as about half of London Regional Transport underground train drivers. Of BR drivers, only some 800 are members of the national Union of Railaymen (NUR) but about 200 of these are thought to have dual membership with ASLEF.

Earnings

2. Typical earnings figures are:

	Basic Rate	Average Earnings	Average Hours Worked
Train Drivers	121.00	188.90	45
Drivers Assistants	84.10	122.85	43.4
" " (After 18 yrs)	102.55	166.85	43.6

Assets (As at 31/12/84)

	Total Assets	£2.32m
including	Fixed Assets	£1.2m
	Investments	£0.9m
	Current Assets	£0.2m

Strike Pay

3. ASLEF does not pay strike pay although it is understood that they are currently making up the pay of drivers sent home for refusing DOO.

TRANSPORT SALARIED STAFF'S ASSOCIATION (TSSA)

1. The TSSA has a total membership of approximately 50,000 of which about 28,000 work for British Rail. The union represents Senior Officers, management staff, clerical, supervisory, traffic controllers and miscellaneous salaried staff.

2. The TSSA is seen as a moderate union. The union's Executive Committee has the power to call industrial action, and any withdrawal of labour must have their consent.

Assets (As at 31/12/84)

	Total Assets	£5.5m
including	Fixed Assets	£3m
	Investments	£1.8m
	Current Assets	£0.7m

Strike Pay

3. The TSSA EC has the discretion to pay strike pay.

NATIONAL UNION OF RAILWAYMEN

DRIVER ONLY OPERATION: GUARDS' BALLOT

The NUR Executive Committee strongly urges you to support its decision to resist Management's attempts to impose Driver Only Operation and to demonstrate your support in the fight to protect Guards' jobs by voting YES.

The reference to a Breach of Contract in the question set out below is a requirement to protect the Union against legal action under the Trade Union Act 1984. It does not alter the previous position since most forms of industrial action have always been a Breach of Contract.

We urge you to vote YES to support your Executive Committee.

Do you agree to oppose the imposition of Driver Only Operation by the British Railways Board and to take industrial action including strike action if necessary which involves you in Breach of your Contract of Employment?

Yes

☐

No

☐

You must make a Cross (X) in one, and one only, of the two spaces provided above, otherwise your vote will not be counted.

If you are voting by post it must reach Head Office by Monday 2nd September 1985.