

Prime Minister 2

CC/BT

BR have already told the union informally about the redundancies. Another point to make is that it is extra investment in new BR rolling stock which is contributing to these redundancies, because it needs less maintenance. DLT 16/5.

PRIME MINISTER

16 May 1986

BR/BREL - THE NEW STRUCTURE FOR MAINTENANCE AND MANUFACTURING

The last thing we need at present is the announcement of another 4,800 job losses at BREL works - over 80% in the Midlands, North and Scotland. But there is no disputing the industrial logic and commercial soundness of the course which BR/BREL are on. Next Tuesday's meeting between BR and the Rail unions is inescapable; by now, so is disclosure of the planned restructuring of maintenance and manufacturing, and the consequent job losses. Continuing speculation will be more damaging than the truth, which briefly is as follows:

1. BREL's assortment of old-fashioned, manpower-intensive workshops are a relic of the great days of steam when locomotives were treated like thoroughbred horses, each needing individual attention at a specialist workshop.
2. Modern rolling stock designs require substantially less maintenance (eg 50-60% less for BR's new diesel multiple units) and are modular so that defective components can quickly be replaced in BR's frontline maintenance depots. This means that defective rolling stock can be put back into service in hours rather than being sent away for weeks to a specialist BREL workshop. Accordingly, BR aim to push up the operational availability of rolling stock from less than 70% to at least 90%.
3. BR's plan is to integrate frontline maintenance with operations. The same manager will be responsible for maintenance and operations, ie for maximising the availability of his fleet. The latest computing aids will be used for spare parts stock control.
4. Having done this, and made the four major workshops at the core of BREL a separate corporate entity engaged

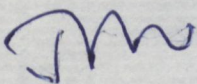
mainly in the manufacturing and rebuilding of rolling stock, the option exists to privatise BREL. But this was not the primary motive behind the restructuring of maintenance and manufacturing. The overriding objective is to make BR an efficient business, exploiting fully the latest railway technology and maintenance techniques.

The important thing now is presentation. Critics will blame the Government's heedless pursuit of privatisation and bewail the decimation of another once great industry.

Ministers must make it clear that modernisation and advancing technology is the reason for the BREL job losses. An efficient modern railway system, linked by Channel Tunnel and high-speed trains to the Continental network has a promising future; so has a railway supply industry which is lean, competitive and abreast of the new technology. The Channel Tunnel project alone will require some £160 million of rolling stock from British manufacturers.

Recommendation

It would be worth asking Nicholas Ridley urgently to ensure that the Government and Party machines are fully briefed on the background to the BREL job losses, the positive aspects of BR/BREL's restructuring of maintenance and manufacturing, and the more promising outlook for the railway industry now that the Channel Tunnel is in prospect.



JOHN WYBREW

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done
this.
JW

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Prime Minister

David Norgrove Esq
Private Secretary
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This seems OK to me, except that the sentence marked X is misleading. The 20,000 are not extra jobs; they are the numbers BR will need to recruit as replacement staff.

19 May 1986

Agree to ask for its deletion? Any other comments?

Dear David,

DAW

19/5.

My Secretary of State wrote to the Chief Secretary on 14 May explaining that British Rail planned to announce at a meeting with their Unions on 20 May their proposals for the next stage of the rationalisation of British Rail Engineering Ltd (BREL) Workshops.

Reports of the job losses expected started to appear in the press on Friday and my Secretary of State agreed with the Business Managers today that he should make a Statement in the House tomorrow afternoon, Tuesday 20 May. I enclose the current draft of the Statement.

I am copying this letter to the Private Secretaries to all members of the Cabinet, to Murdo MacLean and Rhodri Walters, and to Michael Stark.

Yours,

Richard.

R A ALLAN
Private Secretary

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DRAFT STATEMENT: BREL.

We have set British Rail the objective of modernizing the Railway: to that end, and urged on by the Opposition and the Unions, we have agreed a massive investment programme. Over £400m of new rolling stock has been approved over the last 2 years, and some £700m is planned to come forward over the next 5 years. There is a further several hundred million pounds worth of railway rolling stock investment associated with the Channel Tunnel, if the House consents to the Bill.

As I have repeatedly said, new modern rolling stock requires less maintenance and repair. For example, on average 2 of the new Sprinter vehicles are able to replace 3 old DMU's and each one requires 30-40% less maintenance than its predecessor. So overall there is a reduction of 50-60% in the BREL maintenance workload for that service.

As a result, capacity reductions within BREL have been occurring for a number of years and some 1750 job losses announced a year ago have still to take place. I regret to have to tell the House that all the same factors of workload reduction are the precise cause of BREL's announcement to their Unions this morning that they expect further job losses over the next 3 years. At this stage these are the subject of the normal processes of consultation with the Unions.

BR announced in January that a New Build and Heavy Repair Group would be separated from maintenance and repair and that the latter would be brought closer to the operation of the Railway.

The New Build and Repair Group comprises Crewe, York and two works at Derby. Here the numbers employed will to some extent vary with the orders obtained - and some export orders are coming through, but there is expected to be some decline in employment as lighter maintenance work is transferred elsewhere.

In the Maintenance Group of Works, BR's proposals are as follows:

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At Eastleigh BR believe that productivity can be improved and overheads reduced sufficiently to enable the works to continue with its present job of refurbishment and heavy overhaul of Southern Region third rail electric stock - but over the next 3 years up to 500 jobs may go.

Doncaster will continue to carry out wagon manufacture and wagon overhauls, and will also become a major maintenance depot for locomotives and other rolling stock. Doncaster will also become the site for BR's new National Store for supplying spare parts to BR depots. Together these proposals mean lower levels of employment at Doncaster - down over the next 3 years from the present level of 3100 to between 1400 and 1690.

Wolverton will become a major maintenance depot for a wide range of coaching stock, and as an interim measure will complete its programme of electric train refurbishment. But over the next 3 years employment there will decline from the present level of 1900 to between 650 and 850.

Glasgow Springburn will become a Regional Maintenance Depot for ScotRail with jobs for about 200 people.

Job losses in Regional depots will amount to about 300 a year as was envisaged in BR's 1985 Plan. Thus BR's new estimate of declining workload is for reductions of between 4200 and 5000 jobs over the next 3 years compared to the figures previously announced.

Both the Government and British Rail are deeply conscious of the consequences of these changes for a large number of staff and their families. The Board intend to appoint a senior Director to co-ordinate measures to help those affected by the changes. He will work with BREL in redoubling their efforts to find alternative employment both within and outside the industry for those displaced, and to develop retraining programmes. British

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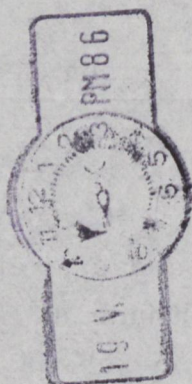
X | Rail will be recruiting some 20,000 people over the next 3 years to jobs in all departments of the railway. BR will also be approaching the local authorities with a view to setting up, or supporting, in each area a suitable development agency on the lines that BREL has done with considerable success at Shildon, Horwich and Swindon. They will provide financial and other support through these agencies for job creation schemes.

Though the House will share the Government's disappointment that this has proved to be necessary, I am sure it will be accepted that it is an unavoidable consequence of modernizing the Railway.

Sounds unsympathetic. Reorder the two halves of the sentence?

I should delete
the whole of the
last sentence - the
point point has
been made already -
the statement, and
the statement with then and
on job creation schemes

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(Faint, illegible handwritten text, possibly a signature or address)

DC

STATEMENT, 20 MAY 1986

BRITISH RAIL ENGINEERING LTD

WITH PERMISSION, MR SPEAKER, I SHOULD LIKE TO MAKE A STATEMENT ABOUT THE ANNOUNCEMENT BRITISH RAIL ARE MAKING TO THEIR TRADES UNIONS AT THE RAIL COUNCIL TODAY ABOUT THEIR FUTURE ARRANGEMENTS FOR MANUFACTURE AND MAINTENANCE OF ROLLING STOCK.

WE HAVE SET BRITISH RAIL THE OBJECTIVE OF MODERNIZING THE RAILWAY: TO THAT END, WE HAVE AGREED A MASSIVE INVESTMENT PROGRAMME. OVER £400M OF NEW ROLLING STOCK HAS BEEN APPROVED OVER THE LAST 2 YEARS, AND SOME £700M IS PLANNED TO COME FORWARD OVER THE NEXT 5 YEARS.

AS THE HOUSE MUST REALISE, NEW MODERN DESIGNS OF ROLLING STOCK REQUIRE LESS MAINTENANCE AND REPAIR. FOR EXAMPLE, ON AVERAGE 2 OF THE NEW SPRINTER VEHICLES ARE ABLE TO REPLACE 3 OLD DMU'S AND EACH ONE REQUIRES 30-40% LESS MAINTENANCE THAN ITS PREDECESSOR. SO OVERALL THERE IS A REDUCTION OF 50-60% IN THE BREL MAINTENANCE WORKLOAD FOR THAT SERVICE.

SIMILARLY THE NEW CLASS 87 ELECTRIC LOCOMOTIVE HAVE MUCH HIGHER AVAILABILITY THAN THE DESIGNS OF THE 1960S WHICH THEY WILL REPLACE. AGAIN TWO NEW VEHICLES WILL REPLACE THREE OLD ONES, EACH REQUIRING LESS MAINTENANCE, SO AGAIN THERE IS A DRAMATIC FALL IN WORKLOAD.

/AS A RESULT, CAPACITY

AS A RESULT, CAPACITY REDUCTIONS WITHIN BREL HAVE BEEN OCCURING FOR A NUMBER OF YEARS. I REGRET TO HAVE TO TELL THE HOUSE THAT THE SAME FACTORS OF WORKLOAD REDUCTION ARE THE MAJOR REASON FOR BREL'S ANNOUNCEMENT TO THEIR UNIONS THIS MORNING THAT THEY EXPECT FURTHER JOB LOSSES OVER THE NEXT 3 YEARS. THESE ARE THE SUBJECT OF THE NORMAL PROCESSES OF CONSULTATION WITH THE UNIONS.

BR ANNOUNCED IN JANUARY THAT A NEW BUILD AND HEAVY REPAIR GROUP WOULD BE SET UP AND SEPARATED FROM MAINTENANCE AND REPAIR AND THAT THE LATTER WOULD BE BROUGHT CLOSER TO THE OPERATION OF THE RAILWAY.

THE MAIN ELEMENTS OF THE NEW BUILD AND REPAIR GROUP ARE CREWE, YORK AND THE TWO WORKS AT DERBY. HERE THE NUMBERS EMPLOYED WILL TO SOME EXTENT VARY WITH THE ORDERS OBTAINED - AND SOME EXPORT ORDERS ARE COMING THROUGH - BUT THERE IS EXPECTED TO BE SOME DECLINE IN EMPLOYMENT AS LIGHTER MAINTENANCE WORK IS TRANSFERRED ELSEWHERE.

IN THE MAINTENANCE GROUP OF WORKS, BR'S PROPOSALS ARE AS FOLLOWS:

AT EASTLEIGH BR BELIEVE THAT PRODUCTIVITY CAN BE IMPROVED AND OVERHEADS REDUCED SUFFICIENTLY TO ENABLE THE WORKS TO CONTINUE WITH ITS PRESENT JOB OF REFURBISHMENT AND HEAVY OVERHAUL OF SOUTHERN REGION THIRD RAIL ELECTRIC STOCK - BUT OVER THE NEXT 3 YEARS UP TO 500 JOBS MAY GO.

DONCASTER WILL CONTINUE TO CARRY OUT WAGON MANUFACTURE AND WAGON OVERHAULS, AND WILL ALSO BECOME A MAJOR MAINTENANCE DEPOT FOR LOCOMOTIVES AND OTHER ROLLING STOCK. DONCASTER WILL ALSO BECOME THE SITE FOR BR'S NEW NATIONAL STORE FOR SUPPLYING SPARE PARTS TO BR DEPOTS. TOGETHER THESE PROPOSALS MEAN LOWER LEVELS OF EMPLOYMENT AT DONCASTER - DOWN OVER THE NEXT 3 YEARS FROM THE PRESENT LEVEL OF 3100 TO BETWEEN 1430 AND 1690.

WOLVERTON WILL BECOME A MAJOR MAINTENANCE DEPOT FOR A WIDE RANGE OF COACHING STOCK, AND AS AN INTERIM MEASURE WILL COMPLETE ITS PROGRAMME OF ELECTRIC TRAIN REFURBISHMENT. BUT OVER THE NEXT 3 YEARS EMPLOYMENT THERE WILL DECLINE FROM THE PRESENT LEVEL OF 1900 TO BETWEEN 650 AND 850.

GLASGOW SPRINGBURN WILL BECOME A REGIONAL MAINTENANCE DEPOT FOR SCOTRAIL WITH JOBS FOR ABOUT 200 PEOPLE.

JOB LOSSES IN REGIONAL DEPOTS WILL AMOUNT TO ABOUT 300 A YEAR AS WAS ENVISAGED IN BR'S 1985 PLAN.

THUS BR'S NEW ESTIMATE OF MANPOWER REQUIREMENT POINTS TO REDUCTIONS OF BETWEEN 4200 AND 5000 JOBS IN BREL OVER THE NEXT 3 YEARS TOGETHER WITH 1750 PREVIOUSLY NOTIFIED TO THE TRADES UNIONS.

/BOTH THE GOVERNMENT AND

BOTH THE GOVERNMENT AND BRITISH RAIL ARE DEEPLY CONSCIOUS OF THE CONSEQUENCES OF THESE CHANGES FOR A LARGE NUMBER OF STAFF AND THEIR FAMILIES. THE BOARD INTEND TO APPOINT A SENIOR DIRECTOR TO CO-ORDINATE MEASURES TO HELP THOSE AFFECTED BY THE CHANGES. HE WILL WORK WITH BREL IN REDOUBLING THEIR EFFORTS TO FIND ALTERNATIVE EMPLOYMENT BOTH WITHIN AND OUTSIDE THE INDUSTRY FOR THOSE DISPLACED, AND TO DEVELOP RETRAINING PROGRAMMES. BRITISH RAIL WILL BE RECRUITING SOME 20,000 PEOPLE OVER THE NEXT 3 YEARS TO JOBS IN ALL DEPARTMENTS OF THE RAILWAY. BR WILL ALSO BE APPROACHING THE LOCAL AUTHORITIES WITH A VIEW TO SETTING UP, OR SUPPORTING, IN EACH AREA A SUITABLE DEVELOPMENT AGENCY ON THE LINES THAT BREL HAS DONE WITH CONSIDERABLE SUCCESS AT SHILDON, HORWICH AND SWINDON. THEY WILL PROVIDE FINANCIAL AND OTHER SUPPORT THROUGH THESE AGENCIES FOR JOB CREATION SCHEMES.

[Mr. Max Madden]

university of Bradford, which, with Aston and Salford, suffered savage cuts in 1981 and which recently announced the closure of its physics department, is to receive under his proposals a net real increase in resources, or the reverse?

Sir Keith Joseph: The hon. Gentleman will have to look at the details in the letters, but the former chairman of the UGC who presided over the allocations in 1981 recently wrote to *The Times* to say that, in his view, thanks to the presence of two very vigorous vice-chancellors, Salford and Aston are both better universities now than they were in 1981.

Mr. Peter Bruinvels (Leicester, East): I welcome the announcement and I bear in mind that Leicester university will benefit from today's announcement, but will my right hon. Friend confirm that no blank cheque is available, that university results must be improved, and that the unnecessary courses in some universities should be done away with and excellence maintained?

Sir Keith Joseph: Yes, Sir.

Mr. Andrew F. Bennett (Denton and Reddish): Will the Secretary of State explain why he has not put the UGC letter before the House today so that right hon. and hon. Members could see for themselves the extent of the real term cuts both in resources for the universities and in student numbers? Will he also tell us why the Government believe that higher education should be cut? Does he not agree that this is only one of three attacks on higher education — the universities, the public sector, and student grants? Does he not agree also that his statement is blackmailing the universities: that if they go along with this reallocation of smaller levels of resources and allow major cuts in research at places like Aston, Hull, Keele, Newcastle, Aberystwyth, Bangor, Swansea, Aberdeen, Dundee and Stirling they might get a few extra resources? Does he not agree that rather than being a landmark his statement puts a landmine under higher education in this country?

Sir Keith Joseph: Categorically, no. This is not an attack on universities but a stimulus to excellence.

Several Hon. Members rose—

Mr. Speaker: Order. I am sorry that I am unable to call everyone today, but I remind those right hon. and hon. Members whom I have not called that there will be education questions on 10 June. I shall keep a careful list of those who were not called today.

4.4 pm

The Secretary of State for Transport (Mr. Nicholas Ridley): With permission, Mr. Speaker, I should like to make a statement about the announcement British Rail is making to its trades unions at the Rail Council today about its future arrangements for the manufacture and maintenance of rolling stock.

We have set British Rail the objective of modernising the railway. To that end, we have agreed a massive investment programme. Over £400 million of new rolling stock has been approved over the last two years, and some £700 million is planned to come forward over the next five years.

As the House must realise, new modern designs of rolling stock require less maintenance and repair. For example, on average, two of the new Sprinter vehicles are able to replace three of the old DMUs, and each one requires 30 to 40 per cent. less maintenance than its predecessor. So overall there is a reduction of 50 to 60 per cent. in the British Rail Engineering Ltd. maintenance work load for that service.

Similarly the new class 87 electric locomotives have much higher availability than the designs of the 1960s which they will replace. Again, two new vehicles will replace three old ones, each requiring less maintenance, so again there is a dramatic fall in work load.

As a result, capacity reductions within BREL have been occurring for a number of years. I regret to have to tell the House that the same factors of work load reduction are the major reason for BR's announcement to its unions this morning that it expects further job losses over the next three years. These are the subject of the normal processes of consultation with the unions.

British Rail announced in January that a new build and heavy repair group would be set up and separated from maintenance and repair and that the latter would be brought closer to the operation of the railway.

The main elements of the new build and repair group are Crewe, York and the two works at Derby. Here the numbers employed will to some extent vary with the orders obtained—and some export orders are coming through—but there is expected to be some decline in employment as lighter maintenance work is transferred elsewhere.

In the maintenance group of works, BR's proposals are as follows. At Eastleigh BR believes that productivity can be improved and overheads reduced sufficiently to enable the works to continue with its present job of refurbishment and heavy overhaul of Southern region third rail electric stock, but over the next three years up to 500 jobs may go.

Doncaster will continue to carry out wagon manufacture and wagon overhauls, and will also become a major maintenance depot for locomotives and other rolling stock. Doncaster will also become the site for BR's new national store for supplying spare parts to BR depots. Together, these proposals mean lower levels of employment at Doncaster—down over the next three years from the present level of 3,100 to between 1,430 and 1,690.

Wolverton will become a major maintenance depot for a wide range of coaching stock, and as an interim measure

complete its programme of electric train refurbishment. But over the next three years employment there will decline from the present level of 1,900 to between 650 and 850.

Glasgow Springburn will become a regional maintenance depot for ScotRail with jobs for about 200 people.

Job losses in regional depots will amount to about 300 a year, as was envisaged in BR's 1985 plan.

Thus, BR's new estimate of manpower requirements points to reductions of between 4,200 and 5,000 jobs in BREL over the next three years, together with the 1,750 previously notified to the trade unions.

Both the Government and British Rail are deeply conscious of the consequences of these changes for a large number of staff and their families. The board intends to appoint a senior director to co-ordinate measures to help those affected by the changes. He will work with BREL in redoubling its efforts to find alternative employment both within and outside the industry for those displaced, and to develop retraining programmes. British Rail will be recruiting some 20,000 people over the next three years to jobs in all departments of the railway. BR will also be approaching the local authorities with a view to setting up, or supporting, in each area a suitable development agency on the lines that BREL has done with considerable success at Shildon, Norwich and Swindon. They will provide financial and other support through these agencies for job creation schemes.

Mr. Robert Hughes (Aberdeen, North): The Secretary of State's announcement makes yet another savage cut in BREL's manning levels and represents a further betrayal of the work force, which has been promised time and again that each round of cuts was the last and would provide job security and stability. Given last May's announcement, this means that there will be cuts of between 6,000 and 7,000 in the work force over the next three years. Moreover, the total cuts package in BREL since 1979 amounts to over 19,000.

Despite the Secretary of State's protestation that less maintenance is now needed, the fact is that cancellations and problems still seem to be the order of the day, and the promised better rail service simply does not materialise. Southern region contains the largest passenger sector, yet maintenance is down by 33 per cent. despite the fact that the vast majority of its stock is more than 25 years old.

The workshops most savagely hit are at Springburn, where the number of jobs is to be reduced from 1,000 to 150 or 200; at Wolverton, where the number of jobs is to be reduced from 1,850 to 650 or 800; at Doncaster, where the number is to be reduced from 1,912 to 780 or 1,040, and at Eastleigh where the number of jobs will fall from 2,122 to either 1,650 or 1,850.

No workshop or depot escapes. It would have been far better to invest more in new rolling stock—passenger and freight—and to ensure that British Rail builds in-house. There is, of course, an element of truth in the claim that maintenance needs have fallen. But maintenance engineers could be switched to new build. We know, for example, that the freightliner wagon fleet needs completely rebuilding. We also know that British Rail is using freight because locomotives are unavailable. Indeed, British Rail should go further, and should invest in making BREL the showcase of British engineering internationally.

There should be a sustained export drive, especially as currently BR obtains only 13 per cent. of the orders that it goes for.

Last year, BREL struck out a £25 million profit, because it had set £102 million aside for redundancies and closures. That is absolute nonsense. The statement said that BREL is to appoint a senior director to help those seeking redeployment. Presumably he is to compete with the senior personnel of British Shipbuilders, who will be looking for jobs for their staff. Last week my right hon. and learned Friend, the Member for Monklands, East (Mr. Smith), said that the Government were investing in sticking plaster for British shipbuilding. Now they are investing in splints to try to bind the shattered limbs.

The Secretary of State has totally failed to address himself to dealing with the problems of BREL, British Rail and our nation's transport needs. There is no point in the Prime Minister speaking at Perth last week about slaying the dragon of unemployment, when the Secretary of State, through his short-sighted rail policies, is feeding that same dragon. We demand a categorical assurance from him that there will be a debate on this issue, so that alternatives can be put forward and so that his paucity of thought can be totally exposed.

Mr. Ridley: The hon. Gentleman almost accepted something that he must accept, which is that the modern rolling stock being built for BR requires far less repair and maintenance than before. If he does not believe me, he should ask the chairman of British Rail whether it is true. He will have to accept the answer from BR's management, even if he will not accept it from me. He himself said that the maintenance requirement of Southern region was down 33 per cent. What does he expect British Rail to do to keep its work force, especially when the hon. Gentleman himself admits that some of the workshops are suffering a 33 per cent. drop in repair and maintenance work?

I think that the hon. Gentleman misunderstood the difference between repair and maintenance, and the new build activities at the four core works. I believe that the future for the four core works is much better than that for the repair works. A major export drive is going on. Indeed, the hon. Gentleman will have seen that an order has been won for the international coach to be sold to China. If I may say so, that was achieved with my help. Every effort is being made to ensure the greatest number of export orders for the new build part of BREL. But the hon. Gentleman must also recognise that that can be of no help to the repair and maintenance part of BREL, which is in business only to repair and maintain BR's stock.

The hon. Gentleman seemed to question the efficacy of the job creation efforts of BR. He should know that Shildon was closed in 1984, but that 710 new jobs have already been found, with the potential for that number to rise to 1,900 during the next two or three years. At Horwich, 374 jobs have been found, with the potential for that number to rise to 500 during the next two or three years. Those are no mean achievements, and the hon. Gentleman should not belittle the great effort BR has made to find replacement work for those whom it so unfortunately has had to displace.

Mr. Terence Higgins (Worthing): Given the present controversy over whether there should be tax cuts or more expenditure on the infrastructure, does not my right hon. Friend's reference to a massive increase in investment in

[Mr. Terence Higgins]

British Rail show that we are achieving both? I tried to follow closely the figures that my right hon. Friend gave, including those for increased recruitment in British Rail. Am I right to think that, at the end of the three-year period, he expects total employment in British Rail to increase?

Mr. Ridley: I am grateful to my right hon. Friend for that question. Investment in British Rail is on an upward path, and it is forecast that that will continue. The Opposition have frequently pressed us to increase investment, and we have willingly done so whenever BR has brought forward projects that it considers viable.

The massive increase in the amount of rolling stock ordered will, I think, lead to improved standards of service and to greater punctuality. In addition, approval was given for electrification of the east coast main line, which has produced many jobs in other industries. Moreover, it has produced orders for the new class 91 locomotive. That massive order is going jointly to Crewe and GEC.

As a result of normal wastage, BR expects that it will have to recruit a further 20,000 people. That does not mean that the total will be increased by that number at the end of the period. They will be recruited for new jobs as BR takes on people to replace those who leave.

Mr. Stephen Ross (Isle of Wight): Does the Secretary of State agree that this is yet another very sad day for a loyal work force? Does he further agree that Glasgow Springburn has come off particularly badly? In his second paragraph, the right hon. Gentleman spoke about £700 million extra being available to British Rail. Does that include the £800 million to which he referred when answering questions yesterday in relation to the Channel tunnel project? I thank him for the fact that Eastleigh will remain a main repair depot. That is at least one consolation. But, when those 20,000 extra jobs come up will first refusal be given to those who will lose their jobs as a result of today's announcement? I do not know whether they will be qualified for those jobs, but they should at least have the chance to take them, if they so wish.

Mr. Ridley: I could not agree more that this is a very sad day indeed for many people who have been loyal, hard-working and highly skilled operatives. But the change in industrial technology has made this announcement necessary, and that is a matter of great sadness to all hon. Members, including the hon. Gentleman and me.

I entirely agree with what the hon. Gentleman said about Springburn—

Mr. Michael J. Martin (Glasgow, Springburn): We do not want the Secretary of State's sympathy.

Mr. Ridley: I also entirely agree with the hon. Member for Isle of Wight (Mr. Ross) that it is good that Eastleigh can remain a workshop. Indeed I have not announced the closure of any workshops, and I wish Eastleigh a prosperous future. The extra orders which might derive from the Channel tunnel, through the order for the shuttle trains placed by Eurotunnel and by the extra stock and investment required by British Rail to run through train services, are not included in these calculations because the orders will not come through during the three-year period that this covers. Of course, if those orders do not come through because the Channel tunnel does not proceed, it

will put many jobs in BREL under threat in the late 1980s and early 1990s. I am sure that the House will recognise the importance of that.

Sir David Price (Eastleigh): Will my right hon. Friend accept that any job loss today is a personal tragedy? Do I gather from what my right hon. Friend said about Eastleigh that the 500 jobs we shall lose over three years include the 200 that we knew we would lose in asbestos stripping or are they additional? I and my colleagues from the works made representations to my hon. Friend the Minister of State and the board of British Rail that Eastleigh is a special works dedicated to Southern region with its separate third rail propulsion. Have those arguments been accepted? What would have been the redundancies if those arguments had not been taken on board and put into the strategy of British Rail for future maintenance workshop deployment?

Mr. Ridley: I entirely agree about the individual tragedy which every man made unemployed represents. I share my hon. Friend's sadness at the unfortunate news that I have had to announce to the House today. The delegation he brought to see my hon. Friend was very helpful, and its arguments did prevail, as the statement shows. The number employed at Eastleigh at the end of this year is likely to be 2,122 and by the end of 1989 it is likely to be between 1,650 and 1,850. I am sure that the chairman of British Rail will write with more detailed information for the benefit of my hon. Friend.

Mr. Martin: The Minister is misleading the House. When he talks about a work force of 150 at Springburn, he is really talking about a complete closure. The Minister is instructing British Rail to create a tidy little package for privatisation to sell off to his pals who gave him aid at the general election. It is legalised graft, and it is time that the Minister faced his responsibilities and learnt a bit about engineering. If he knew anything about engineering, he would know that a maintenance workshop of the nature of Springburn could easily switch to new build. He is not prepared to help Springburn, and, once again, we are being punished because we did not support the Tory party.

Mr. Ridley: I have every sympathy for the hon. Gentleman's constituents. Springburn is going into British Rail and will not be a part of Core & BREL. Therefore, in no sense is it being packaged ready for privatisation. It is being hived into British Rail instead and there is no plan to privatise Core & BREL. The chairman of British Rail has not reported to me on what he sees to be the future for the heavy repair and new build section of British Rail. The hon. Gentleman's suggestions are quite wrong.

I think that I am one of the few qualified engineers in the House, and I fully understand that any works can be altered to almost any type of manufacturing business. The hon. Gentleman will recognise that it must be for British Rail to decide where to put its orders and how to organise its own business. He will know that the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) has been the main beneficiary of the large engine orders.

Mr. Conal Gregory (York): Will my right hon. Friend confirm that there has been no shortage of investment for British Rail and that the Labour party is shedding crocodile tears today on an almost unbelievable scale? Furthermore, under the new scheme announced today there will be greater design potential, not only for the export market in

way that has been shown for China but, with a privatised bus company, there will be the opportunity for bus and coach maintenance on the engineering side of BREL rather than keeping it exclusively as a rail company. Finally, what effect will the announcement have on York, where there is a marvellous work force?

Mr. Ridley: My hon. Friend will be glad to know that he is one of the lucky ones and that there is to be a marginal increase in employment in York. We are talking about new build to a large extent. However, when we concentrate on the much more difficult question of repair and maintenance, it is totally wrong for any hon. Member to believe that, when the work load for the repair work shops has fallen, as it has, due to much greater investment, British Rail should continue to employ people when there is no work for them. It is wrong to think that this is the action of the Government. Indeed, in some measure it may be due to the Government's action because, in sanctioning so much investment for British Rail there is a much lower repair load in the workshops. It is in response to that that the unfortunate redundancies have had to be declared.

Several Hon. Members *rose*—

Mr. Speaker: Order. I have already mentioned the business before the House today. May I ask for brief questions because that will lead to briefer answers? I shall try to call everybody, but we must stop questions on this statement at 20 minutes to five.

Mr. Michael Welsh (Doncaster, North): Is the Minister aware of what he is doing to Doncaster? The jobs of 1,600 people will go. The pits are closing, the workshops are closing, and the plants are now being attacked and will close. One in four is unemployed, and 90 per cent. of the kiddies who left school could not find a job. What will be done for Doncaster and what investment is going into the area? When will the Government invest in order to find jobs for our lads and lasses?

Mr. Ridley: The hon. Gentleman knows that general employment is not a matter to which I can respond on this statement. This is a statement of what British Rail, in its managerial capacity, has decided to do. The hon. Gentleman will know that massive investment is going into British Rail, including the electrification of the line through Doncaster. The unfortunate consequences of the very thing that he has asked me for, investment, are what we are discussing today.

Mrs. Edwina Currie (Derbyshire, South): Am I right in thinking that in the past two years the Government have approved more than £600 million worth of new contracts for railway stock and works, many of which have been won by my constituents working at BREL in Derby? Does that not carry with it the inevitability of the changes announced today? As new rolling stock which is lightweight in construction and deliberately designed for low maintenance is brought on stream, will there not have to be less spent on maintenance? Does not every railwayman in the country know that?

Mr. Ridley: My hon. Friend is right. As she said, I believe that the railwaymen know that that is the case. It is always sad to have to discuss the results of industrial change, but a nation which cannot face up to the results of industrial change will earn industrial stagnation.

Mr. Donald Stewart (Western Isles): Is the Secretary of State aware that, as a result of the abolition of the Springburn works, there will be great resentment that the heavy diesel locomotive maintenance and even the refurbishment of rolling stock from the Scottish region will not be carried out in that workshop or even in Scotland? That resentment will be fuelled by the announcement that the four core work are all to be placed in England.

Mr. Ridley: All the repair and maintenance work of ScotRail will be done at Springburn. It is possible that the number employed will be between 150 and 200, which is more than the right hon. Gentleman said. Due to the concentration of repairs and maintenance in ScotRail, maintenance work in Scotland will therefore find its way into Springburn.

Mr. Michael Hirst (Strathkelvin and Bearsden): I welcome my right hon. Friend's announcement of new investment in British Rail, but is he aware that his announcement of job losses at Springburn will be greeted with profound dismay by my constituents who work there? Can he tell me what it was that prompted BREL to designate Springburn as a maintenance works rather than a core works, in view of the decades of experience of heavy engineering there? Will he give me an assurance on the enterprise package? Will it be sufficient to produce jobs for those who will lose their jobs at Springburn? Will British Rail give priority in its new job creation to those who lose their jobs at Springburn?

Mr. Ridley: As I said to the right hon. Member for Western Isles (Mr. Stewart), the repair and maintenance works for ScotRail will be concentrated on Springburn. The heavy maintenance will go to one of the heavy maintenance works, which will be suitably equipped—one of the four core works that I mentioned. That makes for much more efficient working, which is why the move has been made. I ask my hon. Friend to get further reasons from British Rail on why it has chosen various works in its allocation of orders.

My hon. Friend referred to the new enterprise company or authority that will be set up. I shall take into account my hon. Friend's remarks about making sure that the needs of Springburn and district are well looked after. I can make it clear that British Rail has allocated a first tranche of money—£3 million. If further money is required, I have no doubt that it will be forthcoming, if it is available, to provide jobs for those who, unfortunately, lost their jobs today.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich): Is the Secretary of State aware that his stewardship of BREL, through British Rail, has demonstrated a long history of hypocrisy and cant, and that his statement today will be met with disbelief and anger? Those of us with workshops in our constituencies, which we are told are safe, have only one thing to say to him. The long history of his control has meant a loss of 150 jobs today and tomorrow will mean a complete break of faith and no employment. The privatisation package is unacceptable, and the electorate will make that very clear.

Mr. Ridley: It ill behoves the hon. Lady to say that when, on present plans, her constituency of Crewe will have 3,624 employees in 1989 and has been the main beneficiary of the very large locomotive orders that have

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been placed by British Rail. She is one of the few who have railway workshops in their constituency who might, on this occasion, have kept quiet.

Mr. Eric Cockeram (Ludlow): Does my right hon. Friend accept that it is no more necessary or, indeed, desirable for British Rail to build its own trains than it is for British Airways to build its own planes or any other nationalised industry to build its own plant and equipment? Does he further accept that the size of British Rail Engineering is a product of history and that, by contrast, modern railways abroad rely on competitive tendering? Will he note that, for example, the Hong Kong railway relied on competitive tendering, and the contracts came to Britain to private enterprise, and not to British Rail?

Mr. Ridley: I am sure that my hon. Friend is right that we should go to competitive tendering for the supply of railway stock to British Rail. That has been the policy for some time. I congratulate British Rail Engineering—that is the manufacturing new build part of it—on the orders that it has obtained. Since 1983, it has obtained orders for 270 Sprinter DMUs, 178 railbus DMUs, 530 EMUs, including 184 for the Snow hill tunnel scheme, and 120 for Bournemouth-Weymouth, 25 class 87 electric locos and 31 class 91 electric locos, the last two with the help of GEC. That is a massive number of rolling stock orders, which have all been won in open competition by BREL. That is why the new build part of BREL is looking very much rosier than it might have done otherwise.

Mr. Martin Redmond (Don Valley): When will the Secretary of State and the Government stop behaving like Pontius Pilate? They can do something. Some 1,570 jobs are to be lost under the latest cut. Will the Secretary of State issue a directive to British Rail to stop the proposed closures and reductions? The right hon. Gentleman mentioned the ability of the new agency to promote jobs. How much cash will it have in its pocket, because the announcement about that was conspicuous by its absence from the statement?

Mr. Ridley: With regard to his final point, the hon. Gentleman cannot have heard me say that the agency would have an initial funding of £3 million, and more would be available if demand so required. Let me point out to the hon. Gentleman how absurd his request is that I should issue a directive to the railways not to release people from work, for whom there is no work, and when there is not likely to be work for them in the next three years. Does he wish them to be sitting in the railway workshops with nothing to do, or would he rather that they were allowed to at least seek more lucrative opportunities by looking for other jobs? His failure to face up to the reality of this tragic situation does no service to his constituents.

Mr. W. Benyon (Milton Keynes): Does my right hon. Friend accept that this is a sad day for Wolverton, which has a long and successful record in the development of British rolling stock, including building the Royal train? Can he give me an assurance that there will be adequate funding, first, for retraining, and, secondly, for the alternative employment package? Will he assure me that we shall have no nonsense about Wolverton being part of the dynamic south-east?

Mr. Ridley: I entirely share my hon. Friend's concern about the jobs lost at Wolverton. I add my tribute to the skill, loyalty, perseverance and hard work that the workers have shown over the years. That is why I am particularly sad. I assure my hon. Friend that British Rail will take all steps possible to provide the retraining facilities, as well as seeking extra jobs in his area through the new agency that it proposes to set up.

Mrs. Margaret Beckett (Derby, South): Will the Secretary of State confirm that despite his passing remarks about Derby being a new build works, a total of almost 1,000 jobs are to go from the two workshops in my constituency? Does he understand that, unlike his hon. Friend the Member for Derbyshire, South (Mrs. Currie), the people of Derby will be outraged by the proposal, which is further evidence of the Government creating an industrial wasteland where there was once prosperity?

Mr. Ridley: Sadly, I confirm what the hon. Lady says, that about one quarter of the jobs in the two works at Derby will be lost, but those are the works to which most of the export orders will go. If we can get a much better export performance, there is an opportunity for expansion, which is more than can be said for the repair and maintenance workshops, where the real problem lies.

Mr. Gary Waller (Keighley): Does my right hon. Friend agree that if they are to survive and prosper, public sector industries must operate in as similar a way as possible to those in the private sector, and respond to changing situations? If many of the private sector companies had not made difficult decisions to contract their work force in the past, many of them would have gone to the wall and fewer jobs would be available today. Does not the same apply to British Rail? Should we not welcome the fact that both British Rail and my right hon. Friend the Secretary of State are willing to grasp the nettle in this situation, which bodes well for the future?

Mr. Ridley: There is a great deal in what my hon. Friend says, but I should like to make a further point. The redundancies are expected to take place over the next three years. The fact that they are lumped together and presented in that global fashion dramatises them much more. British Rail and I have sought to be totally frank with the House. Many private sector companies might have dribbled the redundancies over those three years, and they would not have looked so dramatic, but in order to be totally frank and honest with the House, I have no objection whatsoever to giving all the information from British Rail that is known.

Mr. Donald Anderson (Swansea, East): Was No. 10 consulted? Does the Minister recall that, as a direct result of bus deregulation, there have been major cuts in our domestic bus manufacturing industry? In preparation for privatisation, much of our rail manufacturing industry has been destroyed. Were those job losses foreseen and intended when the Government embarked on their deregulation and privatisation policy?

Mr. Ridley: I do not think that there is any connection between the statement I made today and the deregulation of buses. I am sure that the hon. Gentleman, who always welcomes good news, would like to know that there are now 3,000 mini-buses on our roads as a result of the Transport Act, which would not have been there before. However that is another subject.

Mr. Greg Knight (Derby, North): Although the loss of jobs is a matter of regret, will my right hon. Friend take time today to re-emphasise that, over the years, under both Conservative and Labour Governments, maintenance work has been continually in decline due to advances in technology? Despite my hon. Friend's announcement today about the future, is it not the case that the new build currently taking place, and especially the international coach, is not only good news for BREL but for Derby?

Mr. Ridley: It is absolutely true that increased investment, much of which was started by our predecessors, has caused reductions in repair and maintenance work on an increasing scale over the years, irrespective of which party formed the Government. That is an inevitable consequence of new design, knowledge and skills in building stock. My hon. Friend is quite right; the international coach has attracted a great deal of attention and interest. We know that one order has come through, and several others are possible. All hon. Gentlemen should concentrate on helping to sell the products of British industry whenever they go abroad. There is a real market for BREL overseas. I hope that BREL secures an ever greater proportion of it.

Mr. Gavin Strang (Edinburgh, East): Is there no limit to the destruction of skilled engineering jobs in the public sector by the Government? Surely the Government recognise that there is not only a social case but an economic case, against the background of mass unemployment, for maintaining employment in such work places, albeit with some public subsidy.

Mr. Ridley: If the Government were to accept the hon. Gentleman's advice they would be paying money to keep people in BREL repair and maintenance shops, for whom there was no work and never could be work. He must accept that that is not an activity where exporting is possible. No foreign railway would send its rolling stock here for us to repair, with all the transport difficulties that that would involve. The hon. Gentleman suggests that prosperous enterprises, employing people and creating jobs, should be taxed so that they can shed labour, so that others with no work to do can be kept in the BREL workshops. If that is the Labour party's policy, it will only lead to further unemployment.

Mr. Robert Adley (Christchurch): If everything was black and white, some of my hon. Friends would soon be advocating that we should privatise the armed forces. I turn my right hon. Friend's mind to the nation's infrastructure, of which the railways form a part, and ask him to contemplate the difference between roads and railways. The taxpayer funds all expenditure on roads, including the driver and vehicle licensing centre at Swansea. The railways are expected to provide all their own investment as part of the nation's infrastructure. Will my right hon. Friend look at the new American diesels imported by Foster Yeoman, because no manufacturer in this country, such as GEC, is willing to provide British Rail prototypes? Would it not be a suitable proposition for the Government to fund the cost of prototypes for BREL or GEC to produce to see whether in future, the vehicles can be manufactured in this country?

Mr. Ridley: My hon. Friend knows that, since I have been the Secretary of State for Transport, of all the many investment applications that the railways have made, they

have been refused only one. That was for a small piece of electrification in Cambridgeshire, which we judged to be completely unviable. My hon. Friend cannot say that the railways have been starved of opportunities to invest.

The railways have never ordered foreign engines. A great deal of work is being done by BREL and GEC to develop the new class 91 engine, which will stay in this country and which will, I believe, be a great success. What my hon. Friend requested has been done. I cannot say what a private firm, such as Foster Yeoman, will decide to buy for its power car.

Mr. Ian Wrigglesworth (Stockton, South): Is the Secretary of State aware that his depressing announcement this afternoon of threatened and announced closures means that 20,000 jobs will be lost? Will he be more precise about the 20,000 job opportunities which will be available in British Rail? How many of those jobs will be available to those who will be made redundant as a result of this afternoon's announcement? Will the Secretary of State be more precise about the support that the Government will give to British Rail Engineering in making overseas export sales? Will soft loans be available? What other assistance will be given to get further orders?

Mr. Ridley: The figures for expected recruiting and manpower are in the latest report of the British Railways Board. I have said nothing new. If the hon. Gentleman studies the report, he will find all the facts and the figures. The board believes that, over the next three years a further 20,000 people must be recruited for a varied number of activities on the railway. I am sure that preference will be given to BREL employees if they wish to take up jobs on the railway. I shall ensure, through the chairman of the board, that that is done.

I took the chairman of BREL on a long trip around the far east. There was an encouraging response and there were many chances to tender for work. The Chinese order came as a result of that visit. As the hon. Gentleman knows, we have a large soft credit facility from China. If any export potentials arise in other countries, my right hon. Friend the Secretary of State for Trade and Industry is always willing to try to switch resources to assist our exports. Indeed, there is a lot of business which we might win the south-east Asia.

Mr. Peter Snape (West Bromwich, East): Will the Secretary of State accept that his announcement this afternoon was due entirely to his Department's philosophy of tight resourcing so far as the railway industry is concerned, which guarantees that the industry cannot plan for any expansion that might take place? The policy has given us the present appalling intercity punctuality record that condemns commuters every day to a journey of misery. It means that freight trains, on many railway lines, are but a bitter memory. During the period that the Secretary of State has held the transport portfolio, investment has been paid for out of BR's internal sources, and financed entirely by redundancies among other railway men. The arbitrary split between new build and maintenance has condemned skilled men at Doncaster and Glasgow, to name but two areas that are capable of making locomotives and railway wagons for the future, to a maintenance function that is being deliberately run down as a forerunner to privatisation. Over the past few weeks the Secretary of State has announced redundancies in our railways a rundown of our bus network and further

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redundancies in the airline industry. Does he accept that, as Secretary of State, he has been an unmitigated disaster and he ought to do a courtesy to the House by tendering his resignation sooner rather than later?

Mr. Ridley: It is extraordinary that an NUR-sponsored Member of the House should use such strident and critical words of his colleagues on the railways who are trying to run the best railway they can. If that is his view of those he represents in the unions, he will not be thanked the next time he attends a union branch meeting. I have never heard such a disgraceful criticism of union workers.

Mr. Snape: You are an old Etonian twerp—

Mr. Speaker: Order.

Mr. Ridley: The hon. Gentleman should keep his temper. He is in real trouble in trying to get his facts right.

Mr. Snape: You are a hypocrite.

Mr. Speaker: Order. We do not want such anger in a statement like this. Will the hon. Member withdraw the word "hypocrite"?

Mr. Snape: Mr. Speaker, when we are talking about further redundancies in an industry in which both myself and my father worked, I shall not be sneered at by an old Etonian twerp like the right hon. Gentleman.

Mr. Speaker: I ask the hon. Member to withdraw the word "hypocrite".

Mr. Snape: Purely out of deference to you, Mr. Speaker, I will withdraw.

Mr. Ridley: I have never known such an extraordinary demonstration. The hon. Member for West Bromwich, East (Mr. Snape) has got it wrong. The reduction in employment which we are discussing will occur in maintenance and repair which are to be re-integrated into the railways, in my opinion, correctly. The suggestion that the railways are being slimmed down for privatisation is misleading and I make it entirely clear that that is not the case.

NATO (Chemical Weapons)

4.50 pm

Mrs. Ann Clwyd (Cynon Valley): I beg to ask leave to move the Adjournment of the House, under Standing Order No. 10, for the purpose of discussing a specific and important matter that should have urgent consideration, namely,

"NATO's controversial plan to modernise American chemical weapons."

The matter is specific because today or tomorrow a Defence Minister representing the Government will leave for Brussels for a meeting of NATO Defence Ministers. That meeting is likely to give approval to NATO's controversial plan to modernise NATO's chemical weapons.

The matter is important because production of these weapons has been delayed by the United States Congress until at least 1 October. One of the conditions is that NATO should formally ask for those weapons by making modernisation and production of them part of NATO's strategy. We still have an opportunity to influence and reject such a proposal. Today, more than 100 Labour and Liberal Members of Parliament have written to the *Washington Post*, the *New York Times* and the *International Herald Tribune* and to senators and congressmen to voice their opposition to the production, possession and use of chemical weapons.

Conflicting statements have been made on this issue by United Kingdom Ministers. On 28 April, in the House the Minister of State for the Armed Forces said that there would be no deployment of the new chemical weapons in the United Kingdom in peacetime. But, speaking on "Weekend World", the same Minister said that he did not rule out the possibility of the United Kingdom agreeing to the deployment of United States chemical weapons in peacetime. What is the Government's precise position? We have a right to know.

The issue requires urgent consideration because, unlike the Parliaments of other European countries and the United States Congress, which has debated this issue at great length, we at Westminster have had no such debate. I believe that the issue meets all the criteria laid down in Standing Order No. 10 and that such a debate should take place immediately.

Mr. Speaker: The hon. Lady asks leave to move the Adjournment of the House for the purpose of discussing a specific and important matter that she believes should have urgent consideration, namely,

"the forthcoming discussions between the NATO Defence Ministers of the proposal to give approval to the modernisation of chemical weapons held by the United States Government."

As the hon. Lady knows, the only decision I have to take is whether to give this matter precedence over the Orders set down for consideration today or tomorrow. I regret that I do not consider that the matter she has raised is appropriate for discussion under Standing Order No. 10 and, therefore, I cannot submit her application to the House.

Mr. Robert N. Wareing (Liverpool, West Derby): On a point of order, Mr. Speaker, arising from your decision. I am not dissenting—

Mr. Speaker: Order. I am sorry, but no point can arise from my decision.