



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

1685

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

14 June 1986

Prime Minister 2

DRS
16/6

Dear Nigel.

BREL BALLOT

You and colleagues will want to be aware that the National Union of Railwaymen and the Confederation of Shipbuilding and Engineering Unions (representing 7 unions) have jointly decided to ballot their 23,000 members, on 30 June and 1 July, on the possibility of action aimed at overturning BR's latest redundancy proposals for British Rail Engineering (BREL).

BR announced in January that they intended to restructure BREL into two business groups, one for new build and heavy overhaul and the other working for BR, in conjunction with BR regional depots, on maintenance and light repairs. On 20 May, BR gave workload forecasts which implied that some 5,900 jobs would be lost over the next three years and my predecessor made a statement in the House giving the details of the BR proposals. The changes in workload stem from BR's investment in rolling stock, and from a change towards a more efficient method of undertaking maintenance. Although the Unions will no doubt try to link the job losses to a possible privatisation, that is an entirely separate issue, and no decision has yet been taken by British Rail on whether to propose privatisation or not.

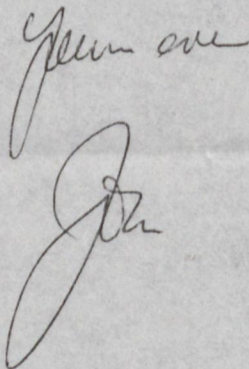
The decision by the Unions to hold a ballot probably reflects a feeling among the union leadership that they must be seen to be taking some action. I understand that the exact wording of the ballot is not yet settled but is likely to include the possibility of strike action. The NUR intend mounting a publicity campaign to muster support. The outcome of the ballot is, however, far from

certain. Many of the men may feel that the job losses are an unwelcome but inevitable consequence of modernisation so that it is difficult to see what alternative policy they should press for: asking for more investment would simply intensify the problem. A large number of depots are relatively unaffected by the changes; several unions are involved so that the chances of an unequivocal response are much reduced; and it seems unlikely that the membership have the stomach for any prolonged strike in current circumstances.

BR's overall assessment at present is that the risk of support for extensive industrial action is very small. They are continuing to discuss the proposals with the unions and are making special efforts to spell out to those directly affected the reasons for the restructuring and the adverse consequences of industrial action. A new senior Director is being appointed by BR, to co-ordinate measures aimed at providing new jobs for the people in areas affected, through such means as the creation of development agencies in conjunction with the local authorities concerned.

I will keep colleagues informed if the situation seems likely to escalate beyond present expectations.

I am copying this letter to the Prime Minister, to other members of E(A), and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read 'John Moore', with a large, stylized initial 'J'.

JOHN MOORE

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CGR



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Ms Rachael Lomax
Private Secretary to
The Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

16 June 1986

Dear Rachel,

/ I attach a letter from my Secretary of State to the Chancellor about the ballot which the BR Unions will be holding shortly about BR's latest redundancy proposals for British Rail Engineering Limited (BREL).

As you know there is an unfortunate history of leaks of letters and other documents dealing with British Rail/ Trades Union matters. We have concluded that we should try to cut down the numbers of copies of such papers circulating in Whitehall. The letter is therefore classified "Personal and Confidential", and the copies have been numbered. I should be grateful if you and copy recipients would ensure that any further copies taken within Departments are done on a strict need-to-know basis, and numbered.

I am copying this letter to the Private Secretaries to all recipients of the attached letter.

Yours,
Richard.

R A ALLAN
Private Secretary

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