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

14 April 1983

The Rt Hon David Howell MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
LONDON SW1P 3EB

Prime Minister

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BRITISH RAIL: RAILWAYS STAFF NATIONAL TRIBUNAL

Thank you for your letter of 7 April.

I remain concerned that despite the acceptance by ASLEF of the productivity conditions recommended by McCarthy, they have not yet been fully implemented. The fact that union leaders can continue to exploit the ambiguities in the 1981 understandings on pay and productivity reinforces the need to overhaul the arbitration arrangements. I accept that these are not the only cause of the railways' industrial relations problems but as experience has shown, they can be used by the unions to slow down and impede progress in achieving the necessary improvements in productivity.

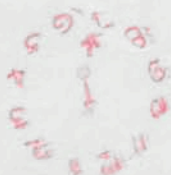
I am glad that industrial relations will feature prominently in the objectives for the new chairman. I think we should include the removal of unilateral access to arbitration among the improvements we should like to see come out of the review of the present arrangements. This would eliminate one of the most frustrating aspects of the recent disputes in BR where issues which have been bogged down for long periods in the negotiating process have then been unilaterally referred to arbitration by the union side, thereby achieving yet further delay.

We shall also need to address the question of the chairmanship of the arbitration tribunal. It is important that this post should be filled by someone who can command confidence on all sides. If Lord McCarthy is to be replaced, it will be important for action to be set in train at the earliest opportunity, given the lengthy processes involved. I think it would be helpful if you could set out your ideas on how you propose to deal with this aspect of the new arrangements.

I am copying this to the Prime Minister, Home Secretary, Secretaries of State for Scotland, Industry, Energy, Employment, Trade and the Environment and to Sir Robert Armstrong and John Sparrow.

GEOFFREY HOWE

BR: Fares Pt 6



15 APR 1983

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Prime Minister

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Transport

DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

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Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON SW1

25 April 1983

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RAILWAY STAFF NATIONAL TRIBUNAL

Thank you for your letter of 14 April.

I should have been very surprised if you did not remain concerned about the slow delivery of the productivity initiatives. I have consistently applied pressure on the Board to go further and faster. And, of course, we are entirely at one in wanting improvements in the negotiating machinery which can be - and has been - used by the unions as a brake on progress. At long last, the Board are facing the issue. Consultations with the unions on ways of speeding up the procedures are beginning.

Sir Peter Parker is in no doubt about the importance I attach to this. But we must not delude ourselves into thinking that progress will be fast or easy. ASLEF is still smarting from the events of last year and has not changed its spots. And there are signs that the NUR, under its new leadership, will be much more ready to make common cause with the footplate-men. Moreover, progress on improving the negotiating machinery lies in the hands of the Board and the unions: we are not party to the negotiating agreement and can take no part in the present discussions between the two sides about the changes that are needed. Unilateral access to arbitration is particularly questionably but thorny, since there exist other cases, for example the fire services, gas manual workers or blast furnacemen, where there is not only unilateral access but binding arbitration too.

Lord McCarthy's current term of office is due to expire in November. I have no control over appointments to the RSNT, so I can lay claim to no formal locus in the decision whether he should be reappointed. The Chairman of RSNT is appointed by agreement between the Board and the Unions, or, failing agreement, by ACAS. But I shall, naturally, discuss the matter with

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Sir Peter Parker and his successor. As you say, we shall want a man to head the Tribunal who can command confidence on all sides. I should warn you that there are signs that the unions may want to get rid of McCarthy and replace him with someone who is more sympathetic to their way of thinking!

I have been given an assurance that Sir Peter Parker will be writing to me on his return from Japan and Hong Kong about the Board's approach to the 1983 pay negotiations. I shall then call him in for discussions and shall use the opportunity to reinforce the points I have made about changing the machinery, arbitration and the chairmanship of the Tribunal. I will, of course, keep you and our colleagues in touch with this.

I am sending copies of this letter to the recipients of yours.

*Yours*

*D How*

DAVID HOWELL

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25 APR 1983

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DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

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The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON SW1

7 April 1983

*MS*

*Prime Minister*

*WM  
8/4*

Dear Sir Geoffrey

BRITISH RAIL: RAILWAY STAFF NATIONAL TRIBUNAL

Thank you for your letter of 25 March.

I fear you have been misled by the stories you have seen about the outcome of the latest reports from the McCarthy Tribunal. In fact, the Railways Board did not concede anything. On the contrary, it was ASLEF who made the concessions; they accepted all the productivity conditions recommended by McCarthy. And, with my support, the Board took the tough line that they would not pay the 6% to anyone until ASLEF agreed to accept those conditions, whereas McCarthy had recommended that non-footplate staff should get the 6% even if ASLEF did not cave in.

But BR are not yet out of the wood. They still need to get the single manning restrictions removed, (ie second man out of the driving cab and the guard off the back), the "trainman" concept in operation and to have ASLEF's proper co-operation in the application of flexible rostering to all depots. Getting agreement in principle on all the various understandings and conditions is one thing. Securing full delivery of results is another. Some of the union leaders have been able to exploit the 1981 understandings on pay and productivity because they were couched in ambiguous terms. I have made it clear to the Board that, in future, agreements must be specific and any associated payments should be contingent on delivery.

I entirely agree that the railway's industrial relations problems have been compounded by the existing highly formalised negotiating and arbitration arrangements. Peter Parker knows my

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views on them, and he was, I think, reflecting your feelings and mine a few weeks ago when he said publicly that the machinery is "too damned slow". The Board and the unions are now to review the arrangements. But I think it would be wrong to see those arrangements as the underlying cause of the railway's IR problems. The root cause is the stubborn refusal of some union leaders, particularly in ASLEF, to contemplate change or, where change has been agreed, to ensure delivery.

IR must, I agree, feature prominently in the objectives we give the new Chairman. I shall want to make clear to the person we appoint the high priority we attach to securing substantial improvements not only in streamlining the negotiating machinery and ensuring that productivity deals are watertight, but also in changing attitudes both in the workforce and among managers. None of this will be easy; some of the changes that are needed will doubtless be met with sustained resistance from the unions.

Copies of this go to the recipients of copies of your letter.

*Yours sincerely*

*Andrew Melville*

*for*

DAVID HOWELL

(approved by the Secretary of State  
and signed in his absence)



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Prime Minister<sup>2</sup>

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

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25 March 1983

The Rt. Hon. David Howell MP  
Secretary of State for Transport

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**BRITISH RAIL: RAILWAY STAFF NATIONAL TRIBUNAL**

I have seen your minute of 14 March to the Prime Minister about the outcome of the BR arbitration case.

I am glad that you have been keeping up the pressure on the Board to take a firm line in response to McCarthy but I gather from recent Press reports that they have since conceded 6 per cent to ASLEF without securing agreement on all the outstanding productivity issues. It is essential to get the message across to the unions that there is no money available for pay increases unless they deliver on productivity.

I believe that the industrial relations problem of the railways is bedevilled by the jungle of overlapping and interlocking agreements with arbitration at its heart. In drawing up the objectives for the new BRB Chairman we must give high priority to the need to overhaul the arbitration arrangements. We must also consider how best to deal with the problem of Lord McCarthy's personal influence on the existing arbitration apparatus.

I am copying this to the Prime Minister, Home Secretary, Secretaries of State for Scotland, Industry, Energy, Employment, Trade and the Environment and to Sir Robert Armstrong and John Sparrow.

*[Handwritten signature]*

GEOFFREY HOWE

Transport,  
BR Fares, 1976

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