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c.c. Nat. Health file
Nurses Pay Pt. 2.

Civil Service: Pay +
Pensions Pt. 11

Ref. A08940

PRIME MINISTER

Industrial Affairs

There are three items for discussion:

- i. the British Rail dispute;
- ii. the National Health Service dispute;
- iii. sympathetic industrial action by civil servants
(with particular reference to ii).

On iii. the Chancellor of the Exchequer has circulated a minuted dated 6 July reporting the conclusions of the Ministerial Group on Current Industrial Disputes (MISC 80) and is seeking clearance from the Cabinet for certain action to be taken by the end of this week.

MAIN ISSUES

British Rail

2. MISC 80 will be meeting immediately before Cabinet to review the British Rail dispute. The main issue at present is the policy which the British Railways Board (BRB) should adopt towards lay-off.

3. As the Cabinet is aware from last week's discussion the BRB is obliged under the 1919 Guaranteed Week Agreement to pay guaranteed standard wages for 8 hours per day and 40 hours per week to all its NUR and ASLEF employees who report for work; employees who are on strike or are not prepared to cross picket lines do not have to be paid. At present therefore the BRB is having to pay nearly all its NUR employees and some of its ASLEF employees, as well as all its white collar staff. It is however able to run only limited services



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and to earn little revenue. Lay-off of the NUR employees and any ASLEF members who are coming to work would save the BRB about £13 million per week.

4. On the other hand the BRB needs to allow time for ASLEF members to drift back to work in such numbers as might break the strike. Moreover NUR members have gained considerable public sympathy by forcing the calling off of their own strike and by their efforts to keep the railways in operation. Finally, as Ministers have agreed, the BRB would be liable to be sued by individual railwaymen for their guaranteed wages and would be likely to lose such an action. Lay-off could therefore transform the public perception of the rights and wrongs of the dispute. In so far as the BRB justified its actions by pleading the financial constraints imposed by the Government, the Government might attract criticism also.

5. The Chancellor of the Exchequer will report to the Cabinet on the latest view reached by MISC 80 on this issue; this will take account of a discussion which the Secretary of State for Transport will have had with Sir Peter Parker about the BRB's current thinking.

6. On action to mitigate the effects of the dispute, the Home Secretary will be holding a meeting of the Civil Contingencies Unit at Ministerial level in the early afternoon following Cabinet. The arrangements to cope with commuter traffic appear to have worked well but the CCU will be considering whether any changes would be desirable at the margin.

NHS dispute

7. It is unlikely that there will be significant new developments to report. The next crucial step will be the meeting of the Nurses and Midwives Whitley Council on 13 July. The TUC Health Services Committee has called a 3-day strike in the period 19-21 July but has asked ACAS to intervene. The Secretary of State for Social Services might be asked whether ACAS is likely to be active.

8. The other aspect of the NHS dispute concerns sympathetic industrial action. Sympathetic action by Civil Servants is dealt with separately below. There is



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however the question of legal redress under the Employment Act 1980 against those involved in the secondary picketing of hospitals. The Secretary of State for Social Services has reported to MISC 80 that local health authorities have been asked to consult Ministers before they decide to take legal action and that they are likely to do so only if secondary picketing is severely damaging treatment to patients.

Sympathetic industrial action by Civil Servants

9. The main points in the Chancellor's minute of 6 July are as follows:

a. The Government's strategy should be to take, and be seen to take, firm and resolute action, but not to over-react in a way which would play into the hands of the unions.

b. Where misconduct is involved of an overtly political or abusive nature, disciplinary charges should be brought in blatant cases where a charge is likely to stick, bearing in mind both legal and political considerations.

c. In cases of unauthorised absence, the normal disciplinary procedures should apply; in addition to the deduction of pay (which is automatic) written warnings should be sent to the staff who absented themselves on 23 June, and this will become widely known as a deterrent to future offenders; repeated offences will attract penalties ranging from formal reprimand to dismissal in the most serious cases.

d. All Civil Service managers should receive instructions making clear the relevance of the disciplinary procedures to sympathetic industrial action.

e. More generally, the Civil Services rules of conduct, including political activity, should in due course be reviewed in the light of present day circumstances.

10. The essential point about the proposed policy is that unauthorised absence for the purposes of sympathetic industrial action is treated like unauthorised absence for any other purpose and will attract the appropriate disciplinary



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response. This is not a change of policy but merely the application of an existing policy to a novel situation. The message which the Government has to put across, without giving wider currency within the Civil Service to the ~~idea~~ of action in support of the NHS workers is that, although Civil Servants are not, for good practical reasons, disciplined for absenting themselves in pursuance of a dispute within the Civil Service, but merely suffer a deduction of pay, this does not apply to unauthorised absence for sympathetic industrial action.

11. In relation to the blatant cases of misconduct, the Chancellor, in his minute of 6 July, suggests that the Secretaries of State for Social Services and Employment may report their conclusions orally on certain cases. He had in mind particularly the case of Mr Kevin Roddy, National President of the Civil and Public Services Association, who is a Clerical Officer on the staff of the DHSS with 100 per cent facility time. It is not clear how far Mr Fowler will in fact wish to say anything about this case, which is primarily a management matter for his department. The Cabinet will however wish to be assured that, in deciding what action should be taken, the political and presentational aspects will be given due weight.

Mr Fowler strongly wishes that there will be no discussion of Mr Roddy

- because discussion, if known, might prejudice the government's case before e.g. an industrial tribunal, and might give rise to Opposition charges that there was political interference with a Civil Service management matter.

12. On British Rail you will wish to call for a progress report from the Secretary of State for Transport. The Chancellor of the Exchequer may wish to report on the latest conclusions of MISC 80. It should not be necessary to ask the Home Secretary to report on contingency arrangements, unless some particular point of difficulty is raised.

MCS 7/7

13. On the National Health Service dispute, you will wish to ask the Secretary of State for Social Services whether there are any new developments.

14. On sympathetic industrial action by Civil Servants, you will not wish to encourage a lengthy discussion since the ground was thoroughly covered by Ministers concerned in MISC 80. You might ask the Chancellor of the Exchequer to refer briefly to his minute and ask whether there are any dissenting voices.



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CONCLUSIONS

15. You will wish to reach conclusions in particular on the following matters:

i. (if a decision is called for at this stage), on any guidance to be given to the British Railways Board on lay-off;

ii. on the specific steps at the end of this week proposed in paragraph 6(i)-(iii) in the Chancellor of the Exchequer's minute about sympathetic industrial action by the Civil Servants.

REA

ROBERT ARMSTRONG

7 July 1982

c.c. ① Nat. Health Inl / Nurses Pay Pt. 2
② Civil Service : Pay + Pension 5 Pt. 11

Prime Minister

MS 7/7

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PRIME MINISTER

cc Mr Mount
Mr Walters
Mr Ingham

Cabinet, 8 July: Industrial Affairs

There are three current issues which Cabinet will no doubt wish to consider:-

Industrial Action on the Railways

The only issue for Ministers at present is whether to intervene in the decisions the Board has to take about laying off NUR members for whom there is no work, or dismissing ASLEF drivers and offering to re-employ them on different terms. We think that these are tactical issues which must be left up to the Board. The Government is at present in a strong position, standing well back from the tactics, enjoying a good deal of media support in its handling of the strike, and reaping the longer term benefits of the wide public perception that union leaders cannot always deliver on their threats - and that the threats are not so threatening after all. The balance of advantage in handling NUR lay-off and ASLEF dismissal will become clearer as the strike progresses; meanwhile, we are sure BR is right to do nothing which may hinder the possibility of a successful war of attrition, in which the commuters hold out and the drivers gradually drift back to work.

The NHS Pay Dispute

I am concerned at the expectations aroused in the media by the latest intervention of ACAS. You, and indeed Mr. Fowler, have made it clear that our increased offer to the various NHS groups is final, but this is not yet sufficiently widely believed. I think that our latest offer is entirely defensible in all its elements, and commands widespread public support. We should now be absolutely rock solid in not contemplating any further movement at all, and it would be helpful if Cabinet were to agree that that is the case, and that it should be made clear on every possible occasion.

You haven't, I think, found an occasion to do this yet, except for the nurses.
MS 7/7

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/Sympathetic Industrial

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Sympathetic Industrial Action by Civil Servants

You will have seen the Chancellor's note to you of 6 July, reporting the conclusions of MISC 80. Mr. Tebbit and Mr. Fowler argued strongly in MISC 80 for the written warning against unauthorised absence being sent to all civil servants, and not just those who supported the last NHS industrial action. But we think the majority in MISC 80 was right: as a disciplinary offence, unauthorised absence is the same whether it is for the purposes of sympathetic action or anything else, and it would be extraordinarily heavy-handed of management to send a letter to all civil servants containing a threat of dismissal in the event of any further unauthorised absence. The present proposal does give everyone a "free bite", but it should have a significant deterrent effect. But it would be helpful if Cabinet were to agree that there will be no leniency in the treatment of subsequent offenders: if individuals are warned, and repeat their sympathetic industrial action, then a significant disciplinary penalty must follow.



7 July 1982

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